



2024

Annual Report

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Title of Publication: Interfront Annual Report 2023/24

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ACKNOWLEDGEMENTS

The managers and staff of all the departments of Interfront are thanked for their contributions.

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Design and layout: Ink Design Publishing Solutions,
Cape Town, www.inkdesign.co.za

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Company Secretary

Madelein Pepperell
LLB and Associate of the Chartered Governance Institute
of Southern Africa



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Together, we are poised to elevate Interfront to new heights.”

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02

Foreword by the Chairman of the Board

The 2023/2024 financial year was a transformative period for Interfront, characterised by significant growth and strategic developments. Building on the expansion of our mandate during the 2022/2023 financial year, we made remarkable progress, as detailed in this Annual Report. Notably, our staff complement nearly doubled, and through the implementation of a robust retention strategy and continuous change management efforts, we achieved an impressive staff turnover rate of just 2.47%, a substantial improvement on the previous year's 14.12%.

Amidst this expansion, particularly within the teams responsible for the development and support of the e@syFile, eFiling and MobiApp platforms, Interfront met all performance targets for the 2023/2024 financial year. This achievement stands as a testament to the dedication and hard work of our team.

Leilanie Janse van Rensburg, our Financial Director, has been serving as Acting Managing Director since the retirement of her predecessor. In collaboration with SARS, we have initiated the recruitment process for a new Managing Director. After thorough deliberations between the Shareholder representative, the Commissioner of SARS and Deputy Commissioner Carl Scholtz, it has been agreed that Leilanie will continue in her acting role until a comprehensive strategy for Interfront's further expansion has been finalised.

Moreover, the first month of the 2024/2025 financial year marked the mandatory retirement of our Operations Director in accordance with Interfront's Conditions of Service Policy. We have secured his services for an additional two years, until April 2026, during which time he will mentor his successor, ensuring a seamless transition. I would like to express my deep gratitude to John Robertson for his invaluable contributions to Interfront's success. His insights and institutional knowledge will continue to be a vital asset during this transition period. I am pleased to announce that after a rigorous selection process, Danie de Kock, currently serving as our Executive: Tax Consultant, was appointed as the new Operations Director, effective January 2025. His expertise and the continuity he represents will be invaluable as we navigate this exciting phase of growth.

The composition of the Board remained unchanged during the 2023/2024 financial year. However, we are currently in discussions with the Commissioner to appoint additional non-executive, independent directors to further strengthen our governance framework.

As we expand our teams, we recognise the necessity of evolving our organisational structure. This process will commence in the 2024/2025 financial year, with the aim of establishing a new management structure by the end of the year.

Following extensive stakeholder engagement, a new five-year strategy has been agreed upon. In conjunction with our ongoing operations, Interfront will explore new opportunities and focus on becoming an employer of choice. The successes of the 2023/2024 financial year have strategically positioned us to achieve both our newly established targets and those that remain part of our ongoing objectives.

I would like to extend my heartfelt appreciation to the entire Interfront team for their dedication and resilience during what has been a challenging yet rewarding year. I also wish to express my sincere thanks to our Shareholder, represented by the Commissioner of SARS, and to my fellow directors for their unwavering support and collaboration.

Together, we are poised to elevate Interfront to new heights.



MUSTAQ ENUS-BREY
Chairperson of the Board
31 July 2024





“

The unwavering commitment to excellence and value creation has yielded significant achievements across all facets of the organisation.”

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03

Overview by the Acting Managing Director

Overview and Achievements

Over the past year, Interfront has experienced a transformative period marked by outstanding service delivery, strategic execution and operational excellence. The unwavering commitment to excellence and value creation has yielded significant achievements across all facets of the organisation. Notably, Interfront successfully deployed 55 software releases to various production environments, consistently meeting the agreed contractual service levels. This has significantly improved the performance and functionality of the SARS customs and tax collection systems.

Interfront extends its heartfelt gratitude to the SARS leadership, SARS TS&D management and colleagues for their steadfast support and guidance, which have been crucial in achieving these significant milestones. This collaborative effort has resulted in a turnaround, with Interfront moving from a deficit in the previous year to a modest profit during the year under review.

Financial Overview and Growth

Interfront's financial performance has demonstrated robustness, attributable to effective resource management and strategic investments. The financial results reflect a strong position, supported by diligent financial controls and risk management. In the year under review, Interfront observed a 25.6% increase in revenue and a 20.5% rise in average staff numbers, concluding the year with a surplus after tax of R4 million.

This achievement was accompanied by diversifying our service offerings to complement those of the SARS TS&D team. Despite substantial changes and the nearly doubling of Interfront's size since 2022, integrating the eFiling and e@syFile teams has catalysed notable growth, requiring adjustments in operational and support functions. These transitions were managed effectively, maintaining financial and operational stability, and underscoring strong leadership, strategic planning and workforce dedication.

Strategic Initiatives and Operational Excellence

Interfront's expanded role across various teams has strengthened collaboration and added value, reflecting a strategic alignment with SARS' evolving priorities. A highlight of this partnership is the successful foundation of the Single Window Platform (SWP) project, where Interfront has established itself as a trusted partner, leading in conceptualisation and design. The Biometrics initiative, using state-of-the-art services for successful facial recognition to authenticate users on all taxpayer-facing platforms, and the release of the SA Traveller MobiApp, further exemplify this collaboration. The MobiApp simplifies the goods declaration process for international visitors, thus extending SARS' reach.

Operational performance has been exemplary, with key projects delivered according to specifications, on schedule and within budget. Continuous process improvements and strategic investments have optimised workflows, integrating best practices from consolidated teams. This dedication to operational excellence enabled Interfront to surpass performance targets and deliver high-quality solutions that cater to the evolving needs of our customers and stakeholders.

Governance and Strategic Oversight

Our governance framework has been instrumental in supporting our performance achievements. The Board of Directors has provided effective strategic oversight and ensured adherence to robust governance practices, contributing to our operational success. We continue to adhere to high standards of corporate governance and maintain compliance with the Public Finance Management Act, Companies Act and Treasury Regulations, as evidenced by our clean audit opinion.

Employee Engagement and Development

Our employees are integral to our success. This year, we initiated measures to bolster employee engagement and development, including appointing a dedicated organisation manager. We set a strategic objective to become an employer of choice as part of our strategic plan for the next five years.

Future Outlook

Looking ahead, alignment with SARS' strategic direction will continue to be a key focus area. As SARS continues with its modernisation objectives, and its journey towards a fully digital tax administration, Interfront will remain committed to providing unwavering support in these endeavours. With the appointment of new deputy commissioners and a focus on empowering staff to work alongside AI-based solutions, project priorities and funding will be aligned with SARS' strategic initiatives. Interfront's future approach will involve realigning projects around these initiatives, with a modernisation programme defining objectives annually.

We are also exploring new growth opportunities and strategic partnerships to further enhance our performance and impact. The successful relationship with SARS provides opportunities for Interfront to broaden its customer footprint, which is expected to become a more significant focus area over the medium term.



Conclusion and Acknowledgements

As Interfront continues to expand and assume further responsibilities as a partner to SARS, maintaining agility and responsiveness will remain central to our operations. Our continued alignment with SARS' evolving priorities will position the company for sustained success in the future.

I extend my heartfelt gratitude to the Board of Directors, the executive team, line managers and each staff member for their significant contributions throughout the year. The Board's strategic oversight and guidance have been invaluable, while the leadership and vision of the executive team and line managers have driven our operational and financial success. Each staff member's dedication, hard work and commitment to excellence have been the cornerstone of our achievements. Your collective efforts have not only enabled us to meet and exceed our performance targets but also positioned Interfront for continued growth and success. Thank you for your unwavering support and exceptional contributions.

A handwritten signature in black ink, appearing to read 'L. Janse van Rensburg'.

LEILANIE JANSE VAN RENSBURG

Acting Managing Director

31 July 2024

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa (AGSA).

The Annual Report is complete, accurate and free from any significant omissions. It has been prepared in accordance with the relevant guidelines issued by the National Treasury.

The Annual Financial Statements, as set out in **Part E: Financial Information**, have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to Interfront.

The Board, as the accounting authority, is responsible for the preparation of the Annual Financial Statements and for the judgements made and presented in this information.

The Board is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, human capital information and Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, this Annual Report fairly reflects the operations, performance information, human capital information and financial affairs of the state-owned company for the financial year ended 31 March 2024.

Yours faithfully,



LEILANIE JANSE VAN RENSBURG
Acting Managing Director
31 July 2024



MUSTAQ ENUS-BREY
Chairperson of the Board
31 July 2024



Strategic Overview

Interfront, a state-owned enterprise established under the approval of the Minister of Finance, operates as a wholly owned subsidiary of SARS, and is classified as a Schedule 3A public entity.

Originally, its core mandate involved developing and maintaining software systems for customs and excise duties, primarily serving SARS. Over the past two financial years, Interfront has nearly doubled in size by strategically integrating the development and support teams responsible for the MobiApp, eFiling and e@syFile platforms through two section 197 transfers. This integration will ensure the continued safeguarding of these vital assets and reduce reliance on external entities for development and support services, thereby mitigating the associated risks. With these integrations, Interfront's mandate has expanded to cover the development and maintenance of all software solutions required by SARS. The new mandate positions Interfront as a pivotal partner in SARS' pursuit of IT system excellence.

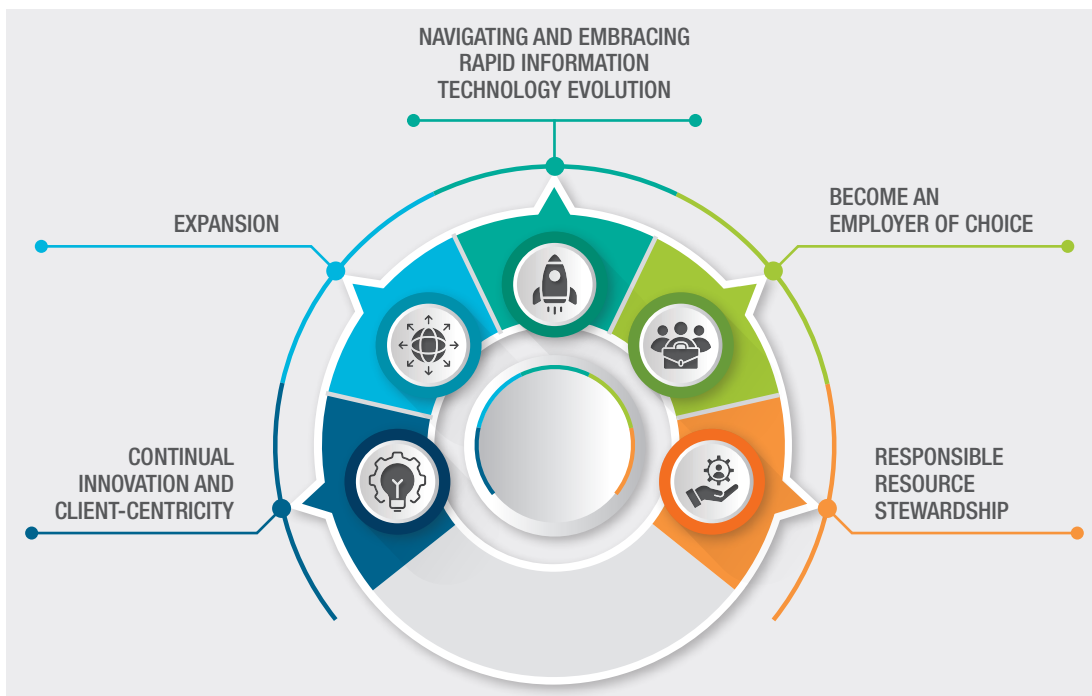
To manage these transitions smoothly, comprehensive change management processes and activities were introduced to minimise disruptions in project delivery and mitigate associated risks. The primary focus during those initial years was on onboarding the new teams, fostering stability and harmonising ways of working, to ensure seamless integration and sustained productivity in ongoing product development and support efforts. Our efforts were geared towards building cohesive and efficient teams, capable of upholding the high standards of service and innovation that Interfront is known for.

The growth and incorporation further necessitated significant internal adjustments aimed at fortifying and optimising platform stability. These adaptations encompassed rigorous internal efforts, resource reallocations and procedural refinements, all geared towards enhancing operational resilience and efficacy. Through meticulous planning and execution, Interfront ensured a seamless integration process, minimising disruptions and maximising the continuity of service delivery. These strategic initiatives underscored Interfront's commitment to proactive risk management and the sustained provision of high-quality services to our valued stakeholders.

Interfront's unwavering commitment to excellence is evident across all its operations. Interfront streamlined processes to better serve stakeholders, ensuring timely and reliable support for all its platforms. Additionally, Interfront continued to foster a culture of continuous learning, encouraging its teams to pursue innovative solutions and maintain high standards of quality. Strategic initiatives, including targeted investments in talent development, empowered employees to contribute more effectively to Interfront's strategic goals and adapt swiftly to the evolving technological landscape.

Overall, Interfront has directed its strategic efforts towards capitalising on its established strengths while ensuring the stability of newly integrated systems within its updated environment. This approach aims to strengthen Interfront's current standing and establish a robust groundwork for sustainable growth and innovation in the future.

These significant changes over the past two years further necessitated a re-evaluation of Interfront's guiding strategy. During the year under review, Interfront developed a new five-year strategic plan, consolidated into five main objectives. These objectives were thoughtfully formulated to respond to the changing requirements of our stakeholders, promote sustainability and foster innovation across all facets of our organisation. They encapsulate our steadfast commitment to ongoing innovation and client-centricity, our endeavours to explore new markets, our emphasis on modernisation and employee empowerment, and our unwavering dedication to efficient resource management. Collectively, these objectives will chart Interfront's course towards a future characterised by adaptability, growth, innovation and responsible governance. They are:



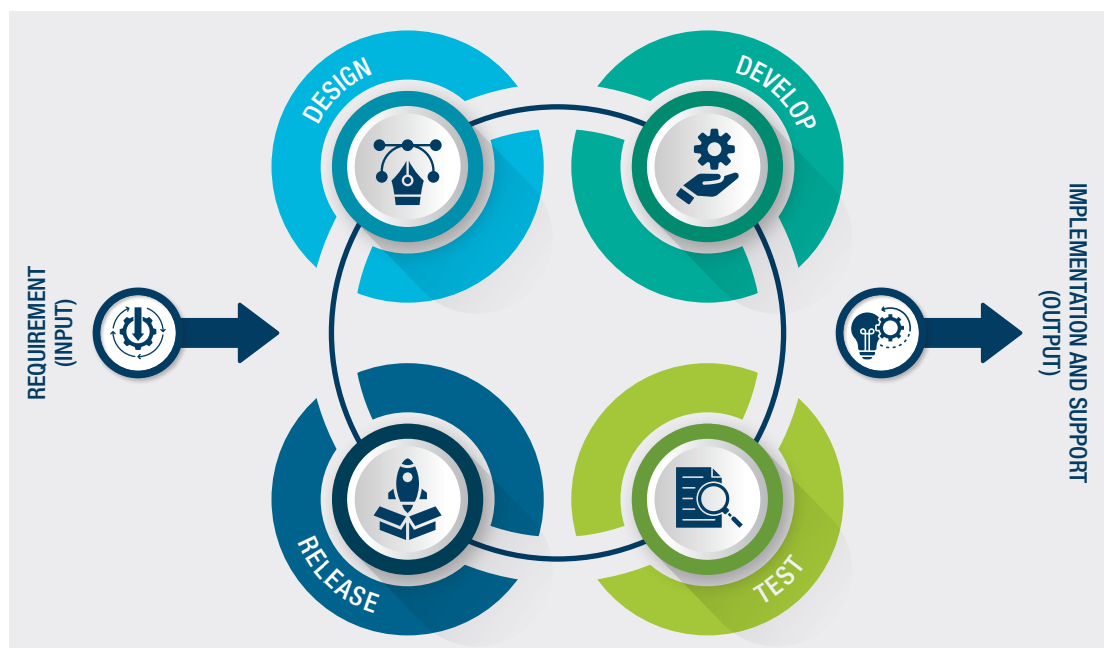
These five overarching goals are supported by various strategic performance indicators which will be detailed in our annual performance plan.

The substantial transformations witnessed by Interfront in the past financial year have prompted a re-evaluation of its structure in line with Interfront's internal development methodology. This methodology combines elements of the Waterfall and Agile methodologies, strategically employed to achieve our organisational objectives effectively.

The Waterfall methodology embodies a structured and sequential approach, well suited to projects where detailed planning and minimal disruption are imperative. It requires the completion of each phase before progression to the next, emphasising meticulous documentation and predictability.

Conversely, the Agile methodology reflects our commitment to adaptability and customer-centricity. Agile fosters collaboration, continuous feedback and incremental development, enabling us to respond promptly to changing market demands.

By seamlessly integrating these methodologies into our project management processes, Interfront aims to harness the strengths of both approaches. This ensures our ability to successfully deliver complex, well-planned initiatives while remaining agile and responsive in an ever-evolving business landscape. It is a strategic amalgamation that empowers us to optimise project outcomes and, ultimately, propel innovation and success.



Over the past decade, Interfront has diligently constructed a strong foundation, integrating comprehensive systems, controls and policies to effectively manage risks and minimise potential setbacks. Embracing a proactive approach to risk management, Interfront has successfully navigated obstacles, ensuring a stable operational environment. Furthermore, Interfront has cultivated a culture of resilience and technical proficiency among its intellectual and human resources. At the core of Interfront's sustained success lies its unwavering dedication to investing in its people, recognising them as Interfront's most valuable asset. Prioritising the continual development of skills, knowledge and capabilities within Interfront's workforce remains a top priority. By fostering an environment of continuous learning and growth, Interfront empowers its employees to embrace innovation, adapt to changing circumstances, and tackle complex challenges with confidence. This commitment is further exemplified by our renewed strategic goal of becoming an employer of choice.

Through its rigorous risk management strategies and unwavering dedication to nurturing the growth and welfare of its staff, Interfront is reinforcing its position as a resilient and forward-thinking entity within the industry.



OUR VISION

As your trusted partner, we unite to deliver cutting-edge software solutions as an employer of choice for our "Techies", expanding to bring our unique experience to make South Africa better, one app at a time.



OUR MISSION

Our strength is our people. We enjoy what we do. With integrity and thought leadership we design, develop, deliver and support secure software solutions with unwavering excellence.



OUR VALUES



T

TRUST

Being honest, reliable and trustworthy.



E

EXCELLENCE

Striving for continuous excellence in our organisation and products by being customer- and output-focused, innovation-conscious and proud of our work.



C

CAMARADERIE

Being passionate about teamwork, going the extra mile, showing commitment to the team and organisation, and having fun. Treating one another with respect.



H

HUMILITY

Maintaining an attitude of modesty that comes from understanding our role in the bigger picture. Being supportive, acting in the best interests of those we lead and follow.



I

INTEGRITY

Consistently acting in an honest, respectful and trustworthy manner. Being transparent, sharing clear, ongoing and effective communication.

Overview of the 2023–24 Strategic Goals:

STRATEGIC OUTCOME-ORIENTATED GOAL 1

Quality and Innovative Software Development and Support

The target is supported by six activities as performance indicators, namely:

- Develop and enhance Interfront Customs and Border Management Solution channels to support the SARS Customs Modernisation Programme.
- Develop and enhance the SARS eFiling and MobiApp platforms.
- Develop and enhance the SARS e@syFile platform.
- Provide effective software support services to SARS on the customs platform.
- Provide effective software support services to SARS on the eFiling and MobiApp platforms.
- Provide effective software support services to Luxembourg (ADA).
- Provide effective software support services to SARS on the e@syFile platform.

STRATEGIC OUTCOME-ORIENTATED GOAL 2

Establish a broader customer base

This objective aims to expand Interfront's footprint and services within SARS, supporting the realisation of SARS Vision 2024, while also considering future opportunities outside of SARS, using SARS as a strategic reference.

STRATEGIC OUTCOME-ORIENTATED GOAL 3

Demonstrate effective resource stewardship

This objective focuses on establishing and supporting effective governance. The target is to achieve a clean audit opinion.

STRATEGIC OUTCOME-ORIENTATED GOAL 4

Maintain and grow a software development centre of excellence

This objective focuses mainly on Interfront's human capital targets, with the following performance indicators:

- The target of maintaining our staff complement at a minimum of 160.
- The staff turnover target of 14% or less, as well as the intake of graduates and/or bursars.

The break-even financial model decided between SARS and Interfront has been operational for the fourth financial year, and the Board and Interfront are committed to providing customers with a value-for-money, quality product delivered on time and to specifications.

The support agreement between Interfront and ADA (Luxembourg's Customs and Excise Agency) is set to terminate on 31 December 2024. Interfront is currently in discussions with ADA to assess the future of their relationship and to understand the client's ongoing requirements.

A detailed report on Interfront's performance for the 2023/2024 financial year forms the substance of **Part B: Performance Report**

06

Legislative and other Mandates

Interfront is designated as a public entity under Schedule 3A of the Public Finance Management Act, No. 1 of 1999 (PFMA), and as a state-owned company under the Companies Act, No. 71 of 2008. It is regulated by the PFMA, the Companies Act, and the Treasury Regulations.

As a wholly owned subsidiary and strategic partner of SARS, Interfront plays a crucial role in helping SARS fulfil its constitutional and legislative duties. Interfront contributes significantly to the design, development and maintenance of essential software systems, enabling SARS to execute its mandated responsibilities effectively. Through this partnership, Interfront supports SARS in achieving regulatory compliance, enhancing operational efficiency, and meeting its organisational goals, thereby upholding high standards of service delivery.

Legislative and Policy Mandates

No significant changes were made to policies or legislation affecting Interfront's operations. However, the mandate and operational scope of Interfront were expanded during the previous financial year (2022/2023).

Relevant Court Rulings

There were no court rulings impacting Interfront as a corporation or its operations. This indicates that Interfront did not encounter any legal challenges that could disrupt its business activities.

07

Organisational Structure

INTERFRONT ORGANOGRAM: BOARD AND COMMITTEES



BOARD OF DIRECTORS



Remuneration,
Social and Ethics
Committee



Audit and Risk
Committee



Company Secretary

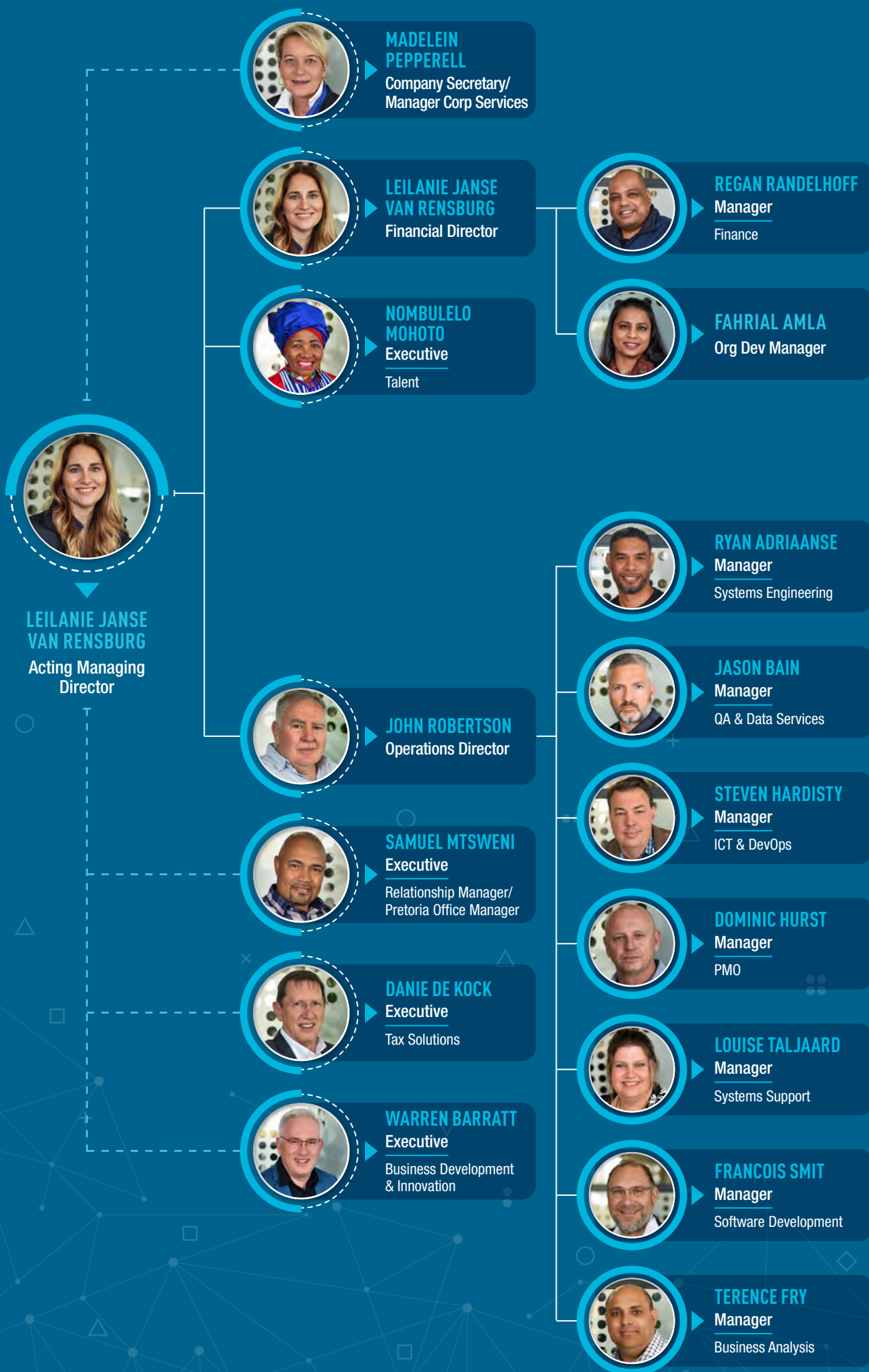


Managing Director



Interfront
Executive
Committee

INTERFRONT ORGANOGRAM: MANAGEMENT TEAM





PART B

PERFORMANCE REPORT

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01

Auditor-General's Report: Predetermined Objectives

The Auditor-General of South Africa (AGSA) performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the Report to Management, with material findings being reported under the Predetermined Objectives (clause 15) heading in the section of the AGSA's report dealing with other legal and regulatory requirements. The Report of the AGSA is included in **Part E: Financial Information**.

02

Overview

The company's expansion since the preceding financial year resulted in a notable 78% augmentation in staff count and an impressive 99% surge in revenue. This growth, primarily driven by software development and support services, significantly influenced the operational terrain. Consequently, several new performance objectives were introduced to ensure sustained support and timely development of the newly acquired systems, thereby upholding our reputation as a provider of high-quality services.

The seamless integration of the eFiling team in the previous year was facilitated by various factors, notably the transfer of key personnel, including management, responsible for these systems. Although certain disparities between Interfront's service level agreement (SLA) and the previous SLA necessitated resolution, these were subsequently addressed, resulting in the successful achievement of previously unmet targets. Meanwhile, the e@syFile project, albeit smaller in scale, presented considerable challenges, requiring additional resources to effectively meet customer expectations. Despite these challenges, Interfront is pleased to announce the achievement of support and development targets in both new environments.

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Central to Interfront's ongoing success as a software development and support entity is its steadfast commitment to investing in its personnel, recognising them as the organisation's most valuable asset.”

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Amidst the emphasis on change management and the assimilation of work practices, it was imperative to ensure that our historical product suite, particularly Customs, did not suffer neglect. We are pleased to report that all targets in this area were met.

Central to Interfront’s ongoing success as a software development and support entity is its steadfast commitment to investing in its personnel, recognising them as the organisation’s most valuable asset. Given the reliance on institutional knowledge, technical skills and development experience, Interfront’s top priorities remain nurturing and enhancing the skills, knowledge, and capabilities of its workforce. By fostering a culture of continuous learning and development, Interfront empowers its employees to adapt to evolving circumstances, embrace innovation, and confront complex challenges directly. Consequently, staff retention and development remained critical focus areas during the review period, culminating in the lowest staff turnover since the company’s inception.

Interfront prides itself on its commitment to being a responsible steward of the resources entrusted to it, particularly within the governmental sphere in which it operates. We are proud to have received a clean audit opinion once again.

Over the past decade, Interfront has diligently cultivated a robust foundation of comprehensive systems, controls and policies aimed at effectively managing risks and minimising the potential for failure. By adopting a proactive approach to risk management, Interfront has successfully mitigated potential setbacks and ensured operational stability. Additionally, Interfront has instilled within its intellectual and human resources a high level of technical expertise.

Through rigorous risk management practices and an unwavering dedication to the growth and well-being of its personnel, Interfront continues to strengthen its position as a resilient and forward-thinking entity in the industry. We are proud to report the achievement of all performance targets for the year.



03 Operational Highlights

- Operational delivery and support provided to SARS functioned effectively during the period under review. Interfront successfully delivered and deployed 55 software releases to the production environment, significantly enhancing the performance and functionality of the SARS customs and tax collection systems.
- The support services achieved the agreed contractual service levels for the financial year across the customs, eFiling and e@syFile systems.
- In partnership with SARS, Interfront launched, developed and deployed the Single Window Platform (SWP) solution onto a targeted container platform aligned with our modernisation roadmap.
- Delivery of the Registration, Licensing and Accreditation (RLA) and SARS Online Query System (SOQS) efficiency changes introduced the RLA Wizard for improved user guidance, enhancing the RLA registration dashboard with direct download capability for certificates and letters.
- The Declaration Processing System (DPS) was upgraded to include the migration of screens to improve the Customs Support Portal (CSP).
- Interfront started the migration of applications for the SARS National Operations Command Centre (NOCC) onto OpenShift as well as Elasticsearch. Elasticsearch technology serves as the cornerstone for data searching and extraction and provides the NOCC with near real-time insights.
- The South African Traveller MobiApp, released as a minimum viable product (MVP), allows the submission of online declarations upon arrival. The app simplifies the goods declaration process, enabling smooth entry with declared goods.
- The RLA Authorised Economic Operator (AEO) click-through project showcased the collaborative efforts of the Customs and eFiling teams to redesign the process for improved services to SARS and its clients, fostering greater unity and encouraging collaboration on future projects.
- Interfront completed several additional projects to highlight its achievements throughout the year. These include Refunds and Drawbacks; RLA; SOQS Improved Efficiency; Pay As You Earn (PAYE); Corporate Income Tax (CIT) and Trust Filing season; enhancements to eFiling, Personal Income Tax (PIT) and the SA Traveller MobiApp; and other technical upgrades to various systems to maintain the supportability of those systems.

04

Operational Challenges

- Interfront continues to manage its resources across production support and multiple development and delivery streams.
- The technical support required for the various SARS environments due to the overlapping of different application versions and systems in these environments, as well as the dependency and complexity of these systems, continues to place additional pressure on operational resources.
- Due to the pressure on the fiscus, budget limitations continue to pose challenges as resources compete for funds.
- Our collaboration with external parties and SARS on knowledge transfer initiatives has commenced with Interfront further expanding its capability across various domains, including Customs for Service Manager, SARS Risk, Telephony, and Dynamic Forms.

05

Operational Outlook

Below is a comprehensive outline of the key components anticipated for the immediate future within the operational landscape:

- Interfront will continue to participate in and further partner with SARS in supporting the SARS Vision and its operations by using new and emerging technological developments to improve services and trader experience through the enablement of digital platforms.
- We will also continue to partner with SARS and grow the functionality available within the SWP.
- Various customs and tax application deliverables are planned for implementation over the coming year.
- ADA (Luxembourg's Customs and Excise Agency) has confirmed that it will be replacing the Interfront modules in production. An extension to the contract has been requested to use the Interfront modules for archiving as of January 2025 with very limited support.
- The technology upgrade of the e@syFile product is due to go live. The re-platform focuses on renewing the technology stack and user interfaces and incorporating additional functionalities to ensure that the e@syFile product meets the planned operational requirements.



Information and Communications Technology (ICT)

ICT has been pivotal in minimising operational disruptions and ensuring continuity by providing comprehensive support to staff members, most of whom continue to work remotely. Through robust infrastructure, seamless communication tools and responsive technical assistance, ICT has enabled employees to maintain productivity and efficiency, despite the challenges of remote work.

Some of the initiatives and successes are highlighted below.

Security

- The company implemented several critical infrastructure and security enhancements to ensure robust and secure operations. The highlights of these initiatives reflect a commitment to maintaining a high standard of operational security.
- Improvements in IT security were continued with the full implementation of Microsoft multifactor authentication (MFA) and the introduction of privileged access management (PAM) to control and audit access more effectively.
- We implemented email security and conducted an extensive internal vulnerability audit to reinforce our IT security framework.
- Existing IT security vulnerabilities were addressed and application vulnerabilities integrated into our remediation processes.

Disaster Recovery

- Interfront upgraded the disaster recovery infrastructure and designed a new backup architecture, significantly enhancing our disaster recovery capability.
- By conducting multiple departmental disaster recovery tests we ensure our readiness to handle unforeseen disruptions.

Network and server infrastructure

- The production data centre is scheduled for relocation to the St Andrews building to ensure operational continuity and strengthen infrastructure resilience.
- Our virtual infrastructure for both production and disaster recovery environments has been upgraded to come into line with the latest industry standards.

ICT Governance, Risk and Compliance

- The Interfront Information Systems Management Committee (ISMC) facilitates IT governance. The committee engaged with all concerned to address security matters and ensure compliance.
- The CIS (Centre for Internet Security) standard is being implemented with completion planned in 2024.

Ever since its establishment, Interfront has consistently delivered and supported custom border systems that rival top-tier solutions in quality while remaining cost-effective. The recent acquisition of the eFiling and e@syFile teams, along with their associated intellectual property, has greatly bolstered Interfront's expertise and capabilities. This strategic development has positioned Interfront as a prominent enabler in supporting and advancing SARS' realisation of its Vision 2024 and beyond.

The incorporation of the eFiling and e@syFile teams not only enhances Interfront's overall value but also ensures the retention of critical skills over the long term. This strategic manoeuvre effectively mitigates the risks often associated with relying on contracted resources and services. By taking on these invaluable assets, Interfront has fortified the stability of essential solutions and services such as eFiling, MobiApp and e@syFile, thereby ensuring uninterrupted operational continuity and safeguarding vital intellectual capabilities.

While ongoing internal and external change management initiatives are under way to synchronise the operations of the merged team and align work methodologies, Interfront has made significant progress in the initial two years of this transitional phase. Further transitions of systems to Interfront are anticipated in the near to medium term, necessitating continued vigilant management of these changes to uphold the stability of our company and the systems we support and develop. Such strategic measures demonstrate Interfront's commitment to sustained excellence and resilience in the face of evolving dynamics.

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By taking on these invaluable assets, Interfront has fortified the stability of essential solutions and services.”

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Service Delivery Environment

Interfront is committed to an excellent service delivery environment, as evident in our performance reporting. Interfront excels in designing and delivering innovative software solutions, demonstrating a remarkable proficiency in both back-end and front-end development, alongside the creation of web and mobile applications. Interfront brings deep expertise to the customs and tax environments, in which it has more than 20 years of experience, ensuring that its software solutions are tailored to meet the unique challenges of these sectors. With a strong emphasis on software engineering discipline, Interfront guarantees the production of stable and reliable software. Interfront's core strength lies in our ability to transform complex ideas into elegant, functional and efficient software solutions, helping businesses thrive in a dynamic and highly regulated landscape.

Interfront is not only dedicated to providing effective software solutions for its clients, but also aims to empower them to serve their customers better, extending the value of our services beyond the immediate project. Interfront's versatile and transferable knowledge allows it to create solutions that benefit both our clients and their end customers, resulting in long-lasting success. Furthermore, the core principles and expertise gained in these specialised environments can be easily adapted and leveraged in other government sectors and industries.

While SARS assumes the overarching leadership role in the development and maintenance of operational systems, wielding full responsibility for delineating software requisites and directives, Interfront serves as a pivotal partner. Leveraging our profound understanding of customs and tax landscapes, we contribute to the formulation of business specifications. Work allocations are defined through mutually agreed work orders in order to uphold robust governance standards for both entities. Furthermore, Interfront has expanded its role to furnish SARS with first- and second-line support, exceeding our original contractual obligations as a value-added endeavour. Recognising the growing reliance on this service, Interfront collaborates closely with SARS to integrate these facilities into the support scope.

The overall pressure on the fiscus has an indirect impact on Interfront, since its main customer at present – its Shareholder, SARS – receives 100% of its funding from the government.

The performance measures decided on by Interfront are those under its control, which will, over time, result in the achievement of success for Interfront as a whole.





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Organisational Environment

In nurturing a productive organisational environment, Interfront prioritises the cultivation of a culture that fosters collaboration, innovation and continuous learning. Employee well-being and engagement are central principles, underscored by comprehensive policies and initiatives aimed at promoting work-life balance, diversity and inclusion. Regular feedback mechanisms, robust performance management systems and opportunities for skills development contribute to a dynamic and supportive workplace culture. Furthermore, Interfront is committed to maintaining transparent communication channels, ensuring that employees are well-informed and empowered to contribute meaningfully to the organisation's objectives. By fostering a positive and inclusive organisational environment, Interfront not only enhances employee satisfaction and retention but also strengthens its overall capacity for innovation and excellence.

Operating within a landscape characterised by high demand for IT skills, Interfront remains dedicated to the pivotal goal of staff retention and the development of a skilled, diverse and engaged workforce. The financial year in review saw significant progress in both staff retention and recruitment, with an annual staff turnover rate of 2.5%, surpassing the targeted rate of 14%. Moreover, Interfront successfully maintained its staff complement at a minimum of 160, concluding the financial year with 169 employees.

At its June 2023 meeting, the Board approved annual salary increases and a performance bonus pool. These increases and bonuses were allocated to employees based on their performance evaluations. Furthermore, at its November 2023 meeting, the Board approved a positioning pool equivalent to 1% of Interfront's annual cost to company (CTC) to ensure that remuneration remains competitive with market trends and supports staff growth.

For further details on Interfront's initiatives aimed at staff retention and its Employee Value Proposition (EVP), please refer to **Part D: Human Capital Management**.

Key Policy Developments and Legislative Changes

No significant changes were made to policies or legislation affecting Interfront's operations. However, at the beginning of the 2022/2023 financial year, Interfront's mandate and operational environment were expanded. This expansion included the integration of the eFiling team, responsible for the development, enhancement, modification and support of the SARS eFiling and MobiApp solutions, as well as the onboarding of the e@syFile team on 1 January 2023.

Strategic Objectives

PROGRAMME 1

Quality and Innovative Software Development and Support



IMPACT STATEMENT

SARS Customs Modernisation Programme 2024 (CMP)	Interfront is a key development partner to SARS as the existing Interfront Customs and Border Management Solutions ("iCBS") product suite in SARS is being expanded and modified to meet the objective of the Customs Modernisation Programme 2024 ("CMP") as set out in the SARS approved CMP Business Plan to meet Government's needs for customs compliance and realise the SARS Vision 2024.
SARS eFiling and MobiApp	The eFiling and MobiApp platforms are the backbone for the electronic engagement of taxpayers and traders. This channel continues to evolve through projects, upgrades, and enhancements to meet taxpayer and trader needs, which requires technical skills and experience for the long-term as the longevity of these critical systems necessitates investments in the development and enhancement of these application systems, and the underlying technology platforms. Ongoing expeditious and agile maintenance is essential as to keep abreast of continuously evolving tax and customs legislative requirements. These demand updates, enhancements, and often, new derivatives of system functions and capabilities to meet Government's needs and realise the SARS Vision 2024 for the taxpayer and trader experience.
SARS e@syFile System	The e@syFile platform is the backbone for the electronic engagement of Employers and Payroll Administrators with SARS. The platform continues to evolve through upgrades and enhancements to meet Employers and Payroll Administrator's needs, which requires technical skills and experience as the longevity of these critical systems necessitates investment in the development and enhancement of the application system, the underlying technology platforms and the skillset that supports it. In addition, consultants are employed to provide training services to Employers and Payroll Administrators to ensure the optimal and effective use of the system.
SARS Support and Maintenance	To support and maintain the Interfront software on a 24/7/365 basis to meet the Service Level Agreement (SLA).
ADA (Luxembourg) Support & Maintenance	ADA operates national customs systems on a 24/7 x 365 basis. Interfront's software is a key component in the systems. The support service level provided by Interfront is crucial to the effective operation of the customs system. The support services to be provided by Interfront are contained in a Memorandum of Agreement concluded between Interfront and ADA.

PROGRAMME 2

Establish a Broader Customer Base



IMPACT STATEMENT

SARS
& Other
Opportunities

Expand the footprint and services of Interfront within SARS to assist in realising SARS Vision 2024. Explore other opportunities using SARS as a strategic reference.

PROGRAMME 3

Demonstrate Effective Resource Stewardship



IMPACT STATEMENT

Ensure effectiveness in delivering quality outcomes and performance excellence, demonstrating a high work ethic, strive for performance excellence and achieve the most with the least effort and cost.

PROGRAMME 4

Grow and Maintain a Software
Development Centre of Excellence

IMPACT STATEMENT

Grow and maintain Interfront as a Centre of Excellence to develop IT Skills to contribute to empowerment within Interfront by developing a high performing, diverse, agile, engaged and evolving workforce.



Programme Performance Information

PROGRAMME 1

QUALITY AND INNOVATIVE SOFTWARE DEVELOPMENT AND SUPPORT

SUB-PROGRAMME 1.1: Develop and Enhance iCBS Channels to Support SARS CMP

The Customs Modernisation Programme 2024 (CMP) will be implemented in phases. The phases are associated with software development projects in Interfront. These projects are delivered in agreed deliverables as per the Work Orders.



The target has been achieved on six occasions and partly achieved once since the 2017/2018 financial year.

SUB-PROGRAMME 1.2: Develop and Enhance SARS eFiling and MobiApp Platforms

The eFiling and MobiApp platforms are continuously updated and enhanced due to legislative and business requirements. The platform updates are associated with software development projects in Interfront. These projects are delivered in agreed deliverables as per the Work Orders.



This target has been introduced in the 2022/2023 financial year and have been achieved in both the 2022/2023 and 2023/2024 financial years.

SUB-PROGRAMME 1.3: Develop and enhance SARS e@syFile platforms

Interfront is a key development partner to SARS to implement the updates and enhancements as per the legislative and business requirements. The existing e@syFile platforms will be expanded and modified to meet the objectives of SARS.

These projects are delivered in agreed deliverables as per the Work Orders.



This is a new target from the 2023/2024 financial year and has successfully been achieved.

SUB-PROGRAMME 1.4: Provide Effective Software Support Services to SARS on the Customs, eFiling, MobiApp as well as the e@syFile Platforms

Service levels to SARS are measured against agreed contractual levels. The measure is determined by meeting the service levels for each month as contained in the Service Level Agreement (SLA). The results are communicated to SARS in a monthly SLA report.



The Annual Performance Plan target in respect of SARS customs support have been achieved since the 2017/2018 financial year. The target for Support services on the eFiling and MobiApp Platforms was introduced in the 2022/2023 financial year but was not achieved. However, this year, the target has been successfully achieved.

Support services on the e@syFile Platform were introduced as a new target in the 2023/2024 financial year and has successfully been achieved.

Sub-programme 1.5: Provide Effective Support Services to ADA

A Services Agreement has been established with ADA (Luxembourg), with expected interactions and service levels detailed in this agreement.



The Annual Performance Plan target has been achieved on five occasions and partly achieved twice since the 2017/2018 financial year.

PROGRAMME 2 ESTABLISH A BROADER CUSTOMER BASE

Positioning the Interfront brand as a key solutions provider in the customs and border management, as well as taxation within SARS and solidifying the relationship with our customer. Tendering for services in other government departments with SARS as a strategic reference.



Establish a broader customer base was introduced as a new target in the 2022/2023 financial year and the target was achieved for both the 2022/2023 and 2023/2024 financial years.

PROGRAMME 3 DEMONSTRATE EFFECTIVE RESOURCE STEWARDSHIP

Interfront prides itself in being an ethical company and, as such, has set itself the target of a clean audit opinion since the 2019/2020 financial year. A clean audit opinion entails that in addition to an unqualified audit opinion on the Annual Financial Statements, no material findings are reported on performance objectives, compliance with legislation or internal control deficiencies.



The 2022/2023 financial year sees the 13th consecutive unqualified audit report on the Annual Financial Statements.

Interfront has also achieved a clean audit opinion for seven years consecutively, twelve in total.

PROGRAMME 4 GROW AND MAINTAIN A SOFTWARE DEVELOPMENT CENTRE OF EXCELLENCE

PROGRAMME 4.1: Maintain and Develop a Skilled, Diverse and Engaged Workforce

Due to the scope of project work and support and maintenance from our customers, the staff complement was earmarked to remain at the appropriate level. The net growth of staff equals the total number of staff at the beginning of the financial year, plus appointments and less resignations for the year under review.



The Annual Performance Plan target has been achieved for the 2023/24 financial year.

PROGRAMME 4.2: Retention of Management Team and Staff

The number of resignations during a financial year should be equal to or lower than the target reflected in the Annual Performance Plan. Only permanent staff and long-term contractors are used in the retention calculation.



For the year under review both the target for retention and staff recruitment were achieved.

PROGRAMME 5 MAINTAIN AND GROW A CENTRE OF EXCELLENCE

The number of graduates and bursars to be recruited is contained in the APP. For the year under review both these were achieved. In February 2024 five graduate interns were appointed and two bursars are currently doing their second year of studies.



The Annual Performance Plan target has been achieved for the 2023/24 financial year.

The Interfront Board approved the publication of Interfront performance results as set out below on 31 July 2024.

PROGRAMME 1 QUALITY AND INNOVATIVE SOFTWARE DEVELOPMENT AND SUPPORT

OUTCOME	OUTPUT	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACTUAL ACHIEVEMENT 2022/2023
The Customs Modernisation Programme (CMP) needs to be delivered in accordance with specified timelines determined by SARS, which stretched over a number of years. Meet the timelines set by SARS.	Develop and enhance iCBS channels to support SARS CMP: Project Releases to SARS as per SARS business plan.	RLA 2C Package 1	DPS Upgrade (W0114): release 7.0.7 uploaded to SARS on 14 June 2022.
		RLA 2C Package 2	DPS release 7.0.21.1 uploaded to SARS on 4 Nov. 2022.
		RLA 2C Package 3	
		RLA 2D (ECP737)	
		Production ECPs Production ECPs (880 Race Condition; 897 Uniqueness of Transport Document Number [TDN and MTDN]; 898 Restriction on Ports; 899 ePenalty Late Declarations; 900 RLA – Add last updated time stamp; AFT Electronic Application; ePenalty for Exports; DB2 upgrade to v11.5)).	Refunds and Drawbacks (W0124): release 7.1.0 uploaded to SARS on 23 June 2022.
		Export on Scrap Metal (W0113)	TMS Upgrade (W0117): presented the second demo to SARS for upgrade progress on 19 May 2022.
		RCG Part Clearances (W0110)	SARS Trader Taxpayer Rep Solutions (W0120): RLA release 6.7.0 uploaded to SARS on 24 Aug. 2022.
		DPS Upgrade Phase 1	TMS Upgrade (W0117): TMS release 7.1.4.3 uploaded to SARS on 31 Aug. 2022.
		TMS Design (W0104) TMS Upgrade Implementation – Phase 1	Single Window (OGA) RLA Release 6.10.0: uploaded to SARS for integration on 26 Jan. 2023. DPS Release 7.2.0: uploaded to SARS for integration on 27 Jan. 2023.
		Advance Import Payment (AIP)	Adobe Forms (W0127) – phase 1
		Refunds and Drawbacks	Adobe Forms (W0127) – phase 2.
		Number Plate Recognition (NPR)	Adobe Forms printing POC – phase 3 (W0167)
		Elasticsearch	Single Window (OGA) Single Window OGA FRS v14
		Function Point Measurement	Authorised Economic Operator (AEO) – AEO FRS was completed and ready for delivery to SARS on 12 December 2022. SARS did not take delivery of the FRS.
		Supply and Configuration of Software Deployment Tool	

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ANNUAL TARGETS 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASON FOR DEVIATION
Authorised Economic Operator (AEO)	(W0177) RLA v6.12.0 uploaded to SARS on 7 Sept. 2023. RLA v6.12.10 deployed to SARS production on 8 Dec. 2023 (Q3).		
DPS Upgrade (Phase 2)	W0269 DPS Upgrade Phase 2 DPS 7.4.18 delivered to SARS on 29 Feb. 2024.		
Refund and Drawbacks	(W0124/CV0124D) DPS v7.3.0 uploaded to SARS on 25 May 2023 (Q1).		
	VAT Number Validations (W0236) (Q1)	ACHIEVED	Additional work requested by SARS Additional work requested by SARS
	RLA Bucket List (CV0234A) RLA v6.11.0 deployed to SARS production on 6 Oct. 2023 (Q3).		
	RLA SOQS Efficiency Changes Phase 2 (W0 272) FRS delivered to SARS on 17 Nov. 2023 (Q3).		
	RLA SOQS Efficiency Changes Phase 1 (W0248) Functional Spec (FRS) delivered to SARS on 3 Nov. 2023 (Q3).		
	TMS Upgrade TMS v7.4.3 deployed to SARS production on 6 Oct. 2023 (Q3).		
	W0257 – Link between DPS and CPS v5.4.58 delivered to SARS on 8 Feb. 2024 (Q4).		
	W0248 - SOQS Part 1 – RLA v6.13.0 Integration release delivered to SARS on 15 Feb. 2024 (Q4).		
	W0248 SOQS Part 1 – RLA v6.13.5 Functional release delivered to SARS on 29 Feb. 2024 (Q4).		
	W0213 (Automation of Bonds) FRS delivered to SARS on 26 Mar. 2024.		
	W0303 (Submission of large declarations) – System Design (SDD) delivered to SARS		

OUTCOME	OUTPUT	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACTUAL ACHIEVEMENT 2022/2023	
The development and enhancements of SARS eFiling and MobiApp platforms need to be delivered in accordance with specified timelines determined by SARS, which stretch over a number of years. Meet the timelines set by SARS.	Develop and enhance SARS eFiling and MobiApp platforms. Project Releases to SARS: As per SARS business plan.	NEW MEASURE FROM 2022/2023	2022 Filing Season Functionality deployed to production on 24 June 2022. Last milestone delivered to SARS on 29 July 2022. December Release: Delivered to SARS on 19 September 2022 for QA testing.	ACHIEVED
			Trust Filing Season Functionality deployed to production on 24 June 2022.	
			PAYE Upgrades Delivered to SARS on 9 Sept. 2022.	
			Refunds and Drawbacks Delivered to SARS on 31 Aug. 2022 for QA testing.	
			SARS Trader Taxpayer Rep Solution Specification delivered to SARS and deployed to QA testing on 19 Sept. 2022 for testing.	
			Bank Detail Verification Change Request (W0169)	
			Live Chat 2 (MVP) (W0159) – Deployed to production on 18 Nov. 2022.	
			Debt Management Final Demand Letter	
			Corporate Tax (CIT) – IT14SD Delivered to SARS on 9 Sept. 2022.	
			Tax Status (Enhancements) Delivered to SARS on 9 Sept. 2022.	
			Hardware & Software Upgrade (W0171)	
			Delivered to SARS on 21 Nov. 2022 for QA testing.	
			Hardware & Software Upgrade (W0171) Delivered to SARS in production: Database components – 10 Feb. 2023. Web components – week starting 13 Feb. 2023. Application server components – 3 March 2023.	

ANNUAL TARGETS 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASON FOR DEVIATION
2023 Filing Season	2023 Filing Season (W0196) functionality deployed to production on 23 June 2023 (Q1).		
Corporate Tax (CIT) – Upgrades	CIT Filing Season (W0187) deployed to SARS production on 23 June 2023. (Q1).		
PAYE Enhancements	PAYE Upgrades (W0131; W0131–1 and W0189) – functionality deployed to production on 21 Apr. 2023 and 23 June 2023. PAYE Filing Season 2023 (W0131–1) deployed to SARS production on 15 Sept. 2023 (Q2). PAYE December Enhancements (W0243) delivery of the functional specification (Q2). Deployed to SARS production on 8 Dec. 2023 (Q3).	W0131 was extended to include additional work that was delivered in September 2023	
Trust Filing Season	Trust Filing Season (W0201) deployed to SARS production 23 June 2023 (Q1).		
Refunds and Drawbacks	Refunds and Drawbacks (W0135) deployed to QA testing in June 2023 (Q1). Deployed to SARS production on 15 Sept. 2023 (Q2).		
PIT Verification Enhancements	PIT Verification Enhancements (W0261) delivery of the functional specification (Q2). Deployed to SARS production on 8 Dec. 2023 (Q3).		
2024 Filing season: PIT Filing	PIT Filing (W0284) delivery of the functional specification on 28 Feb. 2024.		
Tax status: Tax Clearance Status (TCS) Enhancements CR	TCS Enhancements CR (W0263) deployed to SARS production on 27 Oct. 2023 (Q3).		
RLA AEO Clickthrough	RLA AEO Clickthrough (W0197) deployed to SARS production on 8 Dec. 2023 (Q3).		
SARS Trader Taxpayer Representative Solution.	N/A	This project was completed in 2022/23 Q3 (December 2022).	Potential enhancements that were considered never materialised
	MPRR client Accounting – Return processing (W0150) deployed to SARS production on 15 Sept. 2023 (Q2). Air Passenger Tax (W0138) specification sign-off (Q1). Deployed to SARS production on 15 Sept. 2023 (Q2). Third Party Data – Donations (W0142) deployed to SARS production on 15 Sept. 2023 (Q2).	Additional work requested by SARS	Additional work requested by SARS

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OUTCOME	OUTPUT	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACTUAL ACHIEVEMENT 2022/2023	
The development and enhancements of SARS eFiling and MobiApp platforms need to be delivered in accordance with specified timelines determined by SARS, which stretch over a number of years. Meet the timelines set by SARS (<i>continued</i>).	Develop and enhance SARS eFiling and MobiApp platforms. Project Releases to SARS: As per SARS business plan (<i>continued</i>).	NEW MEASURE FROM 2022/2023	2023 Filing Season (Spec) Delivered for signoff in March 2023.	ACHIEVED
			Tax Directive Phase 4 – All functionality deployed to production on 22 April 2022.	
			Third-Party Data View	
			PAYE – Admin Penalties	
			PIT Admin Penalties Move to ITS – Delivered to SARS on 9 September 2022	
			Live Chat MVP – Delivered to SARS on 26 Sept. 2022 for QA testing.	
			Tax status (Spec) Delivered for signoff in Jan. 2023.	
			SA Traveller Management System (W0183) – Deployed to production on 9 Dec. 2022.	
			SARS Trader Taxpayer Rep Solution (W0141).	
			PIT Filing Season 2022 (W0133–3) – Deployed to production on 9 Dec. 2022.	
			Tax Directives 2022 (W0151–1)	

ANNUAL TARGETS 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASON FOR DEVIATION
	Third Party Data – Trusts (W0143) deployed to SARS production on 15 Sept. 2023 (Q2).	Additional work requested by SARS	Additional work requested by SARS
	VAT Verifications (W0229) delivery of the functional specification (Q2). Deployed to SARS production on 8 Dec. 2023 (Q3).	Additional work requested by SARS	Additional work requested by SARS
	SA Traveller MobiApp (W0262) delivery of the functional specification (Q2). Deployed to SARS production on 8 Dec. 2023 (Q3).	Additional work requested by SARS	Additional work requested by SARS
	Disputes and Verifications (W0185) functionality deployed to production 21 April 2023 (Q1).	Additional work requested by SARS	Additional work requested by SARS
	TCS Enhancements (W0154) functionality deployed to production 21 April 2023 (Q1).	Additional work requested by SARS	Additional work requested by SARS
	Debt Modernisation (W0267) completed the commitment to testing support when the project went live on 27 Oct. 2023. (Q3).	Additional work requested by SARS	Additional work requested by SARS
	eFiling New Landing Page (ECP963) deployed to SARS production on 27 Oct. 2023 (Q3)	Additional work requested by SARS	Additional work requested by SARS
	2FA on MobiApp (ECP961) deployed to SARS production on 27 Oct. 2023 (Q3).	Additional work requested by SARS	Additional work requested by SARS
	ACE (ESB) v12 upgrade (W0268) completed the commitment to testing support when the project went live on 16 Feb. 2024 (Q4).	Additional work requested by SARS	Additional work requested by SARS
	Mandatory Disclosure Rules (W0279) delivery of the functional specification on 22 Nov. 2023. Deployed to SARS testing environment on 5 Feb. 2024.	Additional work requested by SARS	Additional work requested by SARS
	Trusts for Disputes (W0278) delivery of the functional specification on 17 Jan. 2024. Deployed to SARS testing environment on 5 Feb. 2024.	Additional work requested by SARS	Additional work requested by SARS
	Cybercrime (Anti-Fraud Registrations) (W0246) delivery of the functional specification on 22 Jan. 2024. Deployed to SARS testing environment on 12 Feb. 2024.	Additional work requested by SARS	Additional work requested by SARS
	APT Phase 2 (W0287) delivery of the functional specification on 25 Jan. 2024. Deployed to SARS testing environment on 23 Feb. 2024.	Additional work requested by SARS	Additional work requested by SARS
	Biometrics (FS) (W0286) delivery of the draft functional specification on 28 March 2024 for SARS review.	Additional work requested by SARS	Additional work requested by SARS
	Automation of Bonds (W0213) delivery of the functional specification on 26 March 2024.	Additional work requested by SARS	Additional work requested by SARS

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OUTCOME	OUTPUT	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACTUAL ACHIEVEMENT 2022/2023
The development and enhancements of SARS e@syFile platform need to be delivered in accordance with specified timelines determined by SARS, which stretch over a number of years. Meet the timelines set by SARS.	Develop and enhance SARS e@syFile platform: Project Releases to SARS: as per SARS business plan.		
Provide effective software support services to SARS on customs platform.	Annually meet SARS service levels as per the Support Agreement (SLA).	SLA Reports show that service levels are met	ACHIEVED
Provide effective software support services to SARS on the eFiling and MobiApp.	Annually meet SARS service levels as per the Support Agreement (SLA).	NEW MEASURE FROM 2022/2023	NOT ACHIEVED
Provide effective software support services to SARS on the e@syFile Platform.	Annually meet SARS service levels as per the Support Agreement (SLA).	NEW MEASURE FROM 2022/2023	NEW MEASURE FROM 2022/2023
Provide effective software support services to ADA (Luxemburg).	Delivery of fixes and enhancement releases: ADA releases per quarter (if required). Deliver KELs solutions before the EU required dates.	Delivery of fixes and enhancements releases: IETA (2 releases) ICS (2 releases). No KELs released by the EU during this period	ACHIEVED



ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASON FOR DEVIATION
e@syFile Employer Replatform (Phase 1) (First INTF release. PAYE Upgrades.	<p>e@syFile Employer Replatform (W0194)</p> <p>Uploaded v800.00.18 to SARS on 28 June 2023 (Q1).</p> <p>31 July 2023 uploaded e@syFile re-platform v22 (Q2)</p> <p>02 Aug. 2023 uploaded e@syFile re-platform v23 (Q2).</p> <p>15 Aug. 2023 uploaded e@syFile re-platform v24 (Q2).</p> <p>01 Sept. 2023 uploaded e@syFile re-platform v25 (Q2).</p> <p>18 Sept. 2023 uploaded e@syFile re-platform v26 (Q2).</p> <p>05 Oct. to 07 Dec 2023 11 releases were uploaded to SARS. The 11 releases included bug fixes and the following functionality. (Q3): Emp501 Submissions Full Installer Smart Search Historical data backup.</p> <p>11 Jan. 2024 to 28 March 6 releases were uploaded to SARS. The 6 releases included bug fixes and the following functionality. (Q4).</p>	ACHIEVED	
Monthly SLA reports show that service levels are met for SARS on the customs platform.	Met SLA targets for the 2023/2024 financial year.		
Monthly SLA reports show that service levels are met for SARS on the eFiling and MobiApp platform.	Met SLA targets for the 2023/2024 financial year.		
Monthly SLA reports show that service levels are met for SARS on the e@syFile Platform.	Met SLA targets for the 2023/2024 financial year.		
Delivery of fixes and enhancement releases: ADA releases per quarter (if required) Deliver KELs solutions before the EU required dates	<p>ADA Release – Q1 IETA v2.1.74 released to ADA on 26 April 2023</p> <p>ADA Release – Q2 IETA v2.1.75 released to ADA on 10 July 2023.</p> <p>ICS v2.5.9.17 released to ADA on 28 Sep. 2023.</p> <p>ADA Release – Q3 IETA v2.1.76.2 released to ADA on 13 Nov.2023.</p>		<p>No Q4 Release</p> <p>No releases of KELs required during Q4</p>



PROGRAMME 2 ESTABLISH A BROADER CUSTOMER BASE

OUTCOME	OUTPUT	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACTUAL ACHIEVEMENT 2022/2023	
Positioning the Interfront brand as a key solutions provider in the customs and border management, as well as taxation within SARS and solidifying the relationship with our customer. Tendering for services in other government departments with SARS as a strategic reference.	Expand the footprint and services of Interfront within SARS to assist in realising the SARS Vision 2024. Explore other opportunities within SARS as a strategic reference.	NEW MEASURE FROM 2022/2023	Quarterly Engagements, as tracked in the Sales Pipeline	ACHIEVED

PROGRAMME 3 DEMONSTRATE EFFECTIVE RESOURCE STEWARDSHIP

OUTCOME	OUTPUT	AUDITED ACTUAL ACHIEVEMENT 2021/2022		AUDITED ACTUAL ACHIEVEMENT 2022/2023	
Establish and support effective governance.	Clean Audit Opinion for the 2022/2023 financial year.	Unqualified and clean Audit Opinion for the 2020/2021 financial year.	ACHIEVED	Clean Audit Report for the 2021/2022 financial year.	ACHIEVED

PROGRAMME 4 GROW AND MAINTAIN A SOFTWARE DEVELOPMENT CENTRE OF EXCELLENCE

OUTCOME	OUTPUT	AUDITED ACTUAL ACHIEVEMENT 2021/2022		AUDITED ACTUAL ACHIEVEMENT 2022/2023	
Maintain and develop a skilled, diverse and engaged workforce.	Expand/maintain the staff complement, successful appointment and onboarding Annual Target: Maintain staff complement at a minimum of 160.	102 Maintain staff complement at a minimum of 150.	PARTLY ACHIEVED	155 Maintain staff complement at a minimum of 150.	ACHIEVED

The target was amended during the year with the approval of the Interfront Board as an error was identified in the calculation of staff numbers, which is a critical component of Interfront's performance planning. The error pertains to the inclusion of Bursars, Graduates, and short-term contractors in the calculation of staff numbers when Interfront determined the target for the 2023/2024 financial year. According to Interfront's established processes these individuals are not to be counted as part of the regular staff as they have different roles and statutes within the organisation.

Retention of management team and staff.	Percentage of staff turnover. Annual Target: Less than 14%	17.48%	NOT ACHIEVED	14.12%	NOT ACHIEVED
Maintain and grow a Centre of Excellence (CoE).	Successful appointment of graduates and/or bursars Annual Target: Five Graduates / Two Bursars.	5 graduates	ACHIEVED	8 graduates 3 bursars	ACHIEVED

ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASON FOR DEVIATION
Quarterly Engagement Reports	Quarterly engagement report indicates consistent engagement with SARS role players resulting in an increase in revenue of R5.9million above budget.	ACHIEVED		

ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASON FOR DEVIATION
Report from the AGSA on the 2022/2023 financial year: Clean audit opinion.	Clean audit opinion achieved for the 2022/2023 financial year.	ACHIEVED		

ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASON FOR DEVIATION
Staff Complement at a minimum of 160	169	ACHIEVED	No deviation from planned target. The target of 160 staff members for the year was achieved with a result of 169.	

To rectify the error and ensure that Interfront's performance targets accurately reflect Interfront's staffing situation, Interfront recalculated the staff number target excluding Bursars, Graduates, and short-term contractors to reduce the target from 170 to 160 for the 2023/2024 financial year. This correction aligns with Interfront's established process and provides a more realistic representation of the Interfront workforce.

Staff turnover equal to or less than 14%	2.47%	ACHIEVED		
5 Graduates / 2 Bursars	Appointed 5 Graduates and 2 Bursars	ACHIEVED		

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OBJECTIVE	2023/2024		
	BUDGET EXPENDITURE	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Continual innovation and client-centricity	174 550 270	170 817 548	3 732 722
Expansion	5 454 696	5 338 048	116 648
Navigating and embracing rapid information technology evolution	5 454 696	5 338 048	116 648
Become employer of choice	16 364 088	16 014 145	349 943
Responsible resource stewardship	16 364 088	16 014 145	349 943

		SOURCE OF REVENUE		
		SARS	LUXEMBOURG (ADA)	OTHER
2021/2022	BUDGET REVENUE	96 166 040	14 949 853	New income stream from the 2022/2023 financial year
	ACTUAL AMOUNT RECEIVED	93 122 391	15 283 557	
	OVER/(UNDER)	(3 043 649)	333 704	
2022/2023	BUDGET REVENUE	141 589 361	16 748 633	8 650 000
	ACTUAL AMOUNT RECEIVED	152 237 645	15 897 998	3 654 842
	OVER/(UNDER)	10 648 284	(850 635)	(4 995 158)
2023/2024	BUDGET REVENUE	186 602 830	16 861 575	5 297 709
	ACTUAL AMOUNT RECEIVED	192 549 415	19 360 309	3 918 407
	OVER/(UNDER)	5 946 585	2 498 734	(1 379 303)



PART C

GOVERNANCE

- 01 Introduction
- 02 Portfolio Committees
- 03 Executive Authority
- 04 Interfront Board
- 05 Board Committees
- 06 Remuneration of Board Members
- 07 Risk Management
- 08 Internal Control Unit
- 09 Ethics
- 10 Health, Safety and Environmental Issues
- 11 Company Secretary
- 12 Social Responsibility
- 13 Audit Committee Report
- 14 B-BBEE Compliance Performance Information

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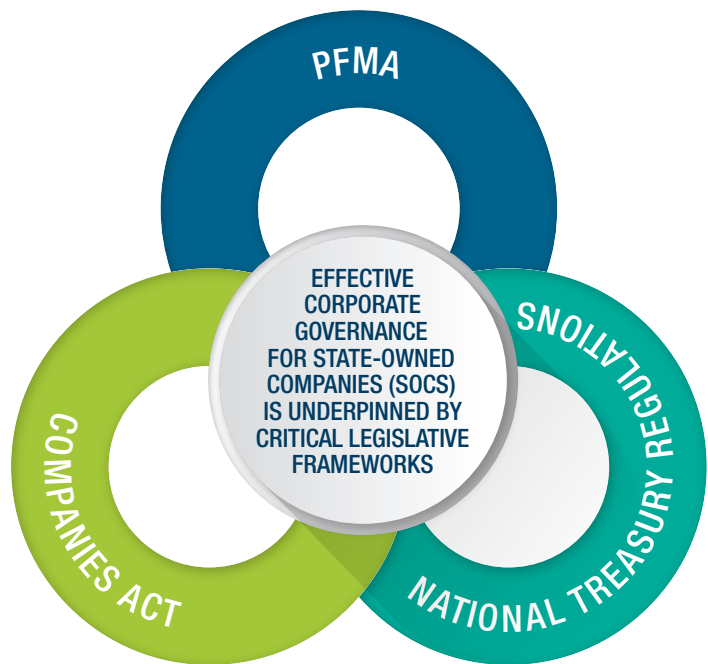
Our governance framework is guided by the principles of transparency, accountability and integrity, ensuring that we operate in a manner that upholds the trust of our stakeholders.”

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01

Introduction

Interfront is committed to maintaining the highest standards of corporate governance, which is fundamental to our success and sustainability. Our governance framework is guided by the principles of transparency, accountability and integrity, ensuring that we operate in a manner that upholds the trust of our stakeholders.



The Board of Directors, comprising individuals with diverse expertise and experience, provides strategic oversight and ensures that management acts in the best interests of the company and its stakeholders. Regular audits, compliance with the Public Finance Management Act (PFMA) and the Companies Act, and adherence to Treasury Regulations are integral to our governance practices.

Through rigorous internal controls, risk management and continuous improvement initiatives, Interfront strives to enhance its governance structures, thereby reinforcing our commitment to excellence and ethical conduct in all our operations.

02

Portfolio Committees

Parliament fulfils its role by evaluating the performance of public entities through the examination of their annual financial statements and other relevant documents that are tabled periodically.

The National Assembly's Standing Committee on Public Accounts (SCOPA) reviews these financial statements and the audit reports provided by external auditors.

The Portfolio Committee oversees the service delivery performance of public entities by reviewing the non-financial information in their annual reports, focusing on service delivery, and promoting economic growth.

As a wholly owned subsidiary of SARS, Interfront's strategic planning, budgeting, risk management and reporting are integrated into those of SARS, and have become part of SARS' public accountability processes.

03

Executive Authority

Oversight by the Executive Authority is guided by the provisions of the PFMA, which grants the Executive Authority the power to exercise oversight.

The Executive Authority is also empowered to appoint and dismiss the Board, ensuring an appropriate mix of executive and non-executive directors with the necessary skills to lead Interfront effectively.

The Minister of Finance appointed the initial Interfront Board at its incorporation. Subsequent renewals and replacements of Board members have been approved by the Commissioner of SARS, acting as the Shareholder, in accordance with section 68(1) of the Companies Act and Interfront's Memorandum of Incorporation (MOI).



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Interfront Board

Introduction

The Interfront Board plays a pivotal role in steering the company's strategic direction and ensuring robust governance practices. With its balanced mix of executive and non-executive directors, the Board is responsible for overseeing the development and implementation of Interfront's strategic objectives, ensuring compliance with regulatory frameworks, and upholding the highest standards of corporate governance. By providing strategic guidance, monitoring performance and managing risks, the Board ensures that Interfront is aligned with its mission to support SARS and other stakeholders effectively. The Board's commitment to excellence and integrity is fundamental to driving sustainable growth and delivering value to all stakeholders. The Board is Interfront's accounting authority.

Terms of Reference

As recommended by the King IV Report, the Interfront Board adopted Terms of Reference which set out its responsibility.

The Board Terms of Reference serve as a guide outlining the roles, responsibilities and authority of the Interfront Board in fulfilling its duties effectively.

These terms delineate the Board's functions, including its oversight of strategic planning, governance, risk management and financial performance. It provides clarity on the Board's composition, structure and decision-making processes, ensuring transparency and accountability in all its activities.

By adhering to these terms, the Board fosters a culture of integrity, professionalism and ethical conduct within Interfront, thereby promoting trust and confidence among stakeholders. The Terms of Reference serve as a cornerstone for the Board's operations, guiding its actions in pursuit of Interfront's vision, mission and objectives while upholding the highest standards of corporate governance.

Board Composition

During the financial period under review, the Interfront Board comprised seven directors, including an independent, non-executive Chairperson, an independent, non-executive director, three non-executive directors and two executive directors.

The three non-executive directors are employees of the Shareholder and thus considered nominee directors, the discharge of whose responsibilities necessitates the exercise of bona fide independence and unfettered discretion, ensuring unbiased and objective consideration of Interfront's affairs. This obligation to exercise independent judgement is particularly critical for nominee directors.

The independent, non-executive Chairperson and the two executive directors are the longest-serving members of the accounting authority, each having completed twelve years in their respective positions at the time of this report.

According to Principle 29 of the King IV Report, a non-executive member may continue serving independently for more than nine years under certain conditions, including an annual assessment confirming their objective judgement and absence of undue influence or bias. An assessment concluded that Mr Mustaq Enus-Brey meets these criteria, having no connections that could unduly influence his decision-making.

The Interfront Financial Director serves as the Acting Managing Director, with the Delegation of Authority amended to ensure the effective segregation of duties while retaining her financial responsibilities.

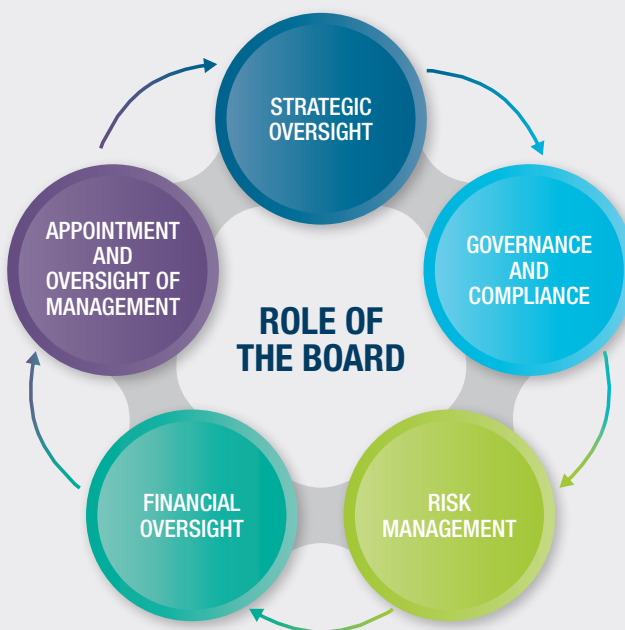
The roles of the Chairperson and Managing Director remain distinct, with the Chairperson sitting on the Remuneration, Social and Ethics Committee but not on the SARS/ Interfront Audit and Risk Committee.

Mr Gustav Vermaas, the independent, non-executive director, joined the Board in June 2023.

In exercising its powers and setting direction, the Board, as the accounting authority, ensures that Interfront operates in a manner that minimises conflicts of interest with its Shareholder and that it serves the best interests of all its stakeholders.

Role of the Board

The role of the Board includes, but is not limited to:



STRATEGIC OVERSIGHT

The Board is responsible for setting the strategic direction of Interfront, ensuring that its activities are in line with the company's mission, vision and long-term objectives. It oversees the development and implementation of strategic plans to drive Interfront forward.

GOVERNANCE AND COMPLIANCE

The Board ensures that Interfront operates within legal and regulatory frameworks, including compliance with the PFMA, the Companies Act and other relevant legislation. It establishes and monitors internal controls to safeguard assets, manage risks, and maintain transparency and accountability.

RISK MANAGEMENT

The Board identifies, assesses and mitigates risks that may impact Interfront's operations, finances or reputation. It implements risk management processes and procedures to proactively address potential threats and seize opportunities while safeguarding the interests of stakeholders.

FINANCIAL OVERSIGHT

The Board oversees Interfront's financial performance, including budgeting, financial reporting and asset management. It reviews financial statements, audits and reports to ensure accuracy, integrity and compliance with accounting standards and regulatory requirements.

APPOINTMENT AND OVERSIGHT OF MANAGEMENT

The Board appoints, evaluates and provides guidance to the executive management team and other senior executives. It monitors management performance, succession planning and leadership development to ensure the effective execution of Interfront's strategies and objectives.

INTERFRONT BOARD MEMBERS SERVING DURING THE 2023/2024 FINANCIAL YEAR



**MUSTAQ AHMED
ENUS-BREY**

NON-EXECUTIVE,
INDEPENDENT CHAIRPERSON

Date appointed
18 October 2011

Date resigned
Active

No. of meetings attended
4/4

Qualifications:
Chartered Accountant

Area of expertise:
Finance, governance, management

Board directorships:
See Annexure F

Other committees:
Remuneration, Social and Ethics Committee



GUSTAV VERMAAS

NON-EXECUTIVE,
INDEPENDENT DIRECTOR

Date appointed
13 June 2023

Date resigned
Active

No. of meetings attended
4/4

Qualifications:
BCom, Accounts II, Computer Science III, Business Economics III

Area of expertise:
BCom graduate and qualified via CIMA (ACMA UK), governance, management, programme management, business effectiveness, IT

Board directorships:
MTC Mobile Telecommunications Limited

Other committees:
Chairperson of the Remuneration, Social & Ethics Committee



HERMAN SMITH

NON-EXECUTIVE DIRECTOR

Date appointed
10 October 2019

Date resigned
Active

No. of meetings attended
4/4

Qualifications:
Postgraduate Diploma in Management Practice (PG Dip) NQF level 8

Area of expertise:
Governance, management, programme management, business effectiveness, IT

Board directorships:
N/A

Other committees:
N/A



**VONANI CALPHORNIA
NTLHABYANE**

NON-EXECUTIVE DIRECTOR

Date appointed
10 October 2019

Date resigned
Active

No. of meetings attended
2/4

Qualifications:
BCom (Hons)

Area of expertise:
Governance, management, IT, supply chain management

Board directorships:
N/A

Other committees:
Remuneration, Social and Ethics Committee

INTERFRONT BOARD MEMBERS SERVING DURING THE 2023/2024 FINANCIAL YEAR

Date appointed | **Date resigned** | **No. of meetings attended**
 14 June 2022 | Active | 4/4

Qualifications:
 BProc LLB

Area of expertise:
 Legal

Board directorships:
 N/A

Other committees:
 N/A



ERICK SMITH

NON-EXECUTIVE DIRECTOR

Date appointed | **Date resigned** | **No. of meetings attended**
 1 October 2011 | Active | 4/4

Qualifications:
 Chartered Accountant

Area of expertise:
 Governance, finance, management, procurement

Board directorships:
 Child at Heart NGO
 Harbour Island Master Homeowners Association

Other committees:
 Permanent invitee to:
 Remuneration, Social and Ethics Committee
 SARS/Interfront Audit and Risk Committee



LEILANIE LOUISE
 JANSE VAN RENSBURG

ACTING MANAGING DIRECTOR AND
 FINANCIAL DIRECTOR

Date appointed | **Date resigned** | **No. of meetings attended**
 1 October 2011 | Active | 4/4

Qualifications:
 Advanced Business Process Management (Adv BPM)

Area of expertise:
 Governance, management, IT, system integration

Board directorships:
 N/A

Other committees:
 Permanent invitee to:
 Remuneration, Social and Ethics Committee
 SARS/Interfront Audit and Risk Committee



JOHN
 MCLAREN ROBERTSON

OPERATIONS DIRECTOR



Board Committees

The Interfront Board reviews and approves the Terms of Reference for each of its committees to ensure that they are in line with the organisation's strategic goals and governance standards.

These Terms of Reference meticulously define the purpose and responsibilities of each committee, establishing a clear framework for their operations. It specifies the frequency and scheduling of meetings, ensuring that committees meet regularly to address their mandates effectively. The document also outlines the composition of each committee, detailing selection criteria for members to ensure a diverse and competent team.

In addition, the Terms of Reference address the protocols for attendance at meetings, distinguishing between permanent invitees and ad-hoc members to maintain order and relevance in discussions. Voting rights and procedures are clearly delineated, providing a structured approach to decision-making within each committee.

By adhering to these Terms of Reference, Interfront's committees operate with enhanced clarity, accountability and efficiency, contributing to the overall governance of Interfront.

Audit and Risk Committee

The Audit and Risk Committee of Interfront is composed entirely of independent members, none of whom serve as executive directors. This independence ensures unbiased oversight of the company's financial and risk management practices.

The members of the committee possess the necessary financial literacy, skills and experience to fulfil their responsibilities effectively and efficiently.

The Internal Audit team attends all committee meetings, providing ongoing insight and updates. Additionally, the Auditor-General of South Africa (AGSA) is invited to all meetings to present their audit findings and reports, ensuring comprehensive oversight and accountability.

One of the key responsibilities of the Audit and Risk Committee is to review Interfront's financial statements. Upon thorough examination, the committee recommends these statements for approval by the Board. The committee also oversees the Interfront Risk Register, regularly reviewing reports on progress regarding mitigating actions to ensure robust risk management.

Annually, the committee reports on the effectiveness of internal controls and other pertinent matters within its mandate. Detailed insights and assessments from the committee can be found in their report on page 61 of this Annual Report. This process underscores the committee's commitment to maintaining high standards of corporate governance and financial integrity within Interfront.

Remuneration, Social and Ethics Committee

The Terms of Reference for the Remuneration, Social and Ethics Committee stipulate that the committee must consist of at least three members and hold a minimum of two meetings each financial year.

Following Mr Van Graan's resignation as an independent, non-executive director in February 2023, which left the position of Chairperson of the Committee vacant, the Board temporarily assumed the committee's responsibilities. During the year under review, the committee was reconstituted under the leadership of Mr Gustav Vermaas as Chairperson. The current members of the Committee include Mr Mustaq Enus-Brey, Ms Vonani Ntlhabyane and Mr Erick Smith. Additionally, Interfront's Acting Managing Director, Operations Director and Executive of Talent serve as permanent invitees.

Although it was a transitional period, the Committee held one meeting during the year under review. At this meeting, the Terms of Reference were thoroughly reviewed, and an annual Work Plan was adopted. This reconstitution and strategic planning underscore the Board's commitment to maintaining effective oversight and governance in the areas of remuneration, social responsibility and ethics.

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This reconstitution and strategic planning underscore the Board's commitment to maintaining effective oversight and governance in the areas of remuneration, social responsibility and ethics.”

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Interfront Executive Committee (EXCO)

In the 2022/2023 financial year, the executive team expanded to seven members with the addition of the Executive: Tax Solutions and Executive: Business Development and Innovation. As a result, the Interfront Executive Committee (EXCO) now consists of the Operations Director, the Financial/Acting Managing Director, the Executive: Talent, the Executive: Relationship Manager, the Company Secretary and Manager of Corporate Services, the Executive: Business Development and Innovation, and the Executive: Tax Solutions.

The Terms of Reference for EXCO outline its scope and responsibilities, mandating monthly meetings to ensure effective governance and operational oversight. EXCO is tasked with implementing Interfront's strategy and Annual Performance Plan, making critical business decisions, and overseeing daily management activities. To complement Interfront's hybrid working model, EXCO also holds two weekly check-in meetings to ensure alignment and address any urgent matters. A register system is used to record any memos or proposals requiring EXCO's attention and approval during these sessions.

Additionally, EXCO is responsible for drafting company-wide policies and procedures, ensuring the financial viability of the organisation, and addressing operational issues that require attention. This structured approach enables Interfront to maintain a cohesive and strategic focus on achieving its objectives while ensuring robust governance and efficient management practices. The expansion and enhanced structure of the executive team reflect Interfront's commitment to fostering innovation, strategic growth and operational excellence.

EXCO Meeting Attendance

NAME	TITLE	NUMBER OF MEETINGS ATTENDED
Leilanie Janse van Rensburg	Financial/Acting Managing Director	12/12
John Robertson	Operations Director	12/12
Samuel Mtsweni	Executive: Relationship Manager	11/12
Nombulelo Mohoto	Executive: Talent	11/12
Madelein Pepperell	Company Secretary and Manager: Corporate Services	12/12
Warren Barratt	Executive: Business Development and Innovation	12/12
Danie de Kock	Executive: Tax Solutions	12/12



06 Remuneration of Board Members

The National Treasury regulates the remuneration levels for Interfront’s independent, non-executive Board and committee members, with approval granted by the Minister of Finance. This ensures that compensation is fair, transparent and in line with public sector standards.

Mr Mustaq Enus-Brey and Mr Gustav Vermaas, both independent, non-executive directors, receive remuneration for their roles as Board and committee members as prescribed by these regulations. This compensation reflects the significant responsibilities and time commitment required to oversee Interfront’s governance and strategic direction.

It is also important to highlight that non-executive directors who are employees of the Shareholder do not receive any fees or remuneration from Interfront. This policy ensures that there is no conflict of interest and reinforces the integrity and independence of the Board’s oversight functions. By adhering to these remuneration guidelines, Interfront demonstrates its commitment to ethical governance and the prudent management of public funds.

NAME	MEMBER FEES (IN RAND)	COMMITTEE FEES (IN RAND)	TOTAL (IN RAND)
Mustaq Enus-Brey	11 778	2 004	13 782
Gustav Vermaas	8 768	2 692	11 460

The remuneration paid to the Executive Directors is set out in **Part E: Financial Information**.



07 Risk Management

Interfront has established a Risk Management Forum consisting of EXCO and senior members of the management team. This forum meets regularly and prior to the start of each new financial year to review and update the Risk Register supporting the Annual Performance Plan.

As part of its commitment to robust risk management, Interfront's Executive Committee and senior staff members participated in an Enterprise Risk Management training programme. Following this training, each business unit within Interfront conducted a comprehensive risk assessment of its operational area. These assessments were then consolidated into the Risk Register by the Risk Management Forum.

The most significant risks identified are compiled into a register and presented to the Interfront Board at least twice per financial year. Additionally, this register is updated and presented to the Board whenever a new or emerging risk is identified. To ensure thorough oversight, the Risk Register is also presented quarterly to the Interfront/SARS Audit and Risk Committee for review and input from its members.

This structured approach to risk management allows Interfront to proactively identify, assess and mitigate risks, ensuring its resilience and strategic stability.

Interfront does not have a dedicated internal control unit. Instead, it integrates five interrelated components essential for managing internal control activities. This section provides an in-depth discussion of each component, emphasising how they collectively ensure robust internal control and governance.



CONTROL ENVIRONMENT at Interfront encompasses the practice of ethical values by employees, their commitment to competence and their personal development.

Interfront endeavours to maintain a robust control environment through the recruitment of competent and qualified personnel dedicated to upholding our ethical values. Our Code of Ethics serves as the guiding principle for our conduct, and our staff members are unwavering in their commitment to ethical behaviour, integrity and accountability. The leadership team fosters a culture that emphasises the importance of adhering to policies and procedures, complying with regulations and effectively managing risks. This dedication is reflected in our thirteenth consecutive unqualified audit reports on the Annual Financial Statements, with twelve years of clean audit opinions. Interfront's management philosophy and operating style prioritise transparent and proactive risk management and governance. The organisational structure is designed to clearly delineate authority and responsibility, ensuring that everyone understands their roles and duties. Authority and responsibility are delegated appropriately, promoting accountability throughout the organisation.

Furthermore, our human resource policies and practices, including our Personal Development Process, provide staff and management with opportunities for personal growth, continuous improvement and development. These policies are aligned to our objectives and ethical standards, ensuring that we attract, retain and develop talent committed to our core values.

RISKASSESSMENT is a comprehensive process by which internal and external risks to Interfront are identified, evaluated, prioritised and mitigated. This process helps the management team understand which risks are likely to occur and how to manage them to ensure that Interfront achieves its strategic outcome-oriented goals.

The process begins with identifying potential risks, followed by evaluating their likelihood and impact. Risks are then prioritised based on their potential effect on the organisation. Interfront develops and implements strategies to mitigate, transfer, accept or avoid identified risks.

The Interfront Risk Management Forum is responsible for assessing these risks. EXCO, the SARS/Interfront Audit and Risk Committee and the Interfront Board regularly review and monitor the risk environment and the effectiveness of risk responses. Clear communication and reporting of risk information to relevant stakeholders ensure that everyone is informed and engaged in managing risks effectively.

CONTROL ACTIVITIES are essential for ensuring operational integrity, managing risks, complying with regulations, protecting assets, maintaining financial accuracy, preventing fraud, optimising efficiency and promoting business continuity. Policies and procedures are designed to ensure that directives are known, understood and diligently adhered to. These activities include, but are not limited to, approval authorisation, verification, reconciliation, performance appraisals, asset security and segregation of duties.

Control activities at Interfront are managed through the Delegation of Authority and approved policies and procedures. These include both preventive controls, such as authorisation and segregation of duties, and detective controls, such as reconciliations and performance reviews. The organisation also places a strong emphasis on information technology controls to safeguard data integrity and security.

Interfront's performance is reviewed quarterly against its annual targets as outlined in the Annual Performance Plan. Financial Statements, Cash Flow Projections, and Budgeted Expenditure vs. Actual Expenditure reports are submitted for review at every Board meeting. Comprehensive policies and procedures have been developed and adopted to ensure sufficient controls to safeguard Interfront's assets and regulate their movement and control.

INFORMATION AND COMMUNICATION are crucial for strengthening internal controls and ensuring effective day-to-day operations. They provide the necessary support for informed decision-making, enhance transparency, and facilitate the timely identification and management of risks. It is crucial that communication flows both top-down and bottom-up to ensure transparency and responsiveness.

The effectiveness of control activities is continuously monitored to ensure they are operating as intended and are adapted as necessary to address changing risks. EXCO meets with line managers monthly to discuss team-specific and company-wide risks, address concerns, and highlight matters requiring management attention.

MONITORING ACTIVITIES involve ongoing and periodic assessments to ensure that internal controls are understood, adhered to and functioning effectively. These activities help identify deficiencies and areas for improvement, ensuring that the organisation can respond promptly to emerging risks and changes.

As part of our monitoring activities, the Delegation of Authority is systematically reviewed and updated to uphold the effective segregation of duties. Policies are revised to reflect changes in circumstances, legislation and Internal Audit findings. The Audit and Risk Committee provides independent oversight. Furthermore, the annual audit performed by the AGSA provides an independent assessment on compliance and the effectiveness of controls.

Internal Audit

Interfront utilises the services of the SARS Internal Audit unit, which provides independent assurance through an objective examination of evidence. This service offers an impartial assessment of Interfront's governance, risk management and control environment. Internal Audit involves a thorough examination and evaluation of the adequacy and effectiveness of Interfront's internal control systems and the quality of performance in executing assigned responsibilities. The SARS Internal Audit unit reviews these controls and provides an opinion on their sufficiency and effectiveness, ensuring robust governance and risk management practices at Interfront.

Audit and Risk Committee

The Audit and Risk Committee plays a crucial role in Interfront's governance framework by providing independent oversight of the company's financial reporting, internal controls, risk management and compliance with legal and regulatory requirements.

The committee is responsible for reviewing and monitoring the integrity of Interfront's financial statements, ensuring that financial disclosures are accurate and transparent. It evaluates the effectiveness of internal control systems and oversees the Internal Audit function, ensuring that identified risks are adequately managed and mitigated.

The committee also reviews the external auditor's performance, independence and audit findings. By maintaining a vigilant oversight role, the Audit and Risk Committee helps safeguard Interfront's assets, enhances operational efficiency, and fosters a culture of accountability and continuous improvement.

The report of the combined SARS/Interfront Audit and Risk Committee can be found in section 13 below.



Ethics

Compliance with Laws and Regulations

Interfront is dedicated to maintaining the highest standards of compliance with all applicable laws and regulations. By ensuring that Interfront adheres to legal requirements and regulatory guidelines, we safeguard our reputation and operational integrity. We conduct regular reviews and audits to ensure ongoing adherence to relevant statutes, including the PFMA, the Companies Act and other pertinent legislation. By fostering a culture of compliance, Interfront not only mitigates legal and regulatory risks but also promotes transparency, accountability and trust among stakeholders.

Fraud and Corruption

Interfront is committed to maintaining the highest standards of integrity and transparency, as reflected in our Fraud Prevention Policy and accompanying Fraud Prevention Strategy. These frameworks, together with our control environment, are designed to detect, prevent and investigate incidents of corruption, maladministration and fraud.

To support these efforts, Interfront has engaged an independent service provider to establish and manage a dedicated whistle-blowing hotline and email address. This service ensures that employees and stakeholders can report suspicious activities anonymously, safeguarding their identities and encouraging a culture of openness and accountability. The independent service provider monitors these channels and provides monthly reports on any information received. To date, there have been no reported incidents, underscoring the effectiveness of our preventive measures. Interfront's proactive approach to fraud and corruption not only protects the company's assets and reputation but also reinforces our commitment to ethical business practices.

Conflicts of Interest

Interfront is deeply committed to upholding the highest standards of integrity and transparency, recognising that managing conflicts of interest is vital to maintaining trust and accountability. Our Conflict of Interest Policy is designed to identify, disclose and manage any potential or actual conflicts that may arise among employees, directors or stakeholders. This policy requires all personnel to disclose any personal, financial or other interests that could influence their decision-making or actions within the company.

To ensure compliance, we have implemented rigorous procedures for reporting and addressing conflicts of interest. These include mandatory annual declarations of interests by all employees and directors, as well as continuous monitoring and review processes. The Board of Directors and senior management are particularly vigilant in overseeing potential conflicts, ensuring that all disclosed interests are managed in a manner that prioritises the best interests of Interfront and its stakeholders.

This proactive approach helps to prevent situations that could compromise our integrity and ensures that all decisions are made impartially and transparently.

By maintaining a robust Conflict of Interest Policy and fostering a culture of ethical conduct, Interfront ensures that our operations remain free from undue influence and bias, thereby reinforcing our commitment to ethical business practices and preserving the trust of our stakeholders.

Codes of Conduct

The Interfront Code of Ethics and Conduct embodies the core values and principles that guide the behaviour of our employees, ensuring that they uphold the highest standards of professionalism and ethical conduct. This comprehensive framework outlines the expectations and responsibilities of every individual within our organisation, promoting integrity, respect and accountability in all interactions.

In addition to our internal Code of Ethics and Conduct, we have also adopted a Supplier Code of Conduct to ensure that our external partners adhere to similar ethical standards. This Supplier Code outlines the expectations for suppliers when conducting business with Interfront, emphasising compliance with applicable laws and regulations, including anti-bribery and corruption measures, human rights and labour standards, and health and safety regulations. Suppliers are required to sign and agree to abide by this Code as a condition of doing business with Interfront.

Under the Supplier Code of Conduct, Interfront retains the right to demand corrective action if a service provider fails to comply with the stipulated requirements. Depending on the nature and severity of the transgression, Interfront may take appropriate measures, including termination of the contract or other necessary steps to address the non-compliance effectively. By upholding these ethical standards both internally and externally, Interfront remains committed to fostering a culture of integrity, transparency, and accountability in all aspects of our operations.



10

Health, Safety and Environmental Issues

The Health and Safety Committee was established to ensure that Interfront meets its moral and legal obligations to safeguard and protect employees and visitors from injury, disease, and health and safety risks within the organisation. This committee is pivotal in fostering a safe and healthy working environment.

To maintain compliance with the Occupational Health and Safety Act, No. 85 of 1993, as amended, quarterly inspection reports are submitted to the Company Secretary and Manager of Corporate Services, who serves as the section 16(2) appointee. These inspections help identify and mitigate potential health and safety hazards, ensuring ongoing vigilance and proactive management of workplace safety.

As part of our commitment to environmental responsibility, redundant IT hardware is recycled through a certified third party, supported by documented proof of proper disposal. This practice ensures that our electronic waste is handled in an environmentally friendly manner.

Our systems and processes are mainly automated, significantly reducing our reliance on paper documentation. To further support our sustainability efforts, we have appointed a service provider to manage the collection, shredding and disposal of company documents as required. This initiative not only supports environmental sustainability but also enhances the security and confidentiality of our document disposal processes.

11

Company Secretary

The role and responsibilities of the Company Secretary include, but are not limited to, the following:

- Making directors aware of all laws and regulations relevant to Interfront.
- Scheduling Board and committee meetings.
- Ensuring that the directors and management operate within an authority framework approved by the Board.
- Taking responsibility for the preparation of all or parts of the Annual Report and ensuring that statutory deadlines are met.
- Acting in good faith, avoiding any conflicts of interest, and ensuring that appropriate guidance is provided to the Board in all related matters.
- Ensuring compliance with all the statutory provisions of the Companies Act, *inter alia*, and lodging the Annual Return as prescribed.
- Ensuring compliance with the MOI.

Declaration by the Company Secretary

I, the undersigned, Madelein Pepperell, in my capacity as Company Secretary, certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of the company in terms of the Companies Act and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



M. PEPPERELL

Company Secretary

31 July 2024



12 Social Responsibility

Interfront launched its Bursary and Graduate Internship Programme in the 2013/2014 financial year with the goal of fostering diversity both within Interfront and in the broader IT sector. This initiative provides bursaries to undergraduate and postgraduate students from designated groups, supporting their educational pursuits and promoting inclusivity.

Additionally, Interfront's Graduate Internship Programme is a key component of its commitment to social responsibility and youth development in South Africa. This programme aims to recruit young, inexperienced IT graduates and offer them comprehensive training, with the objective of retaining them as permanent employees upon completion of their internships.

Through these initiatives, Interfront not only contributes to the educational and professional growth of young individuals but also strengthens the future talent pipeline in the IT sector. These programmes are integral to Interfront's mission of driving positive social impact and fostering a diverse, skilled workforce.

13 Audit Committee Report

The Audit and Risk Committee (the Committee) is established as an independent statutory committee in terms of section 51(1)(a) of the Public Finance Management Act (PFMA), Treasury Regulation 27.1 and section 94 of the Companies Act, No. 71 of 2008 (Companies Act). The Committee functions within an approved Terms of Reference and complies with the relevant legislation, regulations and governance codes.

The Committee has been combined with the SARS Audit and Risk Committee, as provided for in Treasury Regulation 27.1.2 and section 94(2) (a) of the Companies Act.

The Committee submits this report for the financial year as required by Treasury Regulations 27.1.7 and 27.1.10(b) and (c) issued in terms of section 51(1)(a)(ii) and 76(4)(d) of the PFMA and section 94(7)(f) of the Companies Act.



Audit and Risk Committee Membership

The Committee consists of four independent members and is chaired by Ms Doris Dondur.

The Committee held ordinary meetings for the financial year ended 31 March 2024 as required in its approved Terms of Reference.



MS DORIS DONDUR
(Chairperson)

CHARTERED ACCOUNTANT (SA), CHARTERED DIRECTOR (SA)®

Appointed: August 2018

Qualifications:

Bachelor of Accounting (Stellenbosch)

Honours B Compt (Unisa)

Global International Executive Development Programme (Wits & London Business School)

International Executive Development Programme (University of Reno)

Honours in Business Administration (Stellenbosch Business School)

Masters in Business Administration (Stellenbosch Business School)

Post Graduate Certificate in Labour Relations (Unisa) (Cum Laude)

Meeting attendance: 6/6



**MR THABISO GERALD
RAMASIKE**

CAIB (SA) – (INSTITUTE OF BANKERS SA)

Appointed: July 2016

Qualifications:

BCom (UJ)

Senior Executive Development Programme (GIBS)

Global International Executive Development Programme –
(University of Toronto and York University, Canada)

Meeting attendance: 6/6



MR BAREND PETERSEN

CHARTERED ACCOUNTANT (SA)

Appointed: September 2021

Qualifications:

BCompt Honours (UNISA)

BCompt (UNISA)

Meeting attendance: 6/6



**MS CARMEN CARY-ANNE
MPELWANE**

CHARTERED ACCOUNTANT (SA), CFA CHARTER-HOLDER

Appointed: February 2022

Qualifications:

Postgraduate Diploma in Accounting (UCT)

Bachelor of Business Science (Finance Honours – UCT)

Meeting attendance: 6/6

Audit and Risk Committee Responsibility

The Committee is satisfied that it has complied with its responsibilities as outlined in section 51(1)(a)(ii) of the PFMA, Treasury Regulation 27.1.7 and section 94(7) of the Companies Act. The Committee also reports that it has adopted and reviewed formal Terms of Reference as its Audit and Risk Committee Charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Controls

The PFMA requires the accounting authority to ensure that the organisation has and maintains effective, efficient and transparent systems of financial, risk management and internal controls. The Committee reviews the effectiveness of the internal controls and oversees risk management. The reviews on the effectiveness of the internal controls were conducted and covered financial, operational, compliance and risk assessment.

In line with the applicable legislation, Internal Audit provides the Committee and management with reasonable assurance that the internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their effectiveness and efficiency and by developing recommendations for enhancement or improvement. The Committee has reviewed the Internal Audit findings, which did not reveal any significant shortcomings in internal controls during the year under review.

Through the Committee's analysis of the audit reports and engagement with the management team, the Committee reports that the system of internal controls for the period under review was adequate and effective and that the risks were found to be at an acceptable level.

In-Year Management and Monthly and Quarterly Reports

The public entity has reported monthly and quarterly, through its shareholder, SARS, to the National Treasury, as required by the PFMA. The Committee has reviewed the quarterly management reports of the organisation, as part of the reports provided by the shareholder, and is satisfied with the adequacy of information provided by the organisation and to its shareholder.

Risk Management

Management is responsible for the establishment and maintenance of an effective system of governance relating to, *inter alia*, risk management and the prevention and detection of fraud and internal controls. Internal Audit was guided by the prevailing section of governance systems which determines the risk profile provided by management in identifying critical audit areas, and management's inputs in the formulation of its three-year strategic and annual plans.

The entity has a risk committee that is composed of EXCO members and senior management to fulfil the risk management responsibilities. A risk register is updated quarterly to ensure that all the major risks, including emerging risks facing the organisation, are effectively managed. The Committee monitors the risk register and management's progress with regard to the implementation of the risk mitigating actions at its quarterly meetings.

The Effectiveness of Internal Audit

Internal Audit is responsible for reviewing and providing assurance on the adequacy and effectiveness of the internal control environment across all the significant areas of the organisation and its operations.

The Committee is responsible for ensuring that the organisation's internal audit function is independent and has the necessary resources, skills, standing and authority within Interfront to enable it to discharge its responsibilities effectively. The Internal Auditors have unrestricted access to the Committee.

The Head: Internal Audit (Chief Audit Executive) has a direct functional reporting line to the Chairperson of the Committee.

The Committee reviews and approves the Internal Audit Plan annually. Internal audit's activities are measured against the approved internal audit plan and the Head: Internal Audit tables progress reports in this regard to the Committee.

For the financial year ended 31 March 2024, the Internal Audit function arrived at their overall opinion as per the table below, which summarises the Internal Audit overall opinion based on the audit results (Audit of Performance information on the Annual Performance Report, Recruitment and Retainment review, Identity and Access Management [IAM] review) for the financial year under review:

NO	PROCESS	OPINION
1	Control environment	Effective, with room for improvement

The Committee is satisfied that Internal Audit has appropriately discharged its functions and responsibilities in the year under review. Accordingly, the Committee has reviewed the Internal audit charter, approved the audit plan, and deliberated on the quarterly reports as submitted by Internal Audit.

Evaluation of Financial Statements

The Committee reviewed the Annual Financial Statements prepared by the public entity and is satisfied that they comply with the applicable accounting standards and that the accounting policies used are appropriate. The Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates.
- Clarity and completeness of disclosure and whether disclosures made have been properly set in context.
- Changes in the accounting policies and practices.
- Significant adjustments resulting from the audit.
- Compliance with accounting standards and legal requirements.
- Explanation for the accounting treatment adopted.
- Material, unique transaction
- Reasons for year-on-year fluctuations.
- Asset valuations and revaluations.
- Re-assessment of the useful life of the assets.

The review of Annual Financial Statements and the Annual Report for the 2023/2024 Financial Year was completed at the Committee's meeting held on _____.

External Audit: Auditor-General of South Africa (AGSA)

The Committee noted the terms of the AGSA's engagement letter, audit strategy and audit fees in respect of the 2023/2024 financial year. It is legislated that the Auditor General of South Africa is the appointed auditor of the entity, and the Committee has noted that there were no non-audit services rendered by them during the year.

The Committee has also had in-committee meetings with the AGSA.

General Remarks

The Committee commends management for the diligence exercised in implementing effective processes, checks and balances throughout the financial year, which resulted in Interfront submitting financial statements that were free from material errors, omissions and misstatements. The Committee also commends Interfront for remaining compliant with the relevant laws and regulations, especially compliance related to supply chain management.

Conclusion

The Committee has reviewed the AGSA's management and audit reports for the financial year ended 31 March 2024 and concurs with their conclusions.

The Committee therefore accepts the audit opinion and conclusion expressed by the AGSA on the Annual Financial Statements, Annual Performance Report and Annual Report.

Signed on behalf of the Audit and Risk Committee by:



MS DORIS DONDUR

Chairman of the Audit and Risk Committee

31 July 2024





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B-BBEE Compliance Performance Information

During the 2022/2023 financial year, Interfront, with the assistance of a specialised service provider, undertook its Broad-Based Black Economic Empowerment (B-BBEE) verification process. As a result, Interfront was rated as a Level 8 Contributor to B-BBEE. Recognising the importance of improving its B-BBEE status, Interfront is actively collaborating with the service provider to enhance its contribution level.

Upon the completion of the current audit cycle, Interfront will conduct a new B-BBEE verification to measure the progress made. The outcome of this verification will provide valuable insights and benchmarks for further improvements, demonstrating Interfront's commitment to advancing economic transformation and inclusivity within the organisation and the wider community.

CRITERIA	RESPONSE YES/NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?		Not relevant
Developing and implementing a preferential procurement policy?	Yes	
Determining qualification criteria for the sale of state-owned enterprises?		Not relevant
Developing criteria for entering a partnership with the private sector?		Not relevant
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?		Not relevant



HUMAN CAPITAL MANAGEMENT

- 01 Overview
- 02 Human Capital Priorities for the Year
- 03 Workforce Planning
- 04 Performance Management Framework
- 05 Employee Wellness Programme
- 06 Policy Development
- 07 Achievements
- 08 Challenges
- 09 Future HR Plans and Goals
- 10 The Employee Value Proposition (EVP)
- 11 Employment and Vacancies
- 12 Reasons for Employee Losses
- 13 Transformation and Employment Equity Growth

01 Overview

At the forefront of Interfront's strategic agenda stands the Human Capital Department, with its pivotal role of ensuring that the organisation remains appropriately staffed at all times. Central to fulfilling this mandate is the department's dual focus on retention and recruitment strategies.

These core responsibilities are reflected in Interfront's strategic programme: "Grow and Maintain a Software Development Centre of Excellence". Within this strategic framework, three key performance indicators underscore the department's mission:

- **Maintain and develop a skilled, diverse and engaged workforce (recruitment and talent development):** A cornerstone of this objective is our target for the 2023/2024 financial year: to uphold a staff complement of no less than 160 individuals. Notably, this target was revised upwards from 150 to accommodate the incorporation of the e@syFile team in January 2023. In a fiercely competitive market where quality resources are in high demand, Interfront surpassed expectations by concluding the year with a staff complement of 169.
- **Retain management team and staff (retention and engagement):** With an annual staff turnover target set below 14%, Interfront operates in a landscape defined by scarcity of skills and robust competition for talent. Despite historical challenges, evidenced by turnover figures as high as 17.65% in the 2021/2022 financial year, concerted efforts during the review period led to a remarkable reduction in turnover to a record low of 2.47%.
- **Maintain and grow a centre of excellence:** This objective underscores Interfront's commitment to nurturing talent pipelines, ensuring a steady influx of skilled individuals into the organisation. By appointing bursars and graduates and investing in their training and development, Interfront aims to equip them with the necessary skills to integrate seamlessly into the workforce. The target for the year included the appointment of two bursars and five graduates, contributing to the sustainable growth and excellence of the organisation.

As part of its retention strategy, Interfront emphasises the importance of its Employee Value Proposition (EVP). This proposition includes a wide array of offerings to employees that go beyond financial compensation, highlighting the value Interfront places on their skills and contributions. The key components of our EVP are explored in greater detail throughout this report.

Interfront's Graduate Programme is a key component of our talent acquisition strategy and crucial for developing a pipeline of junior candidates to join our ranks. This programme effectively attracts fresh talent to Interfront by providing a structured path for interns. In the first year, interns are introduced to the professional environment, with a strong emphasis on upskilling through soft skills and technical training. During the second year, outstanding interns are promoted to entry-level positions, where they continue to hone their technical skills. Upon successful completion of the two-year programme, these interns are offered permanent employment in junior roles. In the year under review, all four entry-level interns advanced to junior roles, achieving a 100% success rate.

GRADUATES/INTERNS EMPLOYEE LIFE CYCLE



INTERN



ENTRY LEVEL



JUNIOR



INTERMEDIATE



SENIOR

The human capital performance results can be found in

Part B: Performance Report

02 Human Capital Priorities for the Year

During the year under review, Interfront placed significant emphasis on addressing key priorities within the human capital landscape to support its strategic objectives and ensure sustained growth and competitiveness. The following priorities were highlighted:

- **CHANGE MANAGEMENT:** Interfront has experienced substantial growth over the past two years, necessitating a proactive approach to change management. To effectively navigate this period of expansion and transformation, Interfront appointed an Organisational Development Manager tasked with setting and monitoring goals in this dynamic environment. By implementing robust change management processes, Interfront aimed to facilitate seamless transitions, minimise disruptions and optimise organisational effectiveness. The process is ongoing.
- **EMPLOYMENT EQUITY:** Recognising the importance of diversity and inclusion, Interfront prioritised efforts to ensure a diverse workforce in compliance with the relevant laws and regulations. By fostering an inclusive workplace culture, Interfront aimed to harness the full spectrum of talent and perspectives, driving innovation and enhancing organisational resilience. Our current employment equity representation stands at 80%.
- **RECRUITMENT:** The growth trajectory of Interfront, coupled with earlier challenges in staff turnover, underscores the critical importance of recruitment initiatives. With the introduction of the knowledge transfer project further increasing the demand for skilled staff, Interfront's human resources (HR) activities have focused extensively on attracting and retaining high-quality talent. Efforts were directed at identifying suitable candidates to fill vacancies and ensuring alignment with Interfront's strategic objectives. A total of 36 appointments were made during the year, which included 16 interns.

In addressing these human capital priorities, Interfront aimed to strengthen its organisational capabilities, foster a culture of continuous improvement, and position itself as an employer of choice within the industry. Through strategic investments in talent management and development, Interfront endeavours to drive sustained success and value creation for all stakeholders.

“

With the significant growth experienced over the past two years, Interfront is undergoing transformative changes that are shaping its future direction.”

”

03

Workforce Planning

With the significant growth experienced over the past two years, Interfront is undergoing transformative changes that are shaping its future direction. As part of this evolution, Interfront reassessed its business strategy during the year under review. The Board approved a comprehensive new strategic plan for the next five years, complete with specific goals, objectives and targets that align with this refreshed strategy.

Workforce planning is intricately linked to Interfront’s strategy, ensuring that the right talent is in place to meet the company’s strategic objectives. This alignment supports organisational growth, aligns human capital with business needs, and facilitates the proactive management of future staffing requirements.

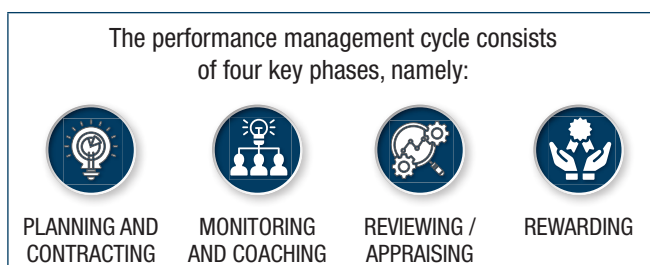
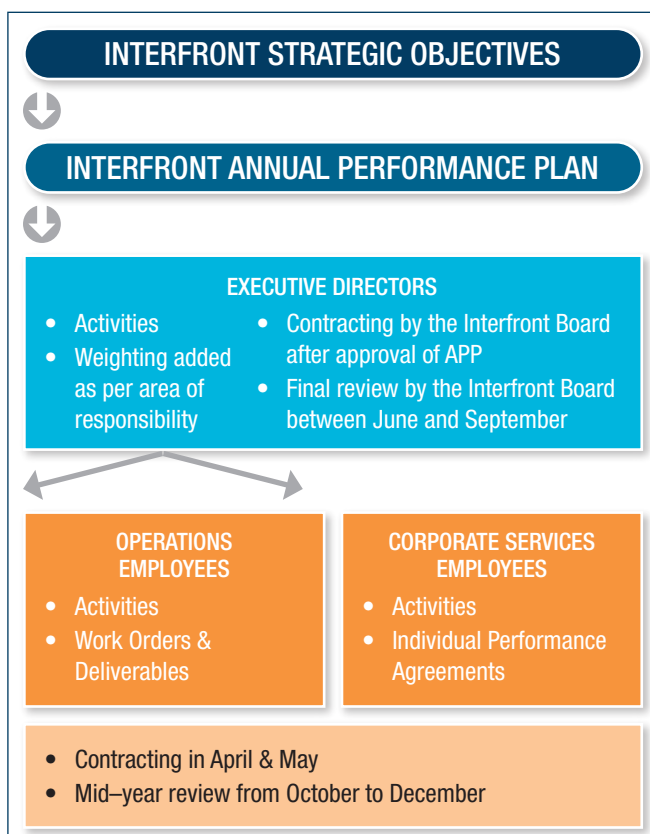
Additionally, Interfront’s current company structure was evaluated to ensure that it is future-proof and capable of supporting the “new Interfront”. To bolster the operational side, the Board approved the creation of a new senior management layer. This new structure is expected to be established in the upcoming year and will involve senior managers taking ownership of various product suites, creating a matrix organisation. This change aims to support the Operations Director, mitigate the risk of overreliance on a single source, and promote knowledge sharing and future sustainability.



04 Performance Management Framework

Interfront's performance management framework is meticulously designed to align with and support Interfront's overarching strategy. The strategic plan is divided into specific targets and objectives, providing a clear roadmap for the organisation.

Individual performance scorecards are then crafted to directly support these company-wide goals, ensuring that the efforts of all employees contribute to the collective success of Interfront. This alignment between individual performance and company strategy fosters a cohesive and focused work environment, where each team member understands their role in achieving strategic objectives. By maintaining this clear connection between personal and organisational goals, Interfront ensures that its workforce remains motivated, engaged and aligned with Interfront's mission and vision.



05 Employee Wellness Programme

Interfront provides an Employee Assistance Programme for its employees and their dependants through an independent service provider. A new provider was contracted in August 2023. This service offers support for various issues, including trauma, anxiety, stress and burnout, and legal assistance. Regular trend reports are submitted to the Executive: Talent and shared with Interfront's Executive Committee and Board.

06 Policy Development

The continuous evolution of Interfront's operating environment and the company's ongoing expansion necessitate a thorough review of Interfront's policies to ensure their continued relevance and effectiveness, with additional policies potentially required to address emerging needs. This comprehensive review process was initiated during the 2022/2023 financial year and continues to adapt to evolving circumstances effectively. As part of this initiative, 12 HR policies have been updated and reintroduced to the company during the current reporting period.

Furthermore, to promote cohesion and alignment, Interfront endeavours to synchronise its policy principles with those of its shareholder, SARS. This strategic approach aims to ensure consistency and compatibility between Interfront's policies, and the overarching framework established by SARS, fostering harmonious operations and facilitating seamless collaboration between the two entities.



07 Achievements

- Interfront's employment equity representation increased from 76% to 80%.
- Long service awards were conferred on 27 employees, signifying not only their dedication but also their unwavering commitment to Interfront. These awards serve as tangible expressions of appreciation for the enduring loyalty of these individuals and their contributions to Interfront's success. The awards recognise not only length of service, but also depth of dedication, and the invaluable impact that each employee has made on Interfront's journey of growth and achievement.

The table below illustrates the distribution of individuals across each category. Notably, although Interfront has been operational for only 14 years, the Basic Conditions of Employment Act, No. 75 of 1997 (BCEA), acknowledges the prior years of service of employees involved in the three section 197 transfers Interfront has undertaken since its incorporation.

5 YEARS	10 YEARS	15 YEARS	20 YEARS
16	2	8	1

- An innovative online self-learning programme has been developed to introduce employees to our Code of Ethics and Conduct. Upon completion, new employees undergo an assessment to verify their understanding of and familiarity with the programme's content.
- Interfront exceeded its staff complement goal of 160 and concluded the fiscal year with 169 employees.
- Interfront achieved its staff turnover target of 14% or less, attaining an impressive turnover rate of only 2.47% for the reviewed year.
- The company successfully recruited 36 new staff members and integrated them into the Interfront team.

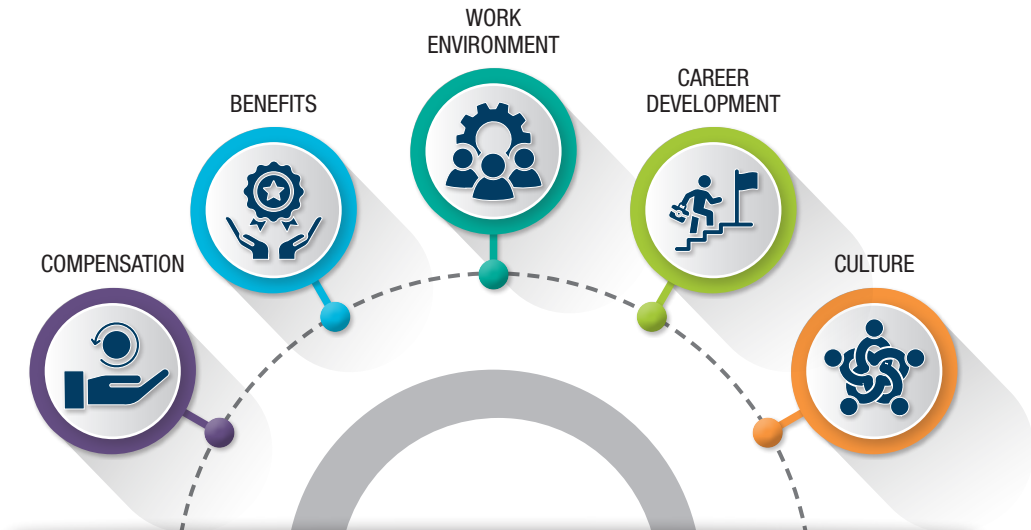
- The dispersal of Interfront's employees across three provinces, a consequence of the company's growth and associated changes, presents a challenge. Previously, all employees were concentrated in the Western Cape, so this new geographical spread requires ongoing concentrated efforts to engage employees in a manner that promotes their participation in and connection to the organisation.
- Change processes need to be managed continuously to secure general acceptance and buy-in of Interfront's organisational culture.
- While Interfront achieved a record-low staff turnover rate in the reviewed year, we recognise the challenges posed by the scarcity of skilled professionals in our particular field of technology. Addressing this issue and maintaining our low turnover rate requires constant management and attention. It is crucial that we continually implement mitigating strategies to ensure that Interfront remains optimally resourced to fulfil its mandate and accomplish its strategic objectives.

- In the years to come, Interfront will focus on positioning itself as an employer of choice within the industry. This strategic objective entails fostering a workplace environment that attracts and retains top talent, cultivates employee satisfaction, and promotes professional growth and development.
- Efforts will persist to enhance employee retention strategies while further refining the recruitment process to ensure that Interfront remains adequately staffed with highly qualified individuals.
- Interfront must continually develop and implement strategies aimed at enhancing organisational effectiveness, facilitating continuous change management, and fostering leadership development initiatives.
- The company will collaboratively address issues identified in Employee Engagement Surveys, and in that way work towards resolving concerns and improving overall employee satisfaction and engagement levels.
- There will be a sustained focus on reviewing and refining human capital policies and processes to ensure that they remain relevant, effective and aligned with the evolving needs and objectives of Interfront.

10

The Employee Value Proposition (EVP)

The most important building blocks of an EVP are:



Compensation

Interfront is dedicated to maintaining a remuneration framework that attracts and retains highly skilled employees. The primary aim of this philosophy is to ensure that employees are equitably recognised and rewarded on the basis of their individual contributions to Interfront's operational and financial performance. This philosophy is aligned with Interfront's strategic and business objectives, ensuring a strong correlation between employee compensation and Interfront's overall goals.

In addition, Interfront considers national, regional and other prevailing remuneration trends as part of its strategic approach to positioning the company's remuneration philosophy.

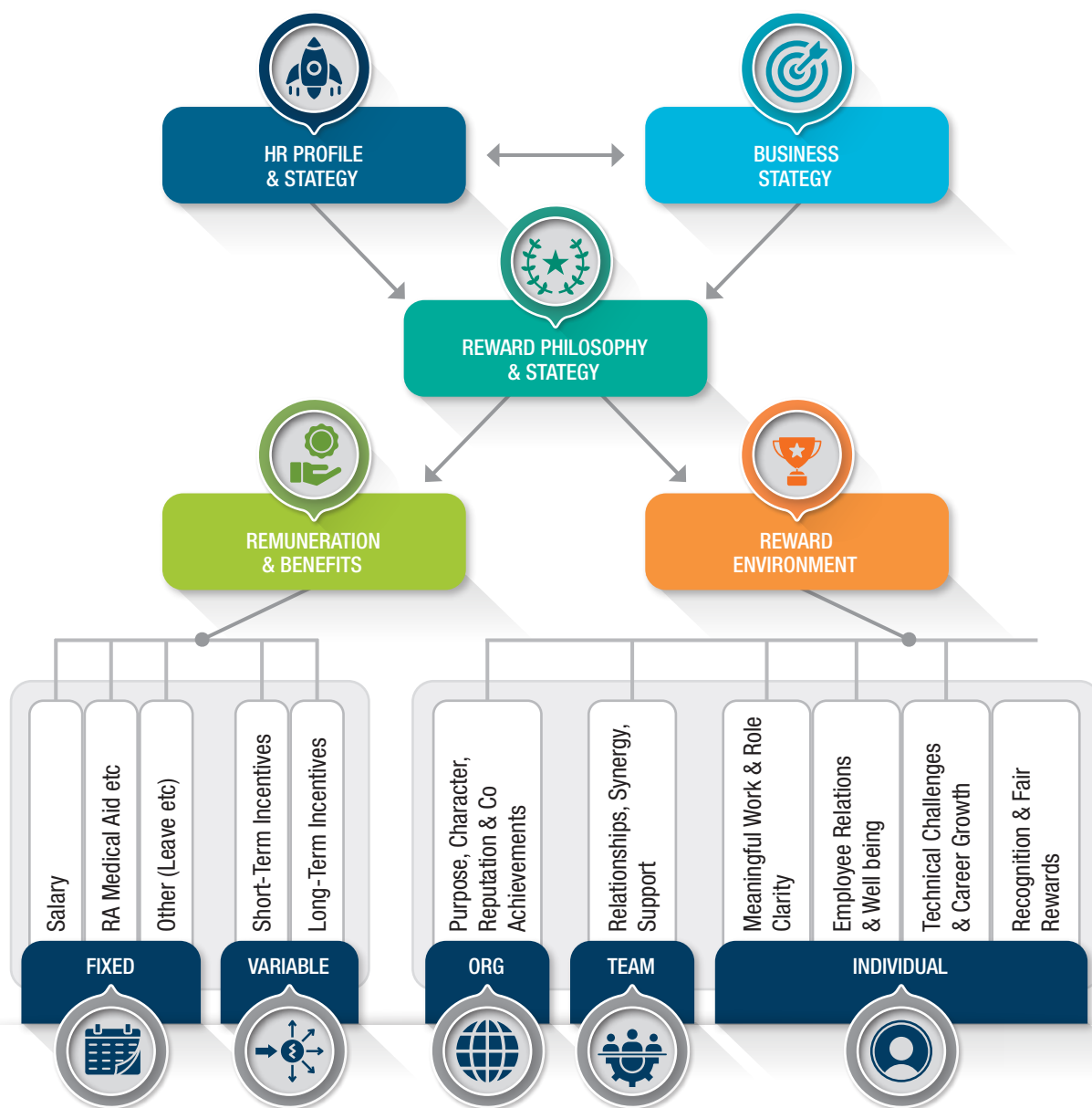
KEY HIGHLIGHTS

JUNE 2023 SALARY INCREASES AND PERFORMANCE BONUSES: The approval of annual salary increases and performance bonuses positively impacted employee retention and turnover. Salary increases and bonuses were allocated on an individual basis in accordance with Interfront's Performance Management Framework.

NOVEMBER 2023 POSITIONING: A positioning pool amounting to 1% of the annual cost to company (CTC) was approved. The main objective was to align the remuneration of the newly acquired e@syFile team with industry standards and to elevate the compensation of employees below the 25th percentile, ensuring more equitable pay.

EMPLOYEE PERCEPTION: The latest Employee Engagement Survey, along with our exit interview reports, indicates that most Interfront employees consider their compensation to be fair, highlighting the effectiveness of our remuneration framework. This framework underscores Interfront's commitment to fair and competitive compensation, which is crucial for maintaining high levels of employee satisfaction and engagement.

Interfront's Remuneration and Rewards philosophy is illustrated in the diagram below:



Personnel Cost by Salary Band 2023/2024

OCCUPATIONAL LEVEL	PERSONNEL EXPENDITURE (R)	% OF TOTAL PERSONNEL COST (R)	NO OF EMPLOYEES (AVERAGE PER YEAR)	AVERAGE PERSONNEL COST PER EMPLOYEE
Top management	5 887 018	3.82%	2.00	2 943 509
Senior management	21 714 341	14.08%	13.75	1 579 225
Professional qualified	79 377 422	51.48%	72.75	1 091 099
Skilled technical	39 640 423	25.71%	72.42	547 394
Semi-skilled	7 107 419	4.61%	24.00	296 142
Unskilled	449 264	0.29%	3.00	149 755
TOTAL	154 175 886.4	100%	187.92	820 448

Performance Rewards 2023/2024

OCCUPATIONAL LEVEL	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE	PERFORMANCE REWARDS % OF TOTAL PERSONNEL COST
Top management	848 845	154 175 886	0.55%
Senior management	2 290 789		1.49%
Professional qualified	5 709 433		3.70%
Skilled technical	2 158 963		1.40%
Semi-skilled	109 106		0.07%
Unskilled	25 011		0.02%
TOTAL	11 142 147		7.23%

Personnel Cost by Objective for 2023/2024

PROGRAMME, ACTIVITY AND OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE	PERSONNEL EXPENDITURE AS % OF TOTAL EXPENDITURE	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Continual innovation and client-centricity	170 817 548	123 340 709	72.2%	150.33	820 448
Expansion	5 338 048	3 854 397	72.2%	4.70	820 448
Navigating and embracing rapid information technology evolution	5 338 048	3 854 397	72.2%	4.70	820 448
Becoming employer of choice	16 014 145	11 563 191	72.2%	14.09	820 448
Responsible resource stewardship	16 014 145	11 563 191	72.2%	14.09	820 448



Benefits

Interfront's Employee Value Proposition offers a comprehensive range of benefits that exceed the minimum standards set by the BCEA. Particularly noteworthy is the leave benefit provided, with employees having less than ten years of continuous service entitled to 24 working days of annual leave – nine days more than the minimum requirement of 15 days stipulated by the BCEA. Employees with over ten years of service are granted 29 working days of annual leave. Moreover, Interfront provides 36 working days of sick leave per three-year cycle, exceeding the minimum legislative requirement by six days.

Permanent staff members benefit from a comprehensive CTC package that offers considerable flexibility. Employees can choose how much of their CTC to allocate to retirement savings, with contributions ranging from a minimum of 5% to a maximum of 27.5%. Additionally, they have the option to select from various medical aid packages provided by the company's preferred medical aid provider, allowing them to find a plan that best fits their lifestyle and healthcare needs. This flexibility ensures that each employee can tailor their benefits to align with their personal and financial priorities. Additionally, the company provides life cover through its group life policy and extends trauma and severe illness benefits, along with funeral cover, supplementing the existing group life offering to ensure enhanced protection and support for all employees.

Since 2020, Interfront has embraced a hybrid working model, offering employees the flexibility to work remotely while maintaining scheduled office attendance on designated days. The Employment Engagement Survey revealed that employees highly appreciate this new model and the flexibility it affords. They reported improved well-being and productivity as a result. Management diligently oversees productivity by evaluating employees' output, thereby safeguarding the company's objectives and goals amidst the implementation of the hybrid model. However, the model introduces a level of risk concerning staff engagement, necessitating proactive mitigation measures and ongoing monitoring moving forward.



Work Environment

The hybrid work model offers employees greater flexibility in their workplace location and, to a lesser extent, their working hours, effectively reducing burnout and enhancing productivity by eliminating factors like commute time.

Findings from the Employee Engagement Survey indicate that most employees have a clear understanding of the purpose behind their work, which fosters a sense of engagement in meaningful tasks. This aspect plays a pivotal role in motivating and satisfying employees. Furthermore, the survey highlights that employees feel respected and treated fairly within the work environment.

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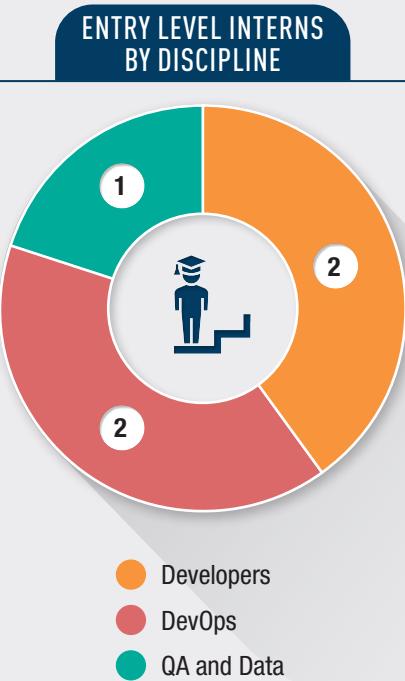
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Five graduate interns were appointed to entry-level positions as follows:



Career Development

As part of its commitment to training and retention, Interfront continues to offer study assistance to employees pursuing certificates, degrees and diplomas that align with the company's objectives. Additionally, Interfront provides targeted company training through external service providers whenever specific needs are identified. This process is supported by each employee's personal development plan, ensuring tailored growth opportunities.

Interfront's graduate internship and bursary programmes are vital to nurturing talent and maintaining a robust employee pipeline. Currently, two bursars are progressing with their studies. In February 2024, the graduate internship programme for the 2023/2024 financial year began with five new graduate interns, underscoring Interfront's ongoing commitment to developing future talent.

Interfront actively sources junior positions from its successful entry-level graduate interns. All four entry-level interns in the previous cohort were appointed as junior employees, three as developers and one as a junior support analyst, reflecting the diverse opportunities within the company.

To ensure continuous professional development and keep employees abreast of industry changes, Interfront covers the cost of professional membership fees. Interfront's commitment to growth is well recognised by employees, as was highlighted in the Employee Engagement Survey, which indicated that employees valued the high-quality learning opportunities provided by Interfront.

In the 2023/2024 financial year, 17 employees were promoted as part of Interfront's retention strategy, recognising their professional growth and contributions.

Interfront assigns two types of promotion:

FORMAL PROMOTIONS

These are specific events where an employee is elevated to a higher position in the company's hierarchy, typically based on factors such as seniority, performance, skills and potential. Formal promotions, which may include some management duties, are advertised internally to ensure fairness. For example, a senior developer might be promoted to a team lead position.

NO. OF PROMOTIONS	PREVIOUS POSITION	PROMOTED TO
1	SENIOR JAVA DEVELOPER	DEV TEAM LEAD
1	PROJECT ACCOUNTANT	PMO TEAM LEAD
1	SUPPORT ANALYST	SUPPORT TEAM LEAD

IN-LINE PROMOTIONS

These occur when an employee's experience and achievements have advanced them to a higher level of responsibility and technical capability within their existing role. In-line promotions are based on competency levels and align with the company's skills development framework, representing career progression through increased contribution and responsibility. For instance, a junior developer might progress to an intermediate developer role through demonstrated growth and capability.

NO. OF PROMOTIONS	PREVIOUS POSITION	PROMOTED TO
5	GRADUATE INTERNS	ENTRY-LEVEL INTERNS
4	ENTRY-LEVEL INTERNS	JUNIOR
2	JUNIOR	INTERMEDIATE
2	INTERMEDIATE	SENIOR

Training Expenditure for 2023/2024

BUSINESS UNIT	PERSONNEL EXPENDITURE (R)	TRAINING EXPENDITURE	TRAINING EXPENDITURE AS A % OF PERSONNEL COSTS	NO. OF EMPLOYEES AT THE END OF THE YEAR	AVERAGE TRAINING COST PER EMPLOYEE
Staff training	–	1 023 587	0.66%	116	8 824
Bursaries	–	204 675	0.13%	2	102 337
Graduate interns	–	50 428	0.03%	19	2 654
Professional membership	–	23 797	0.02%	5	4 759
Staff formal study assistance	–	457 601	0.30%	6	76 267
TOTAL	154 175 886	1 760 087	1.14%	148	11 892



Culture

An organisation's culture encompasses the shared values, beliefs, behaviours and practices that guide the actions and interactions of its employees. It is the collective personality of a company, shaping its working environment. Establishing a distinct culture unique to Interfront is crucial to the company's success. A positive and supportive company culture fosters a sense of belonging and alignment among employees, enhancing their overall engagement and satisfaction.

KEY ELEMENTS IN CREATING A POSITIVE COMPANY CULTURE

CLEAR MISSION AND VALUES: Interfront has a well-established set of company values encapsulated in the acronym "Techi" (standing for "trust, excellence, camaraderie, humility and integrity"). Employees, fondly referred to as Techies, are acutely aware of these values, which are introduced to them during their induction at Interfront and are regularly emphasised in company communication. They are also used to acknowledge and incentivise "Techi" behaviours. With the company's recent expansion, Interfront has updated its mission statement. Establishing this new mission among staff is an ongoing process.

COMMUNICATION: Effective communication is vital for a positive culture. One of the goals in the 2024/2025 Annual Performance Plan goals is to develop and implement a multidirectional communication plan that includes the establishment of a clear communication strategy to ensure sufficient communication throughout the company. This strategy aims to facilitate open and transparent dialogue, fostering trust and collaboration.

RECOGNITION AND REWARDS: Recognition and rewards are integral to maintaining a positive culture and are discussed in earlier sections of this report. Celebrating achievements and recognising contributions boosts morale and reinforces desired behaviours.

PROFESSIONAL DEVELOPMENT: Interfront places a strong emphasis on professional development. A formal PDP (personal development plan) process is defined and followed to identify and address staff development areas for both current roles and future aspirations. This commitment to growth helps employees feel valued and invested in their career progression.

DIVERSITY AND INCLUSION: A healthy company culture respects and appreciates the differences and perspectives of all employees. Interfront is dedicated to fostering an inclusive environment where diversity is celebrated, and everyone feels they belong.

WORK-LIFE BALANCE AND EMPLOYEE WELL-BEING: Promoting work-life balance and well-being is crucial. Interfront adopted a hybrid working model that has significantly improved the overall company culture by offering employees greater flexibility in their work arrangements, with a positive impact on their well-being and productivity.

A strong and positive company culture fosters a sense of belonging and alignment among employees, creating a supportive and motivating work environment. Our last Employee Engagement Survey indicated a high level of trust among employees who work together regularly, which reflects the strength of their relationships.

While Interfront has made significant strides in cultivating a positive company culture, there is always room for improvement. Recognising the pivotal role of company culture in shaping the work environment and contributing to the long-term success of the organisation, Interfront has set a new objective: to become an employer of choice. Central to achieving this objective is the pivotal role played by an engaging and effective company culture.

Finding an equilibrium between the constraints inherent in being a public entity and the advantages offered by the private sector will prove a formidable task. Interfront aims to create a culture that captures the best of both worlds, ensuring that the company remains a dynamic, supportive and attractive workplace for current and future employees.

“

A strong and positive company culture fosters a sense of belonging and alignment among employees, creating a supportive and motivating work environment.”

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Employment and Vacancies

Interfront began the 2023/2024 financial year with a staff count of 155, which grew to 169 by the year's end, excluding graduates and bursars. During this period, 20 employees and 16 graduates were brought on board.

EMPLOYEE LEVEL	NO. OF EMPLOYEES 2022/2023	APPROVED POSTS 2023/2024	NO. OF EMPLOYEES 2023/2024	VACANCIES 2023/2024	% OF VACANCIES
Top management	2	3	2	1	33%
Senior management	13	14	14	0	0%
Professional qualified	66	81	74	7	8.64%
Skilled	70	74	74	0	0%
Semi-skilled	1	3	2	1	33%
Unskilled	3	3	3	0	0%
TOTAL	155	178	169	9	5.06%

Employment Statistics from 1 April 2023 to 31 March 2024

	1 APRIL 2023
No. of permanent/long-term contract employees	155
No. of short-term contract employees	0
Total no. of employees	155
No. of appointments	20
EE% of appointments	90%
EE% of staff complement	80%
No. of resignations	4*
No. of retirements	0
No. of dismissals	1
No. of contract terminations	2
Total employees at end of March 2024	169

**The employee who resigned on 31 March, though recorded as a resignation, is still counted among the total number of employees for the year.*

Employment Changes

EMPLOYEE LEVEL	EMPLOYEES AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	MOVEMENT TO LEVEL	MOVEMENT FROM LEVEL (LOSS)	EMPLOYEES AT END OF PERIOD
Top management	2	0	0	0	0	2
Senior management	13	1	0	0	0	14
Professional qualified	66	6	4	6	0	74
Skilled	70	12	3	0	5	74
Semi-skilled	1	1	0	0	0	2
Unskilled	3	0	0	0	0	3
TOTAL	155	20	7	6	5	169

Interfront places a high value on its workforce and conducts exit interviews to gather feedback from departing employees. Although our current staff turnover rate stands at only 2.5%, we analysed data over 25 months to ensure continuous improvement and confirm that previous problem areas were being effectively addressed. The main reason for employee departures has been the pursuit of career growth and development, with a lack of advancement opportunities consistently cited as the primary factor. This trend is common for an organisation of Interfront's size. To address this, we have streamlined our in-line promotion process over the past two years, and this is expected to have a positive impact on future turnover feedback.

Although many employees felt their compensation was fair, there has been an increase, compared to previous reports, in those perceiving it as inadequate. Over the past year, Interfront has made significant efforts to ensure that its remuneration is in line with market standards. While we may not match the private sector in terms of short- and long-term incentives, we offer many other attractive benefits, underscoring the importance of maintaining competitive advantages.

Feedback also indicated a strong willingness among staff to consider rejoining Interfront or recommending it to friends, highlighting the positive prospects of re-engagement.

Departing employees found it challenging to assess the effect of remote work arrangements on morale, though a few expressed negative perceptions. Nevertheless, prioritising staff engagement measurement will be a key objective in the short and medium term. Effective communication remains crucial, with most departing employees having positive sentiments about their experience at Interfront.

During the 2023/2024 financial year, Interfront experienced several employee terminations for various reasons. Four employees resigned due to misalignment with Interfront's culture, one left to return to their hometown, and one was headhunted and accepted a promotion opportunity. Two employees' contracts expired when their working visa permits lapsed, and one employee was dismissed. Recognising the distinction between desirable and undesirable turnover is crucial, as the former can improve workplace productivity and profitability.

In conclusion, while Interfront has made significant strides in creating a supportive and engaging work environment, ongoing efforts to enhance career growth opportunities, maintain competitive benefits and improve communication will be essential in sustaining our low turnover rate and achieving our goal of becoming an employer of choice.

REASON	NUMBER	% OF EMPLOYEES LEAVING
Death	0	0
Resignation	4	57.14%
Dismissal	1	14.29%
Retirement	0	0
Ill health	0	0
Expiry of contract	2	28.57%
Other	0	0
TOTAL	7	100%

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	1

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Transformation and Employment Equity Growth

Of Interfront's total workforce, 80% are employment equity candidates. The Employment Equity Consultative Forum has formulated a new three-year plan spanning the 2023/2024 to 2025/2026 financial years. However, this plan's implementation may be subject to alteration pending the establishment of new sectoral targets by the Minister or Department of Employment and Labour.

In the interim, this plan will guide Interfront's employment equity efforts while it awaits the anticipated changes to the Employment Equity Act, No. 55 of 1998. The forthcoming revisions to the Act are expected to significantly impact how companies approach employment equity initiatives and targets, as it is expected that they will no longer have the autonomy to set their own targets.



MALE

LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	0	0	1	2	0	0	2	1
Senior management	1	2	3	3	0	0	6	5
Professional qualified	14	15	9	7	4	3	20	17
Skilled	17	20	13	14	2	1	8	9
Semi-skilled	14	4	5	3	4	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	46	41	31	29	10	4	36	32





FEMALE

LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	0	1	0	0	0	0	1	1
Senior management	1	2	0	1	1	0	2	2
Professional qualified	7	7	6	5	1	1	11	10
Skilled	21	11	9	10	1	2	3	2
Semi-skilled	6	3	3	2	1	0	0	0
Unskilled	3	3	0	0	0	0	0	0
TOTAL	38	27	18	18	4	3	17	15



DISABLED EMPLOYEES

LEVELS	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top management	0	0	0	0
Senior management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	2	1
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	0	0	2	1





FINANCIAL INFORMATION

- 01 Board's Responsibility and Approval of the Annual Financial Statements
- 02 Report by the Board of Directors
- 03 Financial Report
- 04 Report of the Auditor-General to Parliament on the International Frontiers Technologies SOC Ltd
- 05 Index

Board's Responsibility and Approval of the Annual Financial Statements

The PFMA requires the Board to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Board to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flow for the period then ended.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements and are given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the entity, and places considerable importance on maintaining a strong control environment. To enable it to meet this responsibility, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity, and all employees are required to maintain the highest ethical standards in ensuring that the entity's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across Interfront. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviours are applied and managed within predetermined procedures and constraints.





The Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide no more than reasonable, not absolute, assurance against material misstatement or deficit.

The Board has reviewed the entity's budgeted forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, is satisfied that the entity has, or has access to, adequate resources to continue in operational existence for the foreseeable future. The Annual Financial Statements are prepared on the basis that the entity is a going concern.

Although the Board is primarily responsible for the financial affairs of the entity, it is supported by the entity's external auditors. The external auditors are responsible for independently reviewing and reporting on the entity's Annual Financial Statements. The Annual Financial Statements have been examined by the entity's external auditors and their report is presented on page 92.

The Annual Financial Statements, set out on page 101 to 128, were approved by the Board on 31 July 2024 and were signed on its behalf by

LEILANIE JANSE VAN RENSBURG
Acting Managing Director
31 July 2024

MUSTAQ ENUS-BREY
Chairperson of the Board
31 July 2024

The Board submits its report for the year ended 31 March 2024.

Incorporation

The entity was incorporated on 20 April 2009 and obtained its certificate to commence business on the same day.

Review of Activities

The company's core activities revolve around acquiring, investing in and advancing customs, border management and tax software solutions. These solutions are tailored for utilisation by SARS and similar revenue and border management agencies worldwide.

The operating results and state of affairs of the entity are fully set out in the attached Annual Financial Statements and, in our opinion, do not require any further comment. The net surplus of the entity was R4 078 142 (2023: Deficit R9 793 627) and is in line with the adopted cash break-even finance model.

Going Concern

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

As of 31 March 2024, the entity had an accumulated surplus of R55 012 867, while the total assets exceeded its liabilities by the same.

Financial Statements

The preparation and fair presentation of Interfront's Annual Financial Statements are the responsibility of the directors.

In the opinion of the directors, the Annual Financial Statements fairly present the financial position of Interfront as of 31 March 2024 and the results of its operations and cash flow information for the year then ended.

Subsequent Events

The Board is not aware of any matter or circumstance arising since the end of the financial year that has materially impacted the state of affairs as at year-end.

Accounting Policies

The Annual Financial Statements are prepared in accordance with the effective standards of GRAP, as issued by the Accounting Standards Board and prescribed by the framework developed by the National Treasury. More detail on the accounting policies can be found in note 1 of the Annual Financial Statements.

Share Capital

There were no changes in the authorised or issued share capital of the entity during the year under review. Interfront was capitalised by way of an interest-free Shareholder's loan. The loan has been fully repaid.

Distributions to Owners

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

Board

Details of the Board members can be found under **Part C: Governance**

Secretary

The Company Secretary for the term was Ms Madelein Pepperell.

Corporate Governance

General

The Board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board supports the highest standards of corporate governance and the ongoing development of best practice.

Interfront complies with the statutory duties and responsibilities set out in the Companies Act and the PFMA. The entity confirms and acknowledges its responsibility for compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance for South Africa, 2016. The Board members discuss the responsibilities of management in this respect and monitor the entity's compliance with the Code at Board meetings. The salient features of the entity's adoption of the Code can be found in **Part C: Governance**.

Board of Directors

The Board:

- Retains full control over the entity, its plans and strategy.
- Acknowledges its responsibilities as to strategy; compliance with internal policies, external laws and regulations; effective risk management and performance measurement; transparency; and effective communication, both internally and externally by the entity.
- Is of a unitary structure and comprised during the year:
 - two non-executive independent directors, of whom one serves as the Chairperson
 - non-executive directors employed by the Shareholder
 - executive directors.

Chairperson and Managing Director

The Chairperson is a non-executive and independent director, (as defined by the Code). The roles of Chairperson and Managing Director are separate, with responsibilities being divided between them in such a manner that neither individual has unfettered powers of discretion.

Remuneration

The remuneration of the Acting Managing Director/Financial Director and the Director of Operations, who are the only two executive directors of the entity, was determined by the controlling entity upon appointment, and the Board will determine the increase in their remuneration, within limits.

Executive Meetings

Non-executive directors have access to all members of management of the entity. Details of the Board members and their meeting attendance are disclosed in **Part C: Governance**.

Internal Audit

As permitted by the PFMA, the entity has outsourced its internal audit function to the Internal Audit unit of SARS.

Controlling Entity

Interfront's controlling entity is SARS, established by the South African Revenue Service Act of 1997.

Auditors

In line with the requirements of the Public Audit Act, No. 25 of 2004, and section 84(3)(b) of the Companies Act, the AGSA will continue in office for the next financial period.

Annual Financial Statements

The financial statements set out on pages 101 to 128, which have been prepared on the going-concern basis, were approved by the Board on 31 July 2024.

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Five-Year Financial Overview

STATEMENT OF FINANCIAL PERFORMANCE					
Description	2020	2021	2022	2023	2024
Rendering of services	112 536 279	105 363 506	108 405 948	171 790 485	215 828 131
Interest and other	4 241 825	1 450 850	1 427 710	3 041 629	3 499 004
Expenditure	(119 136 291)	(118 166 081)	(117 869 059)	(187 421 011)	(213 521 935)
EBT	(2 358 187)	(11 351 725)	(8 035 401)	(12 588 897)	5 805 200
EAT	(2 361 021)	(8 769 728)	(6 383 966)	(9 793 627)	4 078 142

STATEMENT OF FINANCIAL POSITION					
Description	2020	2021	2022	2023	2024
Total assets	106 960 416	86 202 838	80 298 775	81 061 430	87 367 198
Total liabilities	(18 482 521)	(19 090 519)	(19 570 421)	(30 126 704)	(32 354 330)
Total net assets	88 477 895	67 112 319	60 728 854	50 934 726	55 012 868
Equity/Shareholder's loan	(12 595 853)	1	1	1	1
Accumulated surplus	(75 882 042)	(67 112 319)	(60 728 353)	(50 934 725)	(55 012 867)

Statement of Financial Performance

Interfront's financial performance for the year yielded a net accounting surplus of R4 078 142, in stark contrast to the deficit of R9 793 627 in 2023. That deficit was attributed mainly to the one-time recruitment fee of R5 561 186 incurred during the section 197 transfer facilitating the acquisition of staff for the development and support of the eFiling solution. Over the past two financial years, Interfront has undergone significant changes, with the incorporation of two new teams and their associated product lines, which have led to a 78% growth in staff numbers. Although it has faced internal challenges stemming from these two section 197 transfers, Interfront takes pride in achieving a modest accounting surplus in the reviewed year, having overcome various obstacles.

The 25.6% increase in service delivery compared to the previous year can be largely credited to the enhanced revenue from the e@syFile stream, now contributing for a full 12 months versus only three months in the prior financial period. Furthermore, interest income surged by 27.5%, attributable to marginal rises in average interest rates and increased cash on hand due to revenue growth.

Employee costs climbed by 21% due to the inclusion of the e@syFile team for the entire 12-month period, compared to only three months in the previous fiscal year. Although the average salary saw a modest increase of 1.85% (2024: R68 332, 2023: R67 090), a reduction

in real terms, the full incorporation of the e@syFile team for the first time means that any year-on-year comparison has to be nuanced. The average staff count also rose by 20.52% (2024: 187.9, 2023: 155.9). To mitigate the lack of internal development skills and market scarcity, Interfront continued engaging external developers, resulting in a 26.7% expense growth in this area.

After adjusting for the prior year's one-time Section 197 transfer fee, administrative expenses increased by 31%, driven mainly by higher variable costs related to the expansion of staff, particularly in IT spending. However, auditors' remuneration fell by 18.5%, largely owing to the timing of internal audit activities.

Notwithstanding the volatility of the rand, Interfront recorded a marginal forex profit during the year. Currently, the limited risk associated with foreign revenue does not warrant hedging against future exchange rate fluctuations.

Statement of Financial Position

Current assets saw an increase of 11.1%. Notably, trade and other receivables experienced a significant surge of 266.4%. This increase is due to a growth in revenue that has a direct correlation to trade receivables. Additionally, following an agreement with our primary customer, Interfront revised its billing structure in the latter half of the financial year from monthly advance billing to billing based on the completion of deliverables. This shift necessitated internal operational adjustments and altered our administrative requirements and interactions with our customer. Consequently, we experienced periodic fluctuations in billing cycles, culminating in a substantial increase in billings during the final month of the financial year. As a result, trade receivables saw a notable uptick. Moreover, prepayments and other receivables rose significantly, owing to accrued trade receivables being linked to the new billing model.

Non-current assets experienced a 4.8% decrease, primarily influenced by reduced intangible asset amortisation, albeit offset by an increase in Property, Plant, and Equipment driven by the expansion of staff numbers.

Current liabilities rose by 8.4%, mainly due to elevated staff-related provisions, in line with the overall rise in average staff numbers. Additionally, VAT payable saw a substantial increase, aligned with the sizeable billable amounts at year-end. Conversely, trade payables decreased by 25.6%, reflecting the new billing model, which eliminated billing in advance.

Non-current liabilities of the company decreased by 47.7%. This decrease was attributable to the reversal of the non-current portion of the operating lease liability.

The financial outcomes of the company, in accordance with the break-even financial model, demonstrate an after-tax accounting surplus of R4 078 142, which contributes to the 8% increase in net assets totalling R55 million (contrasted with R50.9 million in the preceding year).

In summary, Interfront, as an accountable contributor to the public domain, maintains its steadfast commitment to prudent financial stewardship. We remain committed to adopting the cost-saving measures set out by the National Treasury.

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the International Frontier Technologies SOC Ltd set out on pages 101 to 128, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the International Frontier Technologies SOC Ltd as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practices (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act)

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 97, forms part of our auditor's report.

Report on the annual performance report

10. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I selected the following material performance indicators related to the quality software development and support programme presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Develop and enhance iCBS channels to support Sars customs modernisation programme (CMP)
 - Develop and enhance Sars eFiling and MobiApp platforms
 - Develop and enhance Sars e@syFile platforms
 - Provide effective software support services to Sars on the customs, eFiling and MobiApp platforms
 - Provide effective software support services to ADA (Luxembourg)

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using this criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives.
 - all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included.
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over or underachievement of targets.
14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
15. I did not identify any material findings on the reported performance information for the selected material performance indicators.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over achievements.

Report on compliance with legislation

18. 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.
19. 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.
20. 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.
21. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

22. The accounting authority is responsible for the other information included in the annual report, which include directors' report, audit committee's report and the company secretary report's certificate, as required by the Companies Act. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
23. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
24. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
27. I did not identify any significant deficiencies in internal control.

Auditor-General

PRETORIA

31 July 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

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 financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity's compliance with selected requirements in key legislation.

Financial statements

28. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the 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 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 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 financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the 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 financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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.

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 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4) Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b) Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a) Regulation 16A6.1; 16A6.2(a); 16A6.2(b) Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b) Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5 Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6 Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii) Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f) Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a) Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1 Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Act: Regulations	Regulation 17 Regulation 25(7A)
Second amendment of National Treasury Instruction Note 05 of 2020/21	Paragraph 1
Erratum National Treasury Instruction Note 5 of 2020/21	Paragraph 2
National Treasury instruction Note 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction Note 1 of 2021/22	Paragraph 4.1
National Treasury Instruction Note 4 of 2015/16	Paragraph 3.4

LEGISLATION	SECTIONS OR REGULATIONS
National Treasury Instruction Note 4A of 2016/17	Paragraph 6
National Treasury Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2 Paragraph 7.6
National Treasury Instruction No 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury Instruction No 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations of 2022 (PPR)	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations of 2017 (PPR)	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3 Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention & Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii) Section 45(4); 46(1)(a); 46(1)(b); 46(1)(c) Section 112(2)(a); 129(7)

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LEILANIE JANSE VAN RENSBURG
Acting Managing Director and
Financial Director
Somerset West
31 July 2024



MUSTAQ ENUS-BREY
Chairperson of the Board

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

Assets

Figures in rand	Note(s)	2024	2023
Assets			
Current Assets			
Income tax receivable		191 631	739 279
Receivables from exchange transactions	5	41 384 220	11 294 635
Cash and cash equivalents	6	29 740 368	52 158 925
		71 316 219	64 192 839
Non-Current Assets			
Property, plant and equipment	7	10 903 376	9 600 173
Intangible assets	8	1 572 280	3 711 298
Deferred tax	9	3 575 323	3 557 120
		16 050 979	16 868 591
Total Assets		87 367 198	81 061 430

Liabilities

Figures in rand	Note(s)	2024	2023
Liabilities			
Current Liabilities			
Operating lease liability	10	252 026	302 805
Payables from exchange transactions	11	12 397 509	16 663 770
VAT payable	12	4 615 578	1 533 230
Provisions	13	14 812 639	11 098 295
		32 077 752	29 598 100
Non-Current Liabilities			
Operating lease liability	10	276 578	528 604
Total Liabilities		32 354 330	30 126 704
Net Assets		55 012 868	50 934 726
Share capital/contributed capital	14	1	1
Accumulated surplus		55 012 867	50 934 725
Total Net Assets		55 012 868	50 934 726

STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 MARCH 2024

Figures in rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Rendering of services	15	215 828 131	171 790 485
Profit/(loss) from exchange transactions		118 732	390 030
Interest received and other sundry income		3 380 272	2 651 599
Total revenue from exchange transactions		219 327 135	174 832 114
Expenditure			
Employee related costs		(183 041 303)	(151 259 684)
External development services		(4 879 621)	(3 849 812)
Depreciation and amortisation		(4 549 003)	(10 392 421)
Loss on disposal of assets		(319 231)	(3 461)
Administrative expenses		(19 582 188)	(20 504 059)
Auditor's remuneration		(1 150 589)	(1 411 574)
Total expenditure		(213 521 935)	(187 421 011)
Surplus/(deficit) before taxation		5 805 200	(12 588 897)
Taxation	17	1 727 058	(2 795 270)
Surplus/(deficit) for the year		4 078 142	(9 793 627)

STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2024

Figures in rand	Share capital/ contributed capital	Accumulated surplus/(deficit)	Total net assets
Balance at 01 April 2022	1	60 728 352	60 728 353
Changes in net assets			
Deficit for the year	—	(9 793 627)	(9 793 627)
Total changes	—	(9 793 627)	(9 793 627)
Balance at 01 April 2023	1	50 934 725	50 934 726
Changes in net assets			
Surplus for the year	—	4 078 142	4 078 142
Total changes		4 078 142	4 078 142
Balance at 31 March 2024		55 012 867	55 012 868

Note(s) 14

CASH FLOW STATEMENT AS AT 31 MARCH 2024

Figures in rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Rendering of services		185 738 546	164 683 854
Interest income		3 380 272	2 651 599
Prepaid amounts		(4 293 201)	(3 088 200)
Gain/(loss) on exchange rate differences		118 732	390 030
		184 944 349	164 637 283
Payments			
Employee costs		(187 920 924)	(155 109 496)
Suppliers		(21 008 642)	(16 146 505)
Taxes on surpluses	4	(1 197 613)	(1 420 665)
Movement in provisions		3 714 344	7 285 440
Movement in VAT		3 082 343	591 032
		(203 330 492)	(164 800 194)
Net cash flows from operating activities	20	(18 386 143)	(162 911)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(4 010 642)	(5 114 786)
Purchase of other intangible assets	8	(50 907)	(287 475)
Proceeds from sale of property, plant and equipment		29 131	—
Net cash flows from investing activities		(4 032 418)	(5 402 261)
Net increase/(decrease) in cash and cash equivalents		(22 418 561)	(5 565 172)
Cash and cash equivalents at the beginning of the year		52 158 925	57 724 100
Cash and cash equivalents at the end of the year	6	29 740 364	52 158 928

SIGNIFICANT ACCOUNTING POLICIES

1 Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include the following:

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

1.2 Significant judgements and sources of estimation uncertainty *(continued)*

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value-in-use of intangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including projected future revenue forecasts and economic factors such as inflation, exchange rates and interest rates.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 – Provisions.

Taxation

Judgement is required in 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 entity 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 entity recognises the net future tax benefit related to deferred income 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 income tax assets requires the entity 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 entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives and residual value of assets

As described in the accounting policy below, the entity reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

Allowance for doubtful debts

An impairment loss is recognised in surplus or deficit when there is objective evidence that debtors are impaired. The impairment is measured as the difference between the carrying amount of debtors and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

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1.2 Significant judgements and sources of estimation uncertainty *(continued)*

Intangible assets

The entity assesses at each reporting period whether there is any indication that the cash-generating intangible assets may be impaired. This assessment requires management to make assumptions and it is reasonably possible that these assumptions may change, which may then impact our estimations and may then require material adjustment to the carrying value of the intangible asset.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Furniture and fixtures	Straight-line	5–16 years
IT equipment	Straight-line	3–13 years
Leasehold improvements	Straight-line	Over the life of the asset or lease period, whichever is shorter
Security equipment	Straight-line	13 years
Office equipment – leased	Straight-line	Over the term of the lease

At each reporting date the entity assesses whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

1.3 Property, plant and equipment *(continued)*

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The 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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is initially recognised at cost and subsequently carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets with finite useful lives, on a straight-line basis, over their estimated useful lives to their residual values as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Intellectual property rights	Straight-line	11 years
IT software	Straight-line	3-5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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FINANCIAL INFORMATION

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

1.5 Financial instruments *(continued)*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Classification

The entity has the following types of financial assets (class and category) as reflected on the face of the statement of financial position or in the notes thereto:

CLASS	CATEGORY
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

The entity has the following types of financial liabilities (class and category) as reflected on the face of the statement of financial position or in the notes thereto:

CLASS	CATEGORY
Payables from exchange transactions	Financial liability measured at amortised cost

1.6 Tax

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 a Statutory receivable.

Current tax liabilities for the current and prior periods are measured at the amount expected to be paid to 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, at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

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.

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1.6 Tax *(continued)*

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Impairment of cash-generating assets

Identification

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

1.9 Share capital/contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares as well as the loan received from the shareholder are classified as equity.

1.10 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

1.10 Employee benefits *(continued)*

Classification of plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
- As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

- in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and
- in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

- the entity has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

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FINANCIAL INFORMATION

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1.10 Employee benefits *(continued)*

Post-employment benefits: Defined contribution plans

Recognition and measurement

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are discounted using the discount rate as specified.

1.11 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

All provisions of the entity are short-term in nature and the effect of discounting is immaterial.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

1.12 Revenue from exchange transactions

Revenue from exchange transactions comprises of the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other act, the recognition of revenue is postponed until the significant act is executed.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.13 Interest received

Investment income is recognised on a time-proportion basis using the effective interest method.

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1.14 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 each reporting date, foreign currency monetary items are translated using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items from initial recognition are recognised in surplus or deficit in the period in which they arise.

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.

1.15 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.

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.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships, on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2 Changes in accounting policy

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year. The entity has not adopted any new policies in the current financial year.

3 New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	No material impact.
GRAP 25 (as revised): Employee Benefits	01 April 2023	No material impact.
GRAP 2020: Improvements to the Standards of GRAP 2020	01 April 2023	No material impact.
GRAP 1 (amended): Presentation of Financial Statements (Materiality)	01 April 2023	No material impact.

3.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
GRAP 107 Mergers	–	Unlikely there will be a material impact
GRAP 106 Transfer of Functions Between Entities Not Under Common Control	–	Unlikely there will be a material impact
GRAP 105 Transfer of Functions Between Entities Under Common Control	–	Unlikely there will be a material impact
GRAP 2023 Improvements to the Standards of GRAP 2023	–	Not expected to impact results but may result in additional disclosure
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	–	Not expected to impact results but may result in additional disclosure
iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact

NOTES TO THE FINANCIAL STATEMENTS

Figures in rand

2024

2023

4 Income tax paid

Balance at the beginning of the year	739 279	(1 115)
Current tax for the year recognised in surplus or deficit	(1 745 261)	(680 271)
Balance at the end of the year	(191 631)	(739 279)
	(1 197 613)	(1 420 665)

5 Receivables from exchange transactions

Trade debtors	32 436 660	5 135 091
Prepayments and other sundry receivables	8 932 201	6 144 185
Deposits	15 359	15 359
	41 384 220	11 294 635

Fair value of trade and other receivables

Trade and other receivables	41 384 220	11 294 635
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Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2024, there was R3 355 704 past due but not impaired (2023: zero were past due but not impaired).

The ageing of amounts past due but not impaired is as follows:

1 month past due	3 355 704	–
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6 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 346	1 569
Bank balances	5 548 587	42 614 211
Short-term deposits	24 188 435	9 543 145
	29 740 368	52 158 925

NOTES TO THE FINANCIAL STATEMENTS

7 Property, plant and equipment

	2024			2023		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold improvements	6 061 584	(5 128 372)	933 212	6 043 032	(4 884 637)	1 158 395
Furniture and fixtures	1 820 690	(1 168 463)	652 227	1 853 879	(1 107 210)	746 669
IT equipment	21 223 804	(11 910 173)	9 313 631	23 242 421	(15 549 207)	7 693 214
Security equipment	20 108	(15 802)	4 306	20 108	(18 213)	1 895
Total	29 126 186	(18 222 810)	10 903 376	31 159 440	(21 559 267)	9 600 173

Reconciliation of property, plant and equipment – March 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	1 158 395	18 553	–	(243 736)	933 212
Furniture and fixtures	746 669	–	(1 929)	(92 513)	652 227
IT equipment	7 693 214	3 992 089	(341 485)	(2 030 187)	9 313 631
Security Equipment	1 895	–	–	2 411	4 306
	9 600 173	4 010 642	(343 414)	(2 364 025)	10 903 376

Reconciliation of property, plant and equipment – March 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	1 240 414	79 829	–	(161 848)	1 158 395
Furniture and fixtures	909 546	2 234	–	(165 111)	746 669
IT equipment	4 604 339	5 032 723	(3 461)	(1 940 387)	7 693 214
Security Equipment	1 977	–	–	(82)	1 895
	6 756 276	5 114 786	(3 461)	(2 267 428)	9 600 173

Fully depreciated assets still in use amounts to R344 353. These are planned to be systematically disposed of and replaced over the next 12 months.

Other information

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in the Statement of Financial Performance

Repairs and maintenance	652 296	462 106
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Impairment

As per GRAP 26, management assessed whether there was any indication that the tangible assets were impaired. None were identified.

NOTES TO THE FINANCIAL STATEMENTS

8 Intangible assets

	2024			2023		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intellectual property and other rights	73 582 623	(72 387 329)	1 195 294	73 582 623	(70 793 605)	2 789 018
IT software	5 242 716	(4 865 730)	376 986	8 679 891	(7 757 611)	922 280
Total	78 825 339	(77 253 059)	1 572 280	82 262 514	(78 551 216)	3 711 298

Reconciliation of intangible assets – March 2024

	Opening balance	Additions	Disposals	Amortisation	Total
Intellectual property and other rights	2 789 018	–	–	(1 593 724)	1 195 294
IT software	922 280	50 907	(4 948)	(591 253)	376 986
	3 711 298	50 907	(4 948)	(2 184 977)	1 572 280

Reconciliation of intangible assets – March 2023

	Opening balance	Additions	Disposals	Amortisation	Total
Intellectual property and other rights	10 147 281	–	–	(7 358 263)	2 789 018
IT software	1 401 536	287 475	–	(766 731)	922 280
	11 548 817	287 475	–	(8 124 994)	3 711 298

Impairment

As per GRAP26, management assessed whether there was any indication that the intangible assets were impaired. None was identified.

Other information

Useful life

Change in the estimated useful life of Intellectual property and other rights has affected amortisation for the year. Refer to note 27 for more detail.

NOTES TO THE FINANCIAL STATEMENTS

Figures in rand

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9 Deferred tax

Deferred tax asset

Deferred tax	3 575 323	3 557 120
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Reconciliation of deferred tax asset

At the beginning of the year	3 557 120	81 579
Temporary difference on prepayments	(115 621)	(12 933)
Temporary difference on tangible fixed assets	(27 891)	223 097
Movement in provision and accruals	(57 562)	1 893 593
Reversing temporary difference on finance lease	—	—
Originating temporary difference on operating lease	(81 757)	(18 095)
Reversing temporary difference on Intellectual property	301 034	1 389 879
	3 575 323	3 557 120

10 Operating lease liability

Non-current liabilities	276 578	528 604
Current liabilities	252 026	302 805
	528 604	831 409

Operating leases represent rentals payable by the entity for its office premises.

The office leases were for an initial period of 5 years with an annual rental escalation of 7% and an expiry date of 31 August 2024. Subsequently, an addendum was signed to extend the initial period of the lease over the St Andrews offices by a further 2 years with a more favourable 5% rental escalation. The office lease contains an option to extend the leases after the initial period by a further 5 years.

11 Payables from exchange transactions

Trade payables	1 286 810	1 290 492
Accrued leave pay	6 374 947	6 009 283
PAYE payable	3 595 069	3 052 917
Other accruals	1 140 683	2 017 877
Revenue billed in advance	—	4 293 201
	12 397 509	16 663 770

Payables are carried at invoice amounts, which approximate fair value due to their short-term nature.

Revenue billed in advance relates to services to be provided to our customers, for which we have already received payment.

NOTES TO THE FINANCIAL STATEMENTS

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12 VAT payable

VAT payable

4 615 578

1 533 230

13 Provisions

Reconciliation of provisions – March 2024

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	11 098 295	14 812 639	(11 142 147)	43 852	14 812 639

Reconciliation of provisions – March 2023

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	3 812 855	11 098 295	(5 302 926)	1 490 071	11 098 295

Performance bonuses represent the estimated obligation for the current year.

14 Share capital

Authorised

1000 Ordinary shares of R1 each

1 000

1 000

Reconciliation of number of shares issued:

Reported as at 01 April 2023

1

1

999 unissued ordinary shares are under the control of the Board in terms of the Memorandum of Incorporation.

Issued

Ordinary

1

1

Share capital is fully paid and has no restrictions.

NOTES TO THE FINANCIAL STATEMENTS

Figures in rand

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15 Revenue from exchange transactions

Rendering of services: SARS	192 549 415	152 237 645
Rendering of services: Luxembourg	19 360 309	15 897 998
Rendering of services: Other	3 918 407	3 654 842
Profit/(Loss) from exchange transactions	118 732	390 030
Interest received	3 380 272	2 651 599
	219 327 135	174 832 114

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	215 828 131	171 790 485
Profit/(Loss) from exchange transactions	118 732	390 030
Interest received	3 380 272	2 651 599
	219 327 135	174 832 114

16 Auditors' remuneration

External Audit: Fees	805 391	643 762
Internal Audit: Fees	247 010	661 770
Subsistence and Travel: Internal Audit	—	30 895
Subsistence and Travel: External Audit	98 189	75 148
	1 150 590	1 411 575

17 Taxation

Major components of the tax (income)/expense

Current

Local income tax – current period	1 738 460	676 277
Local income tax – recognised in current tax for prior periods	6 801	3 994
	1 745 261	680 271

Deferred

Deferred tax movement current year	(18 203)	(3 475 541)
	1 727 058	(2 795 270)

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

Accounting surplus/(deficit)	5 805 200	(12 588 897)
Tax at the applicable tax rate of 27% (2023: 27%)	1 567 404	(3 399 002)

NOTES TO THE FINANCIAL STATEMENTS

Figures in rand

2024

2023

17 Taxation *(continued)*

Tax effect of adjustments on taxable income

Originating temporary differences	18 203	3 475 541
Non-deductible expenses	152 853	599 738
Prior year adjustment	6 801	3 994
	1 745 261	680 271

18 Employee benefit obligations

Defined contribution plans

It is the policy of the entity to provide retirement benefits to all its employees. Entitlement to retirement benefits is governed by the rules of the Allan Gray Retirement Annuity Fund, which is a defined contribution retirement annuity fund. The entity has no legal or constructive obligation to pay for future benefits. The responsibility vests with the Allan Gray Retirement Annuity Fund.

The entity is under no obligation to cover any unfunded benefits.

The total economic entity contribution to such schemes	10 405 314	8 333 385
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19 Operating surplus/(deficit)

Operating surplus/(deficit) for the year is stated after accounting for the following:

Gain or (Loss) on disposal of assets	(319 231)	(3 461)
Amortisation on intangible assets	2 184 978	8 124 993
Depreciation on property, plant and equipment	2 364 025	2 267 428

NOTES TO THE FINANCIAL STATEMENTS

Figures in rand

2024

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20 Cash used in operations

Surplus/(deficit)	4 078 142	(9 793 627)
Adjustments for:		
Depreciation and amortisation	4 549 003	10 392 421
(Gain)/loss on sale of assets and liabilities	319 231	3 461
Movements in operating lease assets and accruals	(302 805)	(67 018)
Movements in provisions	3 714 344	7 285 440
Movement in tax receivable and payable	547 648	(740 394)
Annual charge for deferred tax	(18 203)	(3 475 541)
Changes in working capital:		
Receivables from exchange transactions	(30 089 585)	(7 106 632)
Payables from exchange transactions	(4 266 266)	2 747 947
VAT	3 082 348	591 032
	(18 386 143)	(162 911)

21 Commitments

Authorised operational expenditure

Already contracted for but not provided for

• IT goods and services	99 585	2 860 785
• Other services	42 609	112 487
• HR Services	201 735	6 060
	343 929	2 979 332

Total operational commitments

Already contracted for but not provided for	343 929	2 979 332
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This committed expenditure relates to IT and office services and will be financed by: retained surpluses, existing cash resources, funds internally generated, and so forth.

Operating leases – as lessee (expense)

Minimum lease payments due

• within one year	2 930 969	4 570 748
• in second to fifth year inclusive	2 459 465	5 390 434
	5 390 434	9 961 182

Operating lease payments represent rentals payable by the entity for certain of its office properties. Refer to Note 10 for more detail.

NOTES TO THE FINANCIAL STATEMENTS

22 Related parties

RELATIONSHIPS	
Controlling entity	South African Revenue Service
Member of the Board of Directors	<p>M. A. Enus-Brey: Chairman of the Board Independent Non-Executive Director</p> <p>L.L. Janse van Rensburg: Financial Director (and Acting Managing Director)</p> <p>J.M. Robertson: Operations Director</p> <p>*H. Smith: Non-Executive Director</p> <p>*V.C. Nthabyane: Non-Executive Director</p> <p>*E. Smith: Non-Executive Director</p> <p>G. Vermaas: Independent Non-Executive Director (appointed effective 13 June 2023)</p>
Members of key management	<p>M. Pepperell: Company Secretary/Manager: Corporate Services</p> <p>N. Mohoto: Executive Talent</p> <p>S. Mtsweni: Executive: Relationship Manager</p> <p>D. De Kock: Executive: Tax Solutions</p> <p>W. Barratt: Executive: Business Development & Innovation</p>

*These Non-Executive Directors are employed by the shareholder.

Figures in rand	2024	2023
Related party balances		
Receivables from exchange transactions with related parties		
Trade receivables: SARS	30 127 051	5 744 113
The trade receivables with the shareholder represent amounts receivable for services rendered at arm's length transactions.		
Payables from exchange transactions with related parties		
Trade payables: SARS	436 692	692 665
Revenue billed in advance (SARS)	—	2 760 979
The trade payable represents amounts owing to SARS for amounts paid on our behalf for insurance and also internal audit services performed at arm's length.		
Rendering of services to related parties		
South African Revenue Services	192 549 415	152 237 645

NOTES TO THE FINANCIAL STATEMENTS

22 Related parties *(continued)*

Remuneration of management

Management class: Executive management

2024	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Other benefits received	Total
Name					
M. Pepperell	1 403 120	158 876	–	23 657	1 585 653
N. Mohoto	1 205 246	115 201	1 407	20 341	1 342 195
S. Mtsweni	1 304 976	124 734	15 705	22 013	1 467 428
W. Barratt	1 882 381	179 040	10 960	31 689	2 104 070
D. De Kock	2 178 556	246 680	12 673	36 653	2 474 562
	7 974 279	824 531	40 745	134 353	8 973 908

2023	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Other benefits received	Total
Name					
M. Pepperell	1 297 067	93 524	250	21 275	1 412 116
N. Mohoto	1 128 315	–	1 260	18 520	1 148 095
S. Mtsweni	1 215 771	61 135	12 399	19 948	1 309 253
W. Barratt	1 678 537	120 116	3 214	28 244	1 830 111
D. De Kock	2 022 273	146 711	3 325	33 998	2 206 307
	7 341 963	421 486	20 448	121 985	7 905 882

23 Directors' emoluments

Executive

2024	Basic salary	Annual Bonus	Subsistence and travel	Company contributions	Total
J.M. Robertson	3 475 384	501 113	14 400	58 386	4 049 283
L.L. Janse van Rensburg	2 411 634	347 732	10 766	40 559	2 810 691
	5 887 018	848 845	25 166	98 945	6 859 974

2023	Basic salary	Annual bonus	Subsistence and travel	Company contributions	Total
J.M. Robertson	3 226 264	270 501	18 913	52 698	3 568 376
L.L. Janse van Rensburg	2 238 764	187 705	14 169	36 612	2 477 250
	5 465 028	458 206	33 082	89 310	6 045 626

NOTES TO THE FINANCIAL STATEMENTS

23 Directors' emoluments *(continued)*

Non-executive

2024	Members' fees	Committees fees	Subsistence and travel	Total
M.A. Enus-Brey	11 778	2 004	1 346	15 128
G. Vermaas	8 768	2 692	1 002	12 462
	20 546	4 696	2 348	27 590

2023	Members' fees	Committees fees	Subsistence and travel	Total
M.A. Enus-Brey	17 498	1 010	-	18 508
S.W. van Graan	11 796	752	-	12 548
	29 294	1 762	-	31 056

No fees or remuneration are payable to the non-executive directors who are also employees of the shareholder.

24 Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out by the Board. The Board provides written policies for overall risk management, as well as a review covering specific areas.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	12 397 509	-	-	-
Operating lease contractual amounts	2 930 969	1 725 818	733 647	-

At 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	16 663 770	-	-	-
Operating lease contractual amounts	4 570 748	2 930 969	2 459 465	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and receivables from exchange transactions. The entity only deposits cash with major banks with high-quality credit standing.

NOTES TO THE FINANCIAL STATEMENTS

Figures in rand

2024

2023

24 Risk management *(continued)*

Financial assets exposed to credit risk at year-end were as follows:

Financial instrument	2024	2023
Cash and cash equivalents	29 740 368	52 158 925
Receivables from exchange transactions	41 384 220	11 294 635

Market risk

Interest rate risk

The entity's interest rate risk arises from amounts held in short-term cash balances. The entity's income and operating cash flows are substantially independent of changes in market interest rates in relation to these balances.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Receivables from exchange transactions	11.75%	41 384 220	—	—	—	—
Cash in current banking institutions	11.75%	29 740 368	—	—	—	—
Payables from exchange transactions	11.75%	12 397 509	—	—	—	—
Operating lease obligation	11.75%	2 930 969	1 725 818	733 647	—	—

Foreign exchange risk

The entity provides services to one international customer and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The entity does not currently hedge foreign exchange fluctuations.

Foreign currency exposure at the statement of financial position date

Current assets

Receivables from exchange transactions (amount in EURO)	330 000	—
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Liabilities

Payables from exchange transactions (amount in USD)	522	—
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Exchange rates used for the conversion of foreign items were:

EURO	20.34
USD	18.85

NOTES TO THE FINANCIAL STATEMENTS

25 Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. A major portion of revenue is currently attributable to a single customer, the shareholder. This is expected to continue in the near future.

26 Reconciliation between budget and statement of financial performance

SARS as principal of its wholly owned subsidiary, incorporates Interfront in its parliamentary and ultimate statutory accountability processes. Interfront is included inter alia in the SARS strategic plan, budget, monthly and annual reporting, as well as the consolidated annual financial statements. Interfront functions primarily as a service provider supporting customs modernisation. Within these overall objectives, Interfront is governed by its Board under scrutiny of SARS. Interfront is thus excluded from the detailed reporting requirements based on paragraph 3 GRAP 24.

27 Change in estimate

Intangible assets

The useful life of Intellectual property rights was estimated in August 2013 to be 10 years. In the current period management have revised their estimate in line with the services agreement for the last customer which still makes use of the system. The effect of this revision had the following impact:

Heading	Prior useful life assessment	Current useful life assessment	Increase/(decrease) in amortisation expense – current year	Increase/(decrease) in amortisation expense – future periods
Intellectual property and other rights	10	11	(1 195 294)	1 195 294



ANNEXURE

ANNEXURE A: Unauthorised Expenditure Register

ANNEXURE B: Irregular Expenditure Register

ANNEXURE C: Fruitless and Wasteful Expenditure Register

ANNEXURE D: Information on the Payment of Suppliers' Invoices

ANNEXURE E: Procurement by Other Means

ANNEXURE F: Contract Variations and Expansions

ANNEXURE A

Unauthorised Expenditure Register

TOTAL AMOUNT OF UNAUTHORISED EXPENDITURE										R0
Report number and date	Incident description	Date incurred	Date identified	Amount of unauthorised expenditure	Status (under assessment, determination, investigation)	Amount of losses	Amount of losses recovered	Unauthorised expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence management	Steps taken to prevent unauthorised expenditure
No unauthorised expenditure.										

ANNEXURE B

Irregular Expenditure Register

TOTAL AMOUNT OF IRREGULAR EXPENDITURE										R0
Total irregular expenditure condoned										-
Total irregular expenditure removed										-
Total losses recovered										-
Total losses written off										-
Report number and date	Date incurred	Date identified	Date reported to the accounting authority	Amount of irregular expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	Irregular expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence management	Steps taken to prevent irregular expenditure
No irregular expenditure.										

ANNEXURE C

Fruitless and Wasteful Expenditure Register

TOTAL AMOUNT OF FRUITLESS AND WASTEFUL EXPENDITURE										R0
Total losses recovered										-
Total losses written off										-
Report number and date	Date incurred	Date identified	Date reported to the accounting authority	Amount of fruitless and wasteful expenditure	Status (under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	Fruitless and wasteful expenditure due to criminal conduct		Steps taken to prevent fruitless and wasteful expenditure
No fruitless and wasteful expenditure.										

ANNEXURE D

Information on the Payment of Suppliers' Invoices

DESCRIPTION	NUMBER OF INVOICES	VALUE (INCL. VAT)
Valid invoices received	970	R60 089 472.02
Invoices paid within 30 days or agreed period	970	R60 089 472.02
Invoices paid after 30 days or agreed period	0	0
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

ANNEXURE E

Procurement by Other Means

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT
Resource services for the SARS eFiling solution	Business Xponent Solutions (Pty) Ltd	Limited bidding	INT DEV 18-2023/24	R1 191 630
Resource services for the SARS MobiApp platform	iSolve Business Solutions (Pty) Ltd	Limited bidding	INT DEV 18-2023/24	R1 611 840

ANNEXURE F

Contract Variations and Expansions

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION OR VARIATION (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION
Internet links contract expansion	Adept Internet (Pty) Ltd	Expansion	PRF-2022_23-651	R532 128	–	R221 720
Internet links further contract expansion	Adept Internet (Pty) Ltd	Expansion	PRF-2022_23-651	R532 128	R221 720	R88 688



List of Abbreviations and Acronyms

ADA	Luxembourg's Customs and Excise Agency	IT	Information Technology
AEO	Authorised Economic Operator	MFA	Microsoft Multifactor Authentication
AGSA	Auditor-General of South Africa	MOI	Memorandum of Incorporation
AI	Artificial Intelligence	MPRR	
AIP	Advance Import Payment	MVP	Minimum Viable Product
APP	Annual Performance Plan	NOCC	SARS National Operations Command Centre
APT		NPR	Number Plate Recognition
BCEA	Basic Conditions of Employment Act. No 75 of 1997	PAM	Privileged Access Management
CIS	Centre for Internet Security	PAY	Pay as You Earn
CIT	Corporate Income Tax	PAYE	Pay As You Earn
CIT	Corporate Tax	PFMA	
CMP	Customs Modernisation Programme 2024	PIT	Personal Income Tax
CMP	Customs Modernisation Programme	PIT	Individual Tax Returns
COMPANIES ACT		RLA	Registration, Licensing and Accreditation
CSP	Customs Support Portal	RLA	Registration, Licensing and Accreditation
CTC	Cost to Company	SARS	South African Revenue Service
CTC	Cost to Company	SCOPA	National Assembly's Standing Committee on Public Accounts
DPS	Declaration Processing System	SLA	Service Level Agreement
EVP	Employee Value Proposition	SOC	State-Owned-Company
EXCO	Executive Committee	SOQS	SARS Online Query System
FRS	Functional Requirement Specifications	SWP	Single Window Platform
GRAP	Standards of Generally Recognised Accounting Practice	TCS	
HR	Human Resources	TMS	Tariff Management System
ICBS	Interfront Customs and Border Management Solutions	TS&D MANAGEMENT	Technology & Solutions Delivery
ICT	Information and Communications Technology	VAT	Value Added Tax
ISMC	Information Systems Management Committee		





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