

## **Scope of Work: International Financial Reporting Standards (IFRS® Accounting Standards) assistance**

### **1. Background Information**

The Eskom Group needs specialist assistance and guidance on IFRS Accounting Standards and complex reporting requirements and guidelines. It is important that the Group has access to dedicated specialists with experience in international and large corporate reporting to ensure application of IFRS Accounting Standards in line with international best practice considering Eskom's changing environment and circumstances.

The specialist assistance is not a replacement of the current skills found within the Centre of Excellence department but will be an extension on the technical skills required to ensure that Eskom adheres to all reporting requirements as per IFRS Accounting Standards and to have an external opinion that management and the audit committee can place reliance on when finalising the annual financial statements and formalising key financial decisions.

### **2. Description of Service/ product that needs to be provided**

The Eskom Group needs assistance and guidance from a service provider with specialist expertise in IFRS accounting standards and other relevant reporting requirements and guidelines. Assistance and advice are needed on the interpretation, application, impact, valuation, improvement and implementation of IFRS Accounting Standards. The assistance required covers new and changes to IFRS Accounting Standards as well as new and complex accounting transactions and valuations in the Eskom Group.

The assistance should cover complete end to end processes and include a thorough assessment of the subject matter, consideration of all possible solutions, technical calculations and valuations, impact assessment on systems and processes, disclosure requirements and updates, sensitivity analysis and scenarios as relevant.

The assistance required will be informed by changes and developments in IFRS Accounting Standards and the Eskom Group environment. The service will be required on an as and when needed basis as agreed in a task order.

All deliverables should be properly documented by the service provider including assessment, gap analysis, recommendation, valuation results, etc.

The assistance required includes the following:

#### **2.1 Guidance and assistance with implementation of IFRS Accounting standards**

Guide and assist with the interpretation and implementation of IFRS Accounting Standards and relevant reporting requirements including:

- Assessing the impact of the new or revised IFRS Accounting standards
- Preparing a gap analysis between existing and new IFRS Accounting standards requirements.
- Assisting with the implementation options, plan and timelines and embedding thereof
- Assisting with the identification and implementation of process and system changes to implement the requirements of the IFRS Accounting Standards.

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- Assist with calculations and valuations in terms of IFRS Accounting Standards requirements
- Assisting with determining the impact of adjustments, including restatement of comparative information or adjustments to opening balances where required
- Assisting with updating the disclosure in the financial statements
- Reviewing the current accounting policies, procedures, standards and process control manuals and assisting with updating in terms of IFRS Accounting Standards requirements
- Documenting the comprehensive process and assessment including all deliverables and outcomes.
- Facilitating training and providing training guides on the new and updated IFRS Accounting Standards.

Focus areas for the Eskom Group where assistance will be required include but is not limited to, the implementation of the new IFRS 18 *Presentation and Disclosure in Financial Statements* for the 2027 and 2028 financial year (effective for annual reporting on or after 1 January 2027).

## **2.2 Guidance and assistance with IFRS Accounting Standards requirements of new and complex accounting transactions and developments**

Assist with the review, interpretation, impact and implementation of new and complex accounting issues, transactions and developments impacting the Eskom Group in terms of IFRS Accounting Standards and relevant reporting requirements including:

- Assisting with review, interpretation, impact and application of IFRS Accounting Standards requirement including accounting, legal and tax implications
- Assisting with the identification and implementation of any required process and system changes
- Assisting with the calculation and valuation of adjustments required
- Assisting with updating disclosure in the financial statements
- Documenting the comprehensive process and assessment including all deliverables and outcomes.

Focus areas for the Eskom Group where assistance will be required include but is not limited to:

- Impact of the Eskom Group unbundling process, including changes in group structure, new entities, inter-company transactions and transfer pricing, etc.
- Impact of changes in the energy industry including Electricity Regulation Amendment Act requirements, creation and implementation of an independent Transmission System Operator, etc.
- Establishment of Eskom Green Company and developments in the renewable energy sector

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- Changes in role and mandate of Eskom including agency agreements between Eskom and municipalities where Eskom provides a service on behalf of the municipality and new wheeling agreements with large power users
- Annual cash generating unit consideration, impairment assessment, impairment allocation (if needed) and disclosure requirements considering the impact of unbundling and changes in the energy industry

## 2.3 Guidance and assistance with significant IFRS Accounting Standards

Assist with the review, update, interpretation, impact, and valuation of significant accounting transactions impacting the Eskom Group in terms of IFRS Accounting Standards and relevant reporting requirements including:

### 2.3.1. Impairment assessment in terms of IAS 36 Impairment of Assets, including:

- Assessing and confirming cash generating units which are impacted by the evolving energy market reforms and continued unbundling and restructuring of the Eskom Group.
- Reviewing the IAS 36 impairment model to identify gaps and recommend options for improvement to ensure compliance with IAS 36.
- Reviewing and assisting with the calculation of the recoverable amount (value in use or fair value less cost to sell, if appropriate) of cash generating units in terms of IAS 36.
- Reviewing and assisting with the allocation of the impairment (if relevant) to the asset base

### 2.3.2. Valuations in terms of IFRS Accounting Standards, including:

- Bi-annual review of the relevance of impairment models used for trade and other receivables and expected credit losses, financial liabilities, derivatives held for risk management, including a gap analysis and suggested improvement updates as appropriate.
- Annual determination of an expected credit loss overlay, as a forward-looking indicator to account for the impact of potential future scenarios, to be applied to the probability of default determination in the expected credit loss calculation of other receivables.

### 2.3.3. GRAP reporting to National Treasury in terms of Generally Recognised Accounting Practice (GRAP) and other relevant reporting requirements, including:

- Assessing and assisting with identifying differences between IFRS Accounting Standards and GRAP on an annual basis, including the high-level adjustments required to convert the IFRS Accounting Standards based financials to GRAP financials.

## 2.4 Disclosure review and update

Assistance with review and updating of disclosure in the annual and interim financial statements in terms of IFRS Accounting Standards, legislative and other relevant reporting requirements as prescribed by King IV<sup>TM</sup> (King V<sup>TM</sup> effective 1 January 2026) on Corporate Governance, Debt and Specialist Securities Listing requirements, Companies Act and Public Finance Management Act.

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Assistance is needed with:

- The annual assessment and review of the layout and disclosure in the interim and annual financial statements of Eskom group and subsidiaries and providing suggestions for improvement based on international best practices.

## 2.5 IFRS accounting standards training

Assistance is needed with:

- Bi-annual IFRS Accounting Standards refresher training with case study examples applicable to the Eskom Group business operations.
- Ad-hoc training as and when required where IFRS Accounting Standards training gaps have been identified.



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7 April 2026

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