AIR TRAFFIC & NAVIGATION SERVICES
ATNS

AIR TRAFFIC & NAVIGATION SERVICES SOC LIMITED

FINANCIAL REPORT 2018

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The reports and statements set out below comprise the audited financial statements presented to the shareholder

CERTIFICATE BY THE COMPANY SECRETARY

In my capacity as a company secretary, I hereby confirm, in terms of Section 88(2)e, of the companies act, (No. 71 of 2008) that for the year ended 31 March 2018, the Company has lodged with the Registrar of Companies, all such returns that are required by the public company in terms of this Act and that such returns are true, correct and up to date.

Ayanda Manqele
Company Secretary (Acting)

15 October 2018

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors hereby present their report and the audited financial statements for the year ended March 31, 2018.

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Air Traffic and Navigation Services SOC Limited.

The audited financial statements presented on pages 21 to 72 have been prepared in accordance with International Financial Reporting Standards, the Companies Act, No. 71 of 2008 and the Public Finance Management Act, No. 1 of 1999. The guidelines of the King IV Report on Corporate Governance 2016 have also been taken into account. These financial statements have been prepared in accordance with appropriate accounting policies and include amounts based on judgments and estimates made by management. The directors have supervised the preparation of information included in the annual report and are responsible for both its accuracy and consistency.

The directors considered the cash position of the Company as at March 31, 2018, the cash requirements for at least twelve months from that date and incremental borrowings facilities available.

The directors have every reason to believe that the Company has adequate resources in place to be able to continue in operation for the foreseeable future.

Therefore the directors are satisfied that Air Traffic and Navigation Services SOC Limited is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The external auditors are responsible for independently reviewing and reporting on Air Traffic and Navigation Services SOC Limited's audited financial statements. The audited financial statements have been examined by the Company's external auditors and their report is presented on pages 11 to 19.

During the year under review, the Board of directors retained full and effective control over Air Traffic and Navigation Services SOC Limited and monitored management in implementing Board plans and strategies.

The directors are of the opinion, based on the information available to date, that Air Traffic and Navigation Services SOC Limited's financial statements fairly present the financial position of Air Traffic and Navigation Services SOC Limited and the results of its operations and cash flow for the year ended March 31, 2018.

Chairman

Johannesburg
15 October 2018

Chief Executive Officer

Johannesburg
15 October 2018

AUDIT & RISK COMMITTEE REPORT

The Audit & Risk Committee (the committee) is pleased to present its report for the financial year ended 31 March 2018.

This independent statutory committee is appointed by the shareholder. The committee's statutory responsibilities are defined by the Public Finance Management Act and the Companies Act and it has further responsibilities delegated to it by the board.

About the committee

The committee operates under formal terms of reference which have been approved by the board.

Committee membership

In terms of its terms of reference, the committee should comprise three directors who are considered independent non-executive directors in terms of both the Companies Act and King IV.

Membership of the committee during the year under review were as follows:

- B Ssamula (Chairperson) – resigned 14 September 2017
- I Nkama – resigned 13 September 2017
- EM Mphahlele – resigned 13 September 2017
- S Hari – resigned 13 September 2017
- DG Mwanza – appointed 17 November 2017

Subsequent to year end, the following changes were made to the membership of the committee:

- S Badat – appointed 25 April 2018
- KN Vundla – appointed 25 April 2018
- KS Boqwana – appointed 25 April 2018
- T Kgokolo – appointed 25 April 2018 and resigned on 1 October 2018 following his appointment as Acting Chief Executive Officer.
- S Thobela – appointed 24 May 2018 and resigned on 11 September 2018 following his appointment as Board Chairperson

The committee met only twice during the year under review due to the fact that the Committee composition did not meet the statutory minimum requirements between the period September 2017 to March 2018. The Committee was required to have met at least four times in terms of its terms of reference.

The Chief Executive Officer, Chief Financial Officer, Chief Audit Executive, and External Auditor attend meetings by invitation.

Role and responsibilities

The committee's responsibilities include, but are not limited to:

- reviewing the effectiveness of the internal control systems regarding finance, accounting, legal compliance and ethics that management and the Board have established;
- overseeing the risk management process, including the consideration of the risk management policy and plans of the Company, and the significant risks facing the Company;
- overseeing the auditing, accounting and financial reporting processes;
- reviewing and appraising the performance of external auditors and the internal audit function;
- overseeing internal audit and integrated reporting;
- to report on the quality of the management and monthly or quarterly reports submitted in terms of the PFMA and/or any applicable legislation;
- ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities
- assist the Board in discharging its duties relating to compliance with good corporate governance and the Company's Code of Ethics, the safeguarding of assets and the operation of adequate internal systems and control processes;
- Ensure that independent assurance is provided on the IT Governance and controls supporting the company's IT services.
- overseeing the safety management system, including the implementation of appropriate safety interventions by the Company.

Execution of statutory and delegated duties

As mentioned above, the committee did not meet the minimum composition requirements for a significant part of the year and accordingly it was unable to effectively execute all of its duties as set out in its terms of reference.

The committee has, inter alia, performed the following:

External Auditor

The committee considered the following post year end:

- External audit plan;
- The external audit fee;
- Terms of engagement of the external auditors;
- The independence and objectivity of the external auditors;
- The accounting and auditing concerns identified by the external auditors

The term of the current external auditor has ended, and a process is underway by the committee to recommend the appointment of a new external auditor.

Non-audit services provided by the external auditors

No non-audit fees were paid to the external auditors for the year under review. The company does not have a policy for appointing external auditors to carry out non-audit services

Internal control, risk governance, legal and regulatory compliance and safety management

Based on the results of internal and external audit reports, and information and explanations given by management, the committee is of the view that the systems of internal control, risk governance and legal and regulatory compliance are partially effective. In addition, the committee is concerned with the large number of unresolved audit findings from the 2016-17 and 2017-18 financial years.

The committee noted that certain operational safety targets for the period under review were not met. Management have undertaken to implement the necessary remedial measures.

Integrated reporting

The committee considered the following:

- The annual financial statements for fair presentation with the relevant requirements of the PFMA, Companies Act and IFRS;

- The reliability and accuracy of financial and non-financial information provided by management;
- Risks that may impact the integrity of the Integrated Report; and
- Disclosure of sustainability information in the Integrated Report to ensure that it is reliable and does not conflict with the financial results.

Going concern

A documented assessment has been reviewed by the committee, including key assumptions prepared by management of the going-concern status of the Company and the committee is satisfied that the adoption of the going concern basis for the preparation of the annual financial statements is appropriate.

Internal audit

The committee considered the following to the extent it could whilst properly constituted:

- Internal Audit Charter;
- annual audit plan including the alignment of the audit plan with the Company's key risks;
- internal audit reports;
- management action plans;
- co-ordination with external auditors: and
- the independence and effectiveness of the function

The work performed by the internal audit function was hampered by the lack of a Chief Audit Executive as well as capacity challenges for a significant portion of the year.

An external quality assessment review of the internal audit function was completed subsequent to year end. The review raised significant findings relating to, inter alia, non-conformity with the Institute of Internal Auditors (IIA) standards, the delivery of the internal audit plan for the year under review and the capacity of the internal audit function. The findings from the review will receive the necessary attention during the current financial year.

Combined assurance

A combined assurance plan as recommended by King IV was not in place for the year under review. This is receiving the required attention from management.

Evaluation of the Chief Financial Officer (CFO) and Finance Function

The Committee is satisfied that the Acting CFO has the appropriate qualifications and experience. The finance function has experienced certain challenges with regard to its capacity and structure. These challenges are in the process of being addressed by management.

On behalf of the Audit and Risk Committee

Suleman Badat Chairman
15 October 2018

DIRECTORS' REPORT

The directors have pleasure submitting the financial statements of the Company for the year ended March 31, 2018.

1. Nature of business

Main business and operations

The Company is principally engaged in the supply of air traffic and navigation services and the maintenance of the air traffic and navigation infrastructure. Other operations of the Company include the supply of aeronautical information services, technical and aerodrome services, aeronautical communication VSAT network and the training of air traffic control and technical staff for a larger market extending outside of South Africa.

2. Governance environment

ATNS is a state owned company incorporated under the Air Traffic and Navigation Services Company Act of 1993 (Act 45, 1993) as a limited liability company. The Government of South Africa, through the Minister of Transport, is the sole shareholder. ATNS falls under the governance umbrella created by the Public Finance Management Act (Act 1,1999) and related regulations and guidelines issued by National Treasury.

In compliance with the requirements of the Public Finance Management Act (PFMA), ATNS concludes an annual Shareholder's Compact with the Shareholder Representative. The Shareholder's Compact contains Shareholder expectations in the form of predetermined objectives and key performance information, and ensures that the Board and the Shareholder Representative are aligned in their understanding and acceptance of strategic objectives. Progress on performance is regularly reviewed by the Board and reported to the Shareholder Representative quarterly.

The directors are fully committed in conducting business in accordance with generally accepted corporate practices. Although the Board is accountable to the Minister, and acts in the interests of the Company, its inclusive decision-making approach accommodates the legitimate interests and expectations of its stakeholders.

The directors support the notion that good governance is essentially about effective leadership and that sustainability is a moral and economic imperative in running a business.

3. Safety regulation

ATNS is regulated by the South African Civil Aviation Authority (SACAA) as mandated under the Aviation Act 74 of 1962 and associated regulations and technical standards. The Act has been amended and the closing date for comments was on 02 November 2016 for draft Civil Aviation Amendment Bill, 2016 and awaiting final approval. The main amendment is the inclusion of Environmental oversight and promotion of safety and security standards, this is in support of the Global Aviation objectives of safety, security and environmental protection. ATNS will continue to adopt leading practices and be agile in the approach to continuously comply with applicable legal requirements.

4. Economic regulation

The Air Traffic and Navigation Services Company Act of 1993 (Act 45, 1993), subjects the Company to independent economic regulation overseen by the Regulating Committee. The Committee promulgates tariffs to be levied by ATNS to the clients during a five year regulatory Permission cycle, based on a single till price cap regulatory regime. The Committee also prescribes minimum service standards for each Permission period.

Permission application for the period 2018/19 to 2022/23 permission cycle was submitted to the Regulating Committee in November 2017. This process is expected to be completed soon.

5. Overall performance

During the year under review, revenue increased by 2% to R1,594 billion (2017: R1,557 billion) driven by a slight increase in air traffic movements. The Company effected a tariff adjustment of 1.5% which increased our tariff revenue to R1.3 billion.

Numerous cost-containment initiatives implemented throughout the Company helped to limit the increase in net operating expenses This resulted in operating costs increasing by 6.3% to R1,382 billion (2017: R 1,300 billion) mainly due to staff costs, telecommunication expenses as well as impact of the fluctuating foreign exchange rates on our administration and contract maintenance costs.

Capital expenditure remained fairly constant at R305 million (2017: R307 million).

Our balance sheet maintained its strength with liquidity ratio of 4.5:1 (2017: 5.2:1) and our gearing is at 0.5% (2017:0%), this puts the Company in a better position to raise funding for the imminent capital expenditure.

Cash generated from operations decreased by 15% to R366 million (2017: R431 million) mainly due to financial difficulties faced by some of our major customers as well as increased operational costs.

6. Dividends

No dividends were declared or paid to the shareholder during the year (2017: R nil).

7. Share capital

The sole shareholder of the Company is the Minister of Transport, on behalf of the government of South Africa, in terms of section 6(5) of the Air Traffic and Navigation Services Company Act 1993 (Act 45 of 1993). There were no changes in the authorised or issued share capital of the Company during the year under review.

8. Capital commitments

The Company total capital commitments for the year under review was R432 million.

At present the Company is in good position to fund the capital expenditure through cash generated from operations.

9. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for those noted in the financial statements.

10. Adoption of International Financial Reporting Standards (IFRS)

The Company's financial statements are presented in accordance with the International Financial Reporting Standards which is contrary to chapter 28 of the Treasury Regulations which specifies that the Statements of Generally Accepted Accounting Practice (SA GAAP) should be used.

This departure was subsequently approved in terms of section 79 of the PFMA by the Accountant General of National Treasury and remain in effect until further notice or amendment to the Treasury Regulations.

11. Directors

The directors of the Company during the year and to the date of this report were as follows:

Name	Nationality	Capacity	Appointed	Retired/Resigned/ Terminated
P. Riba	South African	Chairperson (Former)	1 September 2015	18 May 2017
D.S.T. Mthiyane	South African	Chief Executive Officer (Former)	5 July 2013	30 September 2018
M.W. Ndlovu	South African	Chief Financial Officer	1 April 2013	24 May 2018
N. Mtshali	South African	Non Executive	1 September 2015	14 September 2017
B. Ssamula	South African	Non Executive	1 September 2015	14 September 2017
S. Hari	South African	Non Executive	1 September 2015	13 September 2017
E.M. Mphahlele	South African	Chairperson (Former)	1 September 2015	8 August 2018
I. Nkama	South African	Non Executive	1 September 2015	13 September 2017
P.Q. Dhlamini	South African	Non Executive	1 September 2015	31 December 2017
D.G. Mwanza	South African	Non Executive	1 September 2015	31 August 2018
T. Kgokolo*	South African	Chief Executive Officer (Acting)	1 October 2018	
K.N.Vundla	South African	Non Executive	13 April 2018	
L.N. Ngema	South African	Non Executive	13 April 2018	
Z.G. Myeza	South African	Non Executive	13 April 2018	
S.Badat	South African	Non Executive	13 April 2018	
S.Thobela**	South African	Chairperson	21 May 2018	
K.S. Boqwana	South African	Non Executive	13 April 2018	
E Letlape	South African	Non-Executive	13 April 2018	10 May 2018

* T. Kgokolo was appointed as a non-executive director effective 13 April 2018 and he resigned from the board to take up the Acting Chief Executive Officer role on 1 October 2018.

** S. Thobela was appointed as the Chairperson of the board effective 14 August 2018.

12. Going concern

The directors consider that the Company has adequate resources to continue operating for the foreseeable future and therefore consider it appropriate to adopt the going concern basis in preparing the Company's financial statements. The directors have satisfied themselves that the Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

13. Events after the reporting period

Directors are not aware of any significant events that occurred after the reporting date that would require adjustments to or disclosure in the financial statements. Furthermore, management is not aware of any circumstances which exist that would impede the Company's ability to continue as a going concern.

An additional seven Directors were appointed on 13 April 2018 by the shareholder for a period of six months.

On the 04 July 2018 the board of directors extended the Chief Executive Officer's contract (D.S.T Mthiyane) by three months from 01 July to 30 September 2018. An Acting CFO was appointed with effect from 1 October 2017.

14. Prior year misstatements

During the year under review, the Company embarked on a fixed assets clean up project. As a result of this process, errors which related to the prior years were identified and were corrected retrospectively resulting in the restatement of prior period figures.

INDEPENDENT AUDITORS' REPORT

Independent auditor's report to Parliament and the Shareholder on Air Traffic and Navigation Services SOC Limited

Report on the audit of the financial statements

Qualified opinion

1. We have audited the financial statements of the Air Traffic and Navigation Services SOC Limited set out on pages 21 to 72, which comprise the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of Air Traffic and Navigation Services SOC Limited as at 31 March 2018, and financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Companies Act of South Africa, 2008 (Act No. 71 of 2008) (the Companies Act).

Basis for qualified opinion

Irregular expenditure

3. We were unable to obtain sufficient appropriate audit evidence to confirm that all irregular expenditure incurred was disclosed in the notes to the financial statements as the public entity did not have adequate processes in place to identify and record irregular expenditure incurred. We could not confirm that all irregular expenditure incurred was disclosed by alternative means. Consequently, we were unable to determine whether any adjustments were necessary to the irregular expenditure stated at R54,2 million (2017: R27,7 million) as disclosed in note 35 of the financial statements.

Context for the opinion

4. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this auditor's report.

5. We are independent of the public entity in accordance with the Independent Regulatory Board for Auditors' Code of professional conduct of registered auditors (IRBA code) and other independence requirements applicable to performing audits of the financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IESBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (parts A and B).

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matters

7. We draw attention to the matters below. Our opinion is not modified in respect of these matters.

Material impairments – Trade and other receivables

8. As disclosed in note 15 to the financial statements, material losses to the amount of R26,8 million were incurred as a result of a write-off and impairment of trade and other receivables.

Material impairments – Intangible assets and property, plant and equipment

9. As disclosed in note 10 and note 11 to the financial statements, material losses to the amount of R17,1 million were incurred as a result of a write-off and impairment of property, plant and equipment and intangible assets.

Restatement of corresponding figures

10. As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2018.

Responsibilities of the accounting authority for the financial statements

11. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and the requirements of the PFMA and Companies Act, 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.

12. In preparing the financial statements, the accounting authority is responsible for assessing ATNS' 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 accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

13. Our 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 our 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.

14. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance.

16. Our procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

17. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2018:

Objectives		Pages in the annual performance report
1.1	Risk Safety Index - Reduce risk associated with the safety events	136 – 137
1.2	Safety service provision – Increase the successful safe operation	136 – 137
1.3	Operational efficiency – Reduce overall traffic delays	136 – 137
1.4	Operational efficiency – Achievement of CNS Systems availability	136 – 137
1.6a	Performance Based Navigation (PBN) Operational enhancements – Design reports for submission to SACAA (RNP APCH - FAOR)	138 – 139
1.6b	Performance Based Navigation (PBN) Operational enhancements – Design reports for submission to SACAA (RNAV 1 SID/STAR)	138 – 139
1.6c	Performance Based Navigation (PBN) Operational enhancements – Design reports for submission to SACAA	138 – 139
2.1	Development of optimized and efficient aviation infrastructure in a cost effective manner – Compliance with the commitment plan milestones for 2017/18 CAPEX (R131,480,500)	138 – 139
2.2	Operation of satellite communication networks SADC VSAT 2 – Achievement of the revenue and ensure network availability as per SLA targets	138 – 139
2.3	Operation of satellite communication networks NAFISAT – Achievement of the revenue and ensure network availability as per SLA targets	138 – 139
4.1a	Implementation of environmental plan – ATNS 2017/18 Carbon footprint inventory report	140 – 141
4.1b	Implementation of environmental plan – Environmental performance assessments	140 – 141

18. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

19. The material findings in respect of the reliability of the selected objectives are as follows:

Operation of satellite communication networks SADC VSAT 2 - Achievement of the revenue and ensure network availability as per SLA target

20. We were unable to obtain sufficient appropriate audit evidence for the reported achievement of the 2.2 Operation of satellite communication networks SADC VSAT 2 - Achievement of the revenue and ensure network availability as per the SLA targets. This was due to limitations placed on the scope of our work. We were unable to confirm the reported achievement by alternative means. Consequently, we were unable to determine whether any adjustments were required to the achievement of 99.89% as reported in the annual performance report.

Operation of satellite communication networks NAFISAT- Achievement of the revenue and ensure network availability as per SLA targets

21. We were unable to obtain sufficient appropriate audit evidence for the reported achievement of the 2.3 Operation of satellite communication networks NAFISAT - Achievement of the revenue and ensure network availability as per the SLA targets. This was due to limitations placed on the scope of our work. We were unable to confirm the reported achievement by alternative means. Consequently, we were unable to determine whether any adjustments were required to the achievement of 99.97% as reported in the annual performance report.

Operational efficiency - Achievement of CNS Systems availability

22. We were unable to obtain sufficient appropriate audit evidence for the reported 1.4 Operational efficiency - achievement of CNS systems availability. This was due to limitations placed on the scope of our work. We were unable to confirm the reported achievement by alternative means. Consequently, we were unable to determine whether any adjustments were required to the achievement of 99.78% (Communication), 96.30% (Navigation) and 99.97% (Surveillance) as reported in the annual performance report.

23. We did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- Risk Safety Index - Reduce risk associated with the safety events
- Safety service provision – Increase the successful safe operation
- Operational efficiency – Reduce overall traffic delays
- Performance Based Navigation (PBN) Operational enhancements – Design reports for submission to SACAA (RNP APCH - FAOR)
- Performance Based Navigation (PBN) Operational enhancements – Design reports for submission to SACAA (RNAV 1 SID/STAR)
- Performance Based Navigation (PBN) Operational enhancements – Design reports for submission to SACAA
- Development of optimized and efficient aviation infrastructure in a cost effective manner – Compliance with the commitment plan milestones for 2017/18 CAPEX (R131,480,500)
- Implementation of environmental plan – ATNS 2017/18 Carbon footprint inventory report
- Implementation of environmental plan – Environmental performance assessments

Other matters

24. We draw attention to the matters below. Our opinions are not modified in respect of these matters.

Achievement of planned targets

25. Refer to the annual performance report on pages 136 to 143 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraphs 19 to 21 of this report.

Report on the audit of compliance with legislation

Introduction and scope

26. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

27. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

28. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1) (a) and (b) of the PFMA and section 29(1)(a) of the Companies Act.

29. Material misstatements of non-current assets identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided for irregular expenditure resulted in the financial statements receiving a qualified opinion.

Expenditure management

30. Effective steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred, full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.

31. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R0.6 million, as disclosed in note 36 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure disclosed in the financial statements was caused by payment of a supplier that delivered incomplete work. Fruitless and wasteful expenditure amounting to R0.4 million was incurred on Web application firewall services.

Liability management

32. Credit cards were not used for permitted purposes, as set out in treasury regulation 31.2.7.

Consequence management

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

Other information

34. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

35. Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

36. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

37. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. No material inconsistencies were identified.

Internal control deficiencies

38. We considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

39. There was a lack of adequate oversight responsibility regarding financial reporting, performance information and compliance and related controls as material misstatements were identified for irregular expenditure and reported performance information.

Financial and performance

40. There was a lack of adequate review and monitoring of compliance with laws and regulations which resulted in instances of non-compliance with supply chain management processes and irregular expenditure which is the basis of our modified opinion. Non-compliance could have been prevented if compliance with laws and regulations had been adequately monitored.

41. The public entity did not have a proper record management system to maintain information that supported the reported performance in the annual performance report. This includes controls that relate to the verification and storing of actual performance information. The portfolio of evidence is not maintained in one centralised place as the responsibility for the safeguarding and integrity of the information lies with the process owners for each performance objective.

Other reports

42. We draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

Investigations

43. There were investigations performed in the current year into fraud allegations and SCM related issues.

44. An investigation by an independent consultant into the unauthorised payment of bonuses to a director, former director and a prescribed officer is being conducted. The board resolved to not pursue the investigation further due to lack of evidence.

45. An independent consultant investigated an allegation of possible theft of assets of the public entity's assets at the request of the public entity, which covered the period January 2013 to December 2014. The investigation concluded in November 2016 and resulted in a criminal case against the employee. The case was in progress at the date of this auditor's report.

46. An independent consultant investigated an allegation of possible irregularities in respect of the appointment of suppliers of the public entity at the request of the public entity, which covered the period October 2016 to December 2017. The investigation concluded in March 2018 and resulted in the suspension and resignation of the various employees before any disciplinary proceedings were undertaken.

47. An independent consultant investigated an allegation of possible irregularities in respect of the appointment of suppliers of the public entity at the request of the public entity, which covered the period October 2016 to December 2017. The investigation concluded on September 2017 and resulted in the suspension and later dismissal of the employee after disciplinary proceedings were undertaken.

48. An independent consultant investigated an allegation of possible misappropriation of the public entity's assets at the request of the public entity, which covered the period 17 January 2017 to 20 January 2017. The investigation concluded on August 2017 and resulted in disciplinary hearing proceedings against the employee. These proceedings were completed and resulted in the dismissal of the employee.

49. Internal audit investigated an allegation of possible inappropriate recruitment processes being followed for appointment of certain employees at the request of the public entity, which covered the period of March 2017. The investigation concluded on February 2018 and resulted in disciplinary hearing proceedings against the employee. These proceedings were in progress at the date of this auditor's report.

50. Internal audit investigated an allegation of possible irregularities in respect of the appointment of suppliers of the public entity at the request of the public entity, which covered the period of August 2016 to March 2017. The investigation concluded on July 2017 and resulted in disciplinary hearing proceedings against the employee. No charges were instigated.

Audit related services

51. Agreed upon procedures engagements were performed to review the conversion adjustments from International Financial Reporting Standards (IFRS) to Generally Recognised Accounting Practice (GRAP) on the Treasury pack to ensure conversion adjustments are captured correctly for consolidation purposes. No material misstatements were identified. The report covered the period ending 31 March 2018.

52. Agreed upon procedures engagements were performed for the Correction Factor (CF) and the Revenue Weighted Percentage Tariff Increase (RWPTI) for the period 2018/19. The procedures performed required us to audit the CF and RWPTI to ensure compliance with the permission letters issued by the Regulating Committee.

Auditor tenure

53. In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Rakoma and Associates Incorporated has been the auditor of Air Traffic and Navigation Services SOC Limited for 3 years.

Rakoma and Associates Inc

Collins Malunga
Partner
Registered Auditor

15 October 2018

Ground Floor Building B
Monte Circle Office Park
178 Montecasino Boulevard
Fourways
Johannesburg 2191

Annexure – Auditor's responsibility for the audit

1. As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to our responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, we also:

   - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 public entity's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
   - conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ATNS' SOC Limited and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease continuing as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
   - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Communication with those charged with governance

3. We 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 we identify during our audit.

We also confirm to the accounting authority that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, related safeguards.

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2018

	Notes	2018 R	2017 R Restated
Assets			
Non-Current Assets			
Property, plant and equipment	10	929,002,447	665,615,280
Intangible assets	11	107,445,107	108,557,499
Capital work in progress	12	408,383,966	502,416,969
Long term Prepayments	13	431,434	-
		1,445,262,954	**1,276,589,748**
Current Assets			
Loans and receivables	14	14,155,784	16,151,353
Income tax receivable	20	24,571,271	721,149
Trade and other receivables	15	247,386,683	193,794,166
Prepayments	16	10,602,938	4,893,997
Cash and cash equivalents	17	1,342,664,164	1,326,732,100
		1,639,380,840	**1,542,292,765**
Total Assets		**3,084,643,794**	**2,818,882,513**
Equity and Liabilities			
Equity			
Share capital	18	190,646,000	190,646,000
Retained earnings		2,426,675,904	2,236,521,780
		2,617,321,904	**2,427,167,780**
Liabilities			
Non-Current Liabilities			
Finance lease obligation	21	8,347,087	3,383,474
Deferred income tax liabilities	19	91,563,580	90,966,066
		99,910,667	**94,349,540**
Current Liabilities			
Short term finance lease obligation	21	4,350,395	2,907,545
Operating lease liability	22	595,125	1,533,295
Trade and other payables	23	233,702,372	193,661,182
Provisions for other liabilities and charges	24	128,763,331	99,263,171
		367,411,223	**297,365,193**
Total Liabilities		**467,321,890**	**391,714,733**
Total Equity and Liabilities		**3,084,643,794**	**2,818,882,513**

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2018 R	2017 R Restated
Revenue	3	1,593,535,348	1,556,447,125
Foreign exchange losses	4	(29,874,630)	(13,705,614)
Depreciation costs	10	(110,315,660)	(81,451,016)
Impairment loss	10	(5,798,017)	
Amortisation on intangible assets	11	(13,786,571)	(23,944,707)
Staff costs	5	(884,772,844)	(816,546,505)
Other expenses	6	(367,529,701)	(377,584,836)
Operating profit		**181,457,925**	**243,214,447**
Finance revenue	7	85,787,619	83,383,250
Finance costs	8	(1,592,987)	(221,954)
Profit before taxation		**265,652,557**	**326,375,743**
Income tax expense	9	(75,498,433)	(141,871,171)
Profit for the year		**190,154,124**	**184,504,572**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		**190,154,124**	**184,504,572**

STATEMENT OF CHANGES IN EQUITY

	Share Capital R	Retained earnings R	Total equity R
Opening balance as previously reported	190,646,000	1,962,297,958	2,152,943,958
Prior year adjustments (net of tax)	-	89,719,250	89,719,250
Restated balance at April 1, 2016	**190,646,000**	**2,052,017,208**	**2,242,663,208**
Restated profit for the year	-	184,504,572	184,504,572
Total Comprehensive Income for the year	-	-	-
Total comprehensive income for the year	**-**	**184,504,572**	**184,504,572**
Restated balance at April 1, 2017	**190,646,000**	**2,236,521,780**	**2,427,167,780**
Profit for the year	-	190,154,124	190,154,124
Total Comprehensive Income for the year	-	-	-
Total comprehensive income for the year	**-**	**190,154,124**	**190,154,124**
Balance at March 31, 2018	**190,646,000**	**2,426,675,904**	**2,617,321,904**
Note(s)	18		

STATEMENT OF CASH FLOWS

	Notes	2018 R	2017 R Restated
Operating activities			
Cash receipts from customers		1,647,129,901	1,631,438,338
Cash paid to suppliers and employees		(1,280,812,523)	(1,200,287,125)
Cash generated from operations	26	366,317,378	431,151,213
Finance revenue	7	85,787,619	83,383,250
Finance costs	8	(1,592,987)	(221,954)
Income tax paid	20	(98,751,041)	(94,157,786)
Net cash flows from operating activities		**351,760,969**	**420,154,723**
Investing activities			
Purchase of property, plant and equipment	25	(280,444,459)	(306,362,099)
Proceeds from sale of property, plant, equipment and intangibles	27	43,859	78,306
Purchase of intangible assets	11	(24,023,426)	(310,984)
Increase in long-term prepayments	13	(431,434)	-
Net cash flows from investing activities		**(304,855,460)**	**(306,594,777)**
Financing activities			
Finance lease	21	(1,098,815)	(1,122,312)
Net increase in cash and cash equivalents		**45,806,694**	**112,437,634**
Cash and cash equivalents at beginning of year		1,326,732,100	1,228,000,080
Net foreign exchange difference	4	(29,874,630)	(13,705,614)
Cash and cash equivalents at end of year	17	**1,342,664,164**	**1,326,732,100**

ACCOUNTING POLICIES

1. Corporate Information

ATNS is a state owned company with limited liability incorporated in South Africa. The Company's registration number is 1993/004150/06, and its registered address and office is Block C, Eastgate Office Park, South Boulevard Road, Bruma, 2198, Republic of South Africa. The Company is principally engaged in the provision of air traffic and navigation services.

The financial statements of the Company for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 15 October 2018.

1.1 Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in South African Rand, which is the Company's functional and presentation currency.

Amounts presented in the financial statements were rounded off to the nearest Rand.

Statement of compliance

The financial statements of ATNS have been prepared in accordance with, and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act of South Africa and the PFMA.

1.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.3 Foreign currency translation

A foreign currency transaction is recorded, on initial recognition in South African Rand, 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous audited financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in South African Rand by applying to the foreign currency amount the exchange rate between the South African Rand and the foreign currency at the date of the cash flow.

1.4 Property, plant and equipment

Land is not depreciated and is shown at cost less accumulated impairment.

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss during the financial period in which they are incurred.

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Depreciation on assets is calculated using the straight line method to allocate their cost over its estimated useful life, as follows:

Item	Estimated useful life
ATC display system	12 years
Buildings	50 years
Communication equipment	10-15 years
Computer equipment	3-7 years
Electrical and mechanical equipment	10 years
Intangibles	7 years
Leasehold property	6 years
Motor vehicles	5 years
Navigation aids	15 years
Office equipment	6 years
Radar equipment	15 years
Simulator equipment	10 years
Tools and test equipment	8-20 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and in a condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Regular major inspections of certain items of property, plant and equipment are a pre-requisite for the continuing use of the equipment. As such these inspection costs are capitalised in the carrying amount of the property, plant and equipment (to the extent that the recognition criteria are satisfied) as a replacement. These inspection costs are depreciated over the period remaining before the next compulsory major inspection.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the year the asset is derecognised.

1.5 Capital work in progress

Capital work in progress is measured at cost.

Major property, plant, equipment and intangible assets which are commissioned over a period of time are reflected as capital work in progress on the statement of financial position. Capital work in progress is transferred to property, plant, equipment and intangible assets when available for use.

1.6 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and

- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 – 7 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Changes in expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss in the expense category consistent with the function of the intangible asset.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Costs associated with developing computer software programs are capitalised when incurred, however the costs to maintain are expensed.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

1.7 Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash- generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Directors determine the classification of its financial assets at initial recognition and re-evaluate this designation at each balance sheet date.

Regular-way purchases and sales of financial assets are recognised at trade date, being the date on which the Company commits to purchase or sell the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' (excluding prepayments) and 'cash and cash equivalents' in current assets and as 'loans and receivables' in non-current assets in the statement of financial position. Loans and receivables are initially recognised at fair value and subsequently amortised using the effective interest method less any allowance for impairment.

Gains and losses arising from derecognition, impairment or the amortisation process are recognised in the profit and loss.

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

Reversal of impairment losses on amortised cost financial assets is limited to what the carrying value would have been at the reversal date, if no impairment losses were recognised in the past.

For trade receivables, an allowance for impairment is recognised when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of invoice. The carrying amount is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible, and is written off against either the allowance account or directly through profit or loss if no allowance was recognised for the impairment.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value, and subsequently recorded at amortised cost.

Trade and other payables

Financial liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Trade and other payables are initially recognised at fair value and subsequently amortised using the effective interest method.

Trade and other payables are generally paid 30 days from statement or invoice date. Gains or losses are recognised in profit and loss.

Derecognition of financial assets and liabilities

a. Financial assets

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognised when:

1. the rights to receive cash flows from the asset have expired, or
2. the Company has transferred its rights to receive cash flows from the asset and either,
    a. has transferred substantially all the risks and reward of the asset, or
    b. has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

b. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

1.9 Share capital

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

1.10 Provisions

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.11 Retirement benefit costs

The Company has a defined contribution scheme as retirement benefit for its employees, The assets of the scheme are held in a separate trustee-administered fund. The defined contribution fund is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The scheme is funded by contributions from the employees and the Company, taking into account the recommendations of independent qualified actuaries. The Company's contributions to the defined contribution scheme are charged to profit and loss in the year to which they relate.

1.12 Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date or whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

1. There is a change in contractual terms, other than a renewal or extension of the arrangement; or

2. A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term, or

3. There is a change in the determination of whether fulfillment is dependent on a specified asset; or

4. There is a substantial change to the asset.

Where a reassessment is made, lease accounting commences or ceases from the date when the change in circumstances gave rise to the reassessment for scenarios (1), (3) or (4) and at the date of renewal or extension period for scenario (2).

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Company as a lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

At balance sheet date no finance lease existed.

Company as a lessor

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases (net of any incentives received from the lessor) and are charged to profit and loss on a straight-line basis over the lease term.

1.13 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity, risk and rewards are passed to the customer and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT or duty. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue includes en-route, aerodrome and approach fees, small aerodrome services, technical maintenance services, aeronautical information services, VSAT networks and Aviation training fees. Services fees are recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Finance revenue

Finance revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in profit and loss.

1.14 Significant accounting estimates and judgements

The preparation of annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies in areas that involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities in the next financial year are listed below:

Provisions

Provisions were raised and management determined an estimate based on the information available as well as past experience. Additional disclosure of these estimates of provisions is included in the notes to the annual financial statements under provisions for other liabilities and charges.

Property, plant and equipment and Intangible assets

Management has made certain estimates with regards to the determination of estimated useful lives and residual values of items of property, plant and equipment and intangible assets.

In estimating the useful lives of the assets, management considered the industry standards, the present status of the assets and the expected future benefits associated with the continued use of the assets.

Management has made certain estimates with regards to determining the value of R1 assets where there prices of the assets were not readily available on internet or no recent purchases were made of such assets

Judgements

Impairment of trade receivables

Management has applied judgement in estimating the extent of any impairment deemed necessary on the gross carrying value of trade receivables and have impaired all accounts in arrears for a period longer than normal expected trading terms.

Management considered the payment history and the financial ability of the customers when estimating the impairment of trade receivables.

1.15 Taxes

Current tax assets and liabilities

Tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the balance sheet date.

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 profit nor taxable profit.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the balance sheet date.

Value Added Tax

Revenue, expenses and assets are recognised net of the amount of Value Added Tax (VAT) except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.16 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within twelve months after the service is rendered, such as paid annual leave leave and sick leave, bonuses, retention and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.17 Irregular, fruitless and wasteful expenditure

Irregular expenditure means expenditure other than unauthorised expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the PFMA and/or policies.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de- rerocognised when settled or written-off as irrecoverable. Irregular expenditure is removed from the balance of the irregular expenditure notes when is either;

a. condoned by the relevant authority if no official was found to be liable in law.
b. recovered from an official liable in law
c. written-off if it's irrecoverable from an official liable in law; or
d. written-off if it's not condoned and not recoverable.

1.18 Related party transactions

The Company operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. All national departments of government and state controlled entities are regarded as related parties in accordance with IAS 24.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective or relevant

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 16 Leases

IFRS 16 Leases supersedes IAS 17 Leases, *IFRIC 4 Determining whether an Arrangement contains a Leases, SIC 15 Operating leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finances leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the balance sheet by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

There are some exemptions. IFRS 16 contains options which do not require a lessee to recognise assets and liabilities for a short term leases (i.e. leases of 12 months or less, including the effect of any extension options and leases of low-value assets.

IFRS 16 clarifies that a lessee separate leases components and services components of a contract, and applies the lease accounting requirements only to the lease components.

The effective date of this amendment is for years beginning on or after 01 January 2019. The Company expects to adopt the amendments when they become effective.

The adoption of this amendment may be expected to have a material impact on the results of the Company.

IFRS 9 Financial instruments

IFRS 9 Financial Statements (2014) incorporates the final requirements on all three phases of the financial instruments projects – classification and measurement, impairment, and hedge accounting.

IFRS 9 (2014) adds to the existing IFRS 9:

- New impairment requirements for all financial assets that are not measured at fair value through profit and loss.
- Amendments to the previously finalised classification and measurement requirements for financial assets.

In a major change, which will affect all entries, a new 'expected loss' impairment model in IFRS 9 (2014) replaces the' 'incurred loss' model in IAS 39 Financial Instruments: Recognition and Measurement. Under IFRS 9 (2014), the impairment model is more 'forward looking' model in that a credit event (or impairment 'trigger') no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

For trade receivables there is a practical expedient to calculate expected credit losses using a provision matrix based on historical loss patterns or customer bases. However, those historical provision rates would require adjustments to take into account current and forward looking information. The new impairment requirements are likely to bring significant changes. Although provisions for trade receivables may be relatively straightforward to calculate, new system and approaches may be needed

In other changes, IFRS 9 (2014) also introduces additional application guidance to clarify the requirements for contractual cash flows of a financial asset to be regarded as giving rise to payments that are Solely Payments of Principal and Interest (SPPI), one of the two criteria that need to be met for an asset to be measured at amortised cost. Previously, the SPPI test was restrictive, and the changes in the application of the SPPI test will result in additional financial assets being measured at amortised cost. For example, certain instruments with regulated interest rates may now qualify for amortised cost measurement, as might some instruments which only marginally fail the strict SPPI test.

A third measurement category has also been added for debt instruments – FVTOCI. This new measurement category applies to debt instruments that meet the SPPI contractual cash flow characteristics test and where the entity is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

The effective date of this amendment is for years beginning on or after 1 January 2018. The Company expects to adopt the amendment when they become effective.

The adoption of this amendment will not be expected to have a material impact on the results of the Company.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers supersedes IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations (IFIC 13 Customer Loyalty Programmes).

The objective of IFRS 15 is to clarify the principles of revenue recognition.

IFRS 15 establishes a single revenue framework. The core principle of the framework is, that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To accomplish this, IFRS 15 requires the application of the following five steps:

1. Identify the contract
2. Identify the performance obligation(s)
3. Determine the transaction price
4. Allocate the transaction price to each performance obligation
5. Recognise revenue when each performance obligation is satisfied.

Furthermore the guidance significantly enhances the required qualitative and quantitative disclosures related to revenue. The main objective of the requirements is the disclosure of sufficient information in terms of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The effective date of this amendment is for years beginning on or after 01 July 2017, Early adoption permitted. The Company expects to adopt the amendments for the first time in the 2018 financial statements

The adoption of this amendment will not be expected to have a material impact on the results of the Company.

3. Revenue

	2018 R	2017 R Restated
En-route and approach fees	1,402,408,229	1,376,490,388
SADC VSAT 11	46,469,170	48,739,100
NAFISAT revenue	35,778,834	42,260,049
Small aerodrome fees	50,420,819	47,651,893
Training to third parties	20,979,086	16,108,651
Sundry revenue	10,464,159	12,429,895
Technical maintenance	9,196,523	5,891,708
Extended hours	3,374,345	1,967,382
Rental received-sites	267,141	474,000
Aeronautical information services	12,240,046	2,539,671
Weather Services	1,936,996	1,894,388
	1,593,535,348	**1,556,447,125**

4. Foreign exchange gains/(losses)

	2018 R	2017 R Restated
Loss on foreign exchange realised	(2,012,525)	1,202,853
Loss on foreign exchange unrealised	(27,862,105)	(14,908,467)
	(29,874,630)	**(13,705,614)**

5. Staff costs

	2018 R	2017 R Restated
Salaries and wages	708,871,677	656,652,451
Incentive Bonus	73,382,720	68,068,238
Rewards and Recognition	4,141,864	3,045,737
Long Service Awards	2,735,000	1,975,000
Pension costs – defined contribution scheme	71,175,100	64,848,267
Training and development	15,034,765	13,406,144
Recruitment costs	2,225,247	2,579,324
Relocation costs	6,202,798	5,093,071
Bursar Costs	1,003,673	878,273
	884,772,844	**816,546,505**

6. Other expenses

	2018 R	2017 R Restated
Administration expenses	61,466,117	69,888,218
Audit fees		
External Audit	**3,262,461**	**1,299,892**
Fees for audit services	3,262,461	1,299,892
Internal audit	**183,869**	**1,101,788**
Fees for audit services	(118,502)	1,049,574
Fees for other services	302,371	52,214
Bad debts	6,653,498	10,468,372
Insurance	9,690,246	10,292,536
Profit on sale of property, plant and equipment	(54,950)	219,272
Write-offs of property, plant and equipment	13,831,141	22,407,692
Management consulting services	23,148,766	26,778,860
Marketing expenses	21,268,457	4,408,172
Motor vehicle expenses	1,912,998	16,475,981
Municipal expenses, rates and taxes	15,273,303	
Operating lease rentals		
Land and buildings	**11,993,167**	**9,432,271**
Straight-lined lease payments	9,181,659	8,197,694
Rent	2,811,508	1,234,577
Equipment rental	2,409,665	932,288
Professional fees	20,677,731	21,675,322
Repairs and maintenance expenses	72,977,288	75,810,254
Security	4,541,254	3,655,784
Telecommunication expenses	50,025,225	49,609,080
Travel expenses	48,269,465	53,129,054
	367,529,701	**377,584,836**

7. Finance revenue

	2018 R	2017 R Restated
Investment revenue		
Interest on bank deposits	77,846,436	73,446,356
	77,846,436	73,446,356
Interest on debtors	7,941,183	9,794,793
Interest received – Other	-	142,101
	85,787,619	**83,383,250**

8. Finance costs

	2018 R	2017 R Restated
Interest on finance lease obligation	1,571,191	10,964
Total borrowing costs	1,571,191	10,964
	1,571,191	10,964
Interest paid – Other	21,796	210,990
	1,592,987	**221,954**

9. Income tax expense

Major components of income tax expense for the year ended 31 March 2018 and 2017 are:

	2018 R	2017 R Restated
Current income tax		
Prior year over/under-provision	-	488,445
Current income tax charge	74,900,919	102,927,475
	74,900,919	**103,415,920**
Deferred tax		
Current year	597,514	(13,949,042)
Prior year (over)/under provision	-	8,414
Arising from prior period adjustments	-	52,395,879
	597,514	**38,455,251**
	75,498,433	**141,871,171**
Current year deferred tax movements relates to the following:		
Property, plant and equipment	7,074,655	37,339,928
Prepayments	454,957	(698,894)
Provisions	(3,831,693)	11,637
Finance lease obligation	(937,921)	1,006,115
Deferred income	(2,611,128)	-
Operating leases	262,688	501,148
Impairment of trade receivables allowance	185,956	295,317
	597,514	**38,455,251**
Reconciliation of the tax expense		
The tax on the Company's profit before tax differs from the South African standard rate of tax as follows:		
Standard rate of tax	28.00%	28.00%
Prior year adjustment – deferred tax	- %	15.24%
(Over)/under provision – current tax	- %	0.14 %
Total Non-Temporary differences	0.42 %	- %
Foreign tax not recovered	- %	0.02 %
Effective rate of tax	**28.42 %**	**43.40%**

During the 2017/18 fixed asset verification process of property, plant and equipment, errors were identified which were corrected for the period under a result the cost and accumulated depreciation was restated. The deferred tax was restated accordingly. An analysis of the information previously provided for tax purposes will be performed in order to determine if there is an impact on tax returns as a result of the fixed asset verification process.

10. Property, plant and equipment

	2018 R			2017 R Restated		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	13,431,800	-	13,431,800	13,431,800	-	13,431,800
Buildings	215,508,757	(72,395,669)	143,113,088	210,716,476	(60,628,252)	150,088,224
Leasehold improvements	70,966,268	(54,259,500)	16,706,768	64,734,931	(51,056,461)	13,678,470
Communication equipment	275,361,525	(74,359,077)	201,002,448	128,648,985	(61,231,080)	67,417,905
Electrical and mechanical equipment	70,988,928	(39,793,496)	31,195,432	65,505,688	(34,141,642)	31,364,046
Navigational aids	94,040,228	(64,938,505)	29,101,723	88,346,072	(58,851,892)	29,494,180
Tools and test equipment	34,454,712	(12,841,892)	21,612,820	33,924,811	(10,694,160)	23,230,651
ATC display systems	134,590,366	(53,121,263)	81,469,103	70,857,397	(41,596,468)	29,260,929
Simulator equipment	28,345,029	(15,971,562)	12,373,467	25,715,589	(12,875,226)	12,840,363
Radar equipment	435,341,909	(184,965,570)	250,376,339	345,135,096	(160,842,232)	184,292,864
Office furniture and equipment	29,761,012	(15,160,913)	14,600,099	27,953,730	(10,789,762)	17,163,968
Computer equipment	164,852,516	(63,168,807)	101,683,709	122,581,983	(36,900,544)	85,681,440
Motor vehicles	15,629,657	(3,294,006)	12,335,651	8,124,378	(453,938)	7,670,440
Total	**1,583,272,707**	**(654,270,260)**	**929,002,447**	**1,205,676,936**	**(540,061,657)**	**665,615,280**

Reconciliation of property, plant and equipment – 2018

	R	R	R	R	R	R
	Opening balance	Additions	Depreciation	Impairment loss	Write off	Closing balance
Land	13,431,800	-	-	-	-	13,431,800
Buildings	150,088,224	4,792,281	(5,969,400)	(5,798,017)	-	143,113,088
Leasehold improvements	13,678,470	8,305,435	(4,511,039)	-	(766,098)	16,706,768
Communication equipment	67,417,905	148,892,072	(13,694,664)	-	(1,612,865)	201,002,448
Office furniture and equipment	17,163,968	1,856,856	(4,385,117)	-	(35,608)	14,600,099
Motor vehicles	7,670,440	7,505,278	(2,840,067)	-	-	12,335,651
Electrical and mechanical equipment	31,364,046	5,567,013	(5,668,301)	-	(67,326)	31,195,432
Computer equipment	85,681,440	42,270,532	(26,268,263)	-	-	101,683,709
Navigational aids	29,494,180	5,694,156	(6,086,613)	-	-	29,101,723
Tools and test equipment	23,230,651	529,900	(2,147,731)	-	-	21,612,820
ATC display systems	29,260,929	63,732,968	(11,524,794)	-	-	81,469,103
Simulator equipment	12,840,363	2,629,438	(3,096,334)	-	-	12,373,467
Radar equipment	184,292,864	90,206,812	(24,123,337)	-	-	250,376,339
	665,615,280	**381,982,741**	**(110,315,660)**	**(5,798,017)**	**(2,481,897)**	**929,002,447**

Reconciliation of property, plant and equipment – 2017 (Restated)

	R	R	R	R	R
	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Closing balance**
Land	13,431,800	-	-	-	13,431,800
Buildings	155,119,224	521,159	-	(5,552,159)	150,088,224
Leasehold property	12,672,108	4,975,438	-	(3,969,076)	13,678,470
Communication equipment	52,298,055	23,101,891	(18,173)	(7,963,868)	67,417,905
Office furniture and equipment	19,284,258	2,009,169	-	(4,129,459)	17,163,968
Motor vehicles	444,727	7,413,331	-	(187,618)	7,670,440
Electrical and mechanical equipment	29,759,762	6,574,095	-	(4,969,811)	31,364,046
Computer equipment	92,861,715	10,385,479	-	(17,565,754)	85,681,440
Navigational aids	32,364,424	2,902,309	-	(5,772,553)	29,494,180
Tools and test equipment	24,288,769	1,046,126	-	(2,104,244)	23,230,651
ATC display systems	35,274,559	33,123	-	(6,046,753)	29,260,929
Simulator equipment	12,806,920	2,845,064	-	(2,811,621)	12,840,363
Radar equipment	195,857,888	8,813,071	-	(20,378,095)	184,292,864
	676,464,209	**70,620,255**	**(18,173)**	**(81,451,011)**	**665,615,280**

Assets subject to finance lease (Net carrying amount)

	R	R
Motor vehicles	12,236,117	9,638,283
IT equipment	704,913	442,063
	12,941,030	**10,080,346**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

11. Intangible assets

	2018 R			2017 R Restated		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	274,581,880	(167,136,773)	107,445,107	261,907,701	(153,350,202)	108,557,499

Reconciliation of intangible assets – 2018

	R	R	R	R	R
	Opening balance	Additions	Disposals/Write-offs	Amortisation	Closing balance
Computer software	108,557,499	24,023,426	(11,349,247)	(13,786,571)	107,445,107

Reconciliation of intangible assets – 2017 (Restated)

	R	R	R	R
	Opening balance	Additions	Amortisation	Closing balance
Computer software	132,191,222	310,984	(23,944,707)	108,557,499

12. Capital work in progress

	2018 R	2017 R Restated
Opening net book value	502,416,969	306,446,409
Additions	279,956,428	290,084,867
Other adjustments	(5,339,973)	2,931,354
Prior year adjustment	-	(15,097,264)
Other projects related costs	-	6,504,926
Transferred to property, plant and equipment	(368,649,458)	(88,453,323)
	408,383,966	**502,416,969**
The balance consists of the following categories of property, plant, equipment and intangible asset:		
Radar equipment	82,910,106	36,015,778
Communication equipment	98,479,321	196,751,060
Navigational aids	50,386,220	42,655,211
Simulator	1,267,027	509,839
Leasehold improvement	-	840,003
Electrical and mechanical equipment	5,359,082	3,276,772
Software	4,362,091	9,530,088
ATC display system	95,916,228	181,694,247
Buildings	66,149,595	31,143,971
Computer equipment	3,489,585	-
Other	64,711	-
	408,383,966	**502,416,969**

13. Long-term prepayments

	2018 R	2017 R Restated
Prepayments	431,434	-

Included in Long term prepayments, are maintenance, licenses and other operating expenses paid in advance. The Company expects to receive credits for the related expenditure in the 2020 and 2021 financial year.

14. Loans and receivables

	2018 R	2017 R Restated
Risk financing insurance policy	14,155,784	16,151,353
The insurance policy is a cell captive asset		
Current assets		
Loans and receivables	14,155,784	16,151,353

The policy provides cover for ATNS to limit the excess premiums that are payable on certain insurance risks. The above financial asset is non interest bearing and comprises USD-denominated and South African Rand bearing assets which are not quoted in an active market. The carrying amount is regarded as a fair approximation of the fair value, and is accessible within 30 days.

Pledged as security

None of the instruments included in loans and receivables were pledged as security for any financial obligations.

Collateral held

The instruments are unsecured and therefore no collateral is held.

Credit quality

The credit quality of loans and receivables that are neither past due nor impaired are assessed/ monitored by reference to historical information about counter party default rates. The credit quality rating of each of these financial instruments are as follows:

High credit grade – the counter party has evidenced no instances of defaults. Furthermore an assessment of the financial position of the Company has not evidenced a weakening in either the financial position or liquidity of the Company. As such the counter parties included in the high credit grade category pose a low credit risk to the Company with the recoverability of the outstanding amounts being almost certain.

Medium credit grade – the counter party has evidenced instances of defaults and/or re-negotiations of contractual terms in prior periods on the repayment of outstanding amounts. An assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. The counter parties included in this credit grade category are active in an industry that is highly sensitive to market fluctuations and volatility in the international economies. As such the counter parties included in the medium credit grade category pose a medium credit risk to the Company.

Low credit grade – The counter party has evidenced high occurrences of defaults and/or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. As such the counter parties included in the low credit grade category pose a high credit risk to the Company.

The terms and conditions attached to the instruments included in loans and receivables have not been re-negotiated during the period.

There were no breaches or defaults on any portion (either capital or instrument) of the loans and receivables during the year. Also none of these instruments are either past due or impaired. This further supports management's assessment of the credit quality of the financial instruments included in loans and receivables.

Exposure to credit risk

The instruments included in loans and receivables expose management to credit risk as follows:

	2018 R	
	Maximum exposure posed by the instrument	Value of instrument
Risk financing insurance policy	14,155,784	14,155,784

	2017 R Restated	
	Maximum exposure posed by the instrument	Value of instrument
Risk financing insurance policy	16,151,353	16,151,353

The Company has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

15. Trade and other receivables

Financial instruments

	2018 R	2017 R Restated
Trade receivables	266,453,931	211,059,610
Less: Allowance for losses on trade receivables	(26,868,905)	(24,212,393)
Trade receivables – net	239,585,026	186,847,217
Other receivables	7,801,657	6,946,949
	247,386,683	193,794,166
	247,386,683	**193,794,166**
The movement in the impairment of trade receivables allowance during the year was as follows:		
Balance at 1 April	24,212,393	19,993,573
Impairment loss recognised	6,653,498	10,468,372
Receivables written off during the year	(3,996,986)	(6,249,552)
Balance at 31 March	**26,868,905**	**24,212,393**

Trade receivables generally have 30 days terms. The Company reserves the right to charge interest on overdue accounts with effect from the date the indebtedness was incurred. The rate of interest charged is prime rate plus two percentage basis points.

The ageing of trade receivables at the reporting date was:

	R Gross	R Impaired	R Not impaired
2018			
Not past due	158,778,030	865,322	157,912,708
Past due by 30 days	47,760,971	861,340	46,899,631
Past due by 31 to 60 days	37,187,150	2,414,463	34,772,687
Past due by more than 60 days	22,727,780	22,727,780	-
	266,453,931	**26,868,905**	**239,585,026**

	R Restated Gross	R Restated Impaired	R Restated Not impaired
2017			
Not past due	151,813,251	-	151,813,251
Past due by 30 days	22,108,212	-	22,108,212
Past due by 31 to 60 days	13,467,232	-	13,467,232
Past due by more than 60 days	23,670,915	24,121,393	(450,478)
	211,059,610	**24,121,393**	**186,938,217**

The Company has no significant concentration of credit risk. It has policies in place to ensure that rendering of services are made to customers with an appropriate credit history. Trade receivables comprise a large number of customers. The top three customers comprise 47% (2017: 46%) of trade receivables. Ongoing credit evaluations are performed on the financial position of these customers.

In addition, exposure is reduced by deposits of R7,382,420 (2017: R6,924,279) held on behalf of customers, as well as bank guarantees of R104,854,494 (2017: R99,465,493) from customers in the name of the Company. The deposits are included in cash and cash equivalents (note 17) as unrestricted cash, with the related liability included in other payables (note 23). When the customer ceases to trade and settles the outstanding debt, the Company is obliged to return the deposit to the customer. Should the customer default, the Company may utilise the related deposit in settlement of the debt.

Provision for impairment allowance for trade and other receivables is recognised when there is objective evidence that the debt would be impaired.

Pledged as security

None of the instruments included in the trade and other receivables were pledged as security for any financial obligations.

Credit quality

The credit quality of trade and other receivables that are neither past due nor impaired are assessed/monitored by reference to historical information about counterparty default rates. The credit quality rating of each of these financial instruments are as follows:

High credit grade – The counter party has evidenced no instances of defaults and/or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position of the Company has not evidenced a weakening in either the financial position or liquidity of the Company. As such the counter parties included in the high credit grade category pose a low credit risk to the Company with the recoverability of the outstanding amounts being almost certain.

Medium credit grade – The counter party has evidenced instances of defaults and/or re-negotiations of contractual terms in prior periods on the repayment of outstanding amounts. An assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. The counter parties included in this credit grade category are active in an industry that is highly sensitive to market fluctuations and volatility in the international economies. As such the counter parties included in the medium credit grade category pose a medium credit risk to the Company.

Low credit grade – The counter party has evidenced high occurrences of defaults and/or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. As such the counter parties included in the low credit grade category pose a high credit risk to the Company.

The terms and conditions attached to the instruments included in trade and other receivables have not been re-negotiated during the period.

South Africa's low economic rate has put pressure on domestic carries. This has resulted in defaults and breaches on some of the trade and other receivables during the period under review.

The Company continues to assess its exposure to defaults by assessing the quality of the financial instruments included in trade and other receivables.

Exposure to credit risk

The instruments included in trade and other receivables expose management to credit risk as follows:

	2018 R Maximum exposure posed by the instrument	2018 R Value of instrument
Trade receivables	239,585,026	239,585,026

	2017 R Restated Maximum exposure posed by the instrument	2017 R Restated Value of instrument
Trade receivables	186,847,217	186,847,217

Fair value

The carrying value of trade and other receivables approximates their fair values. Refer to note 30 for related party information.

16. Prepayments

	2018 R	2017 R Restated
	10,602,938	4,893,997

Included in prepayments, are rental expense and other operating expenses paid in advance. The Company expects to receive credits for the related expenditure in the 2019 financial year.

The carrying value of prepayments approximates their fair values.

17. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018 R	2017 R Restated
Bank balances	67,271,888	96,594,556
Bank balances – US Dollar denominated	187,947,143	179,440,165
Other cash and cash equivalents	90,003	240,000
Short-term deposits	1,087,355,130	1,050,457,379
	1,342,664,164	**1,326,732,100**
Cash and cash equivalents include the following for the purpose of the cash flow statement:		
Cash and cash equivalents	1,342,664,164	1,326,732,100

Pledged as security

None of the instruments included in cash and cash equivalents were pledged as security for any financial obligations.

Credit quality

The credit quality of cash and cash equivalents is the credit rating of the financial institutions. Cash and cash equivalents attract interest at variable rates linked to prime.

The credit quality of cash and cash equivalents that are neither past due nor impaired are assessed/monitored by reference to historical information about counter party default rates. Furthermore the credit quality of cash and cash equivalents are ensured by only contracting with highly reputable financial institutions registered in terms of the Banks Act of South Africa and endorsed by National Treasury.

High credit grade – the counter party has evidenced no instances of defaults and/or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position of the Company has not evidenced a weakening in either the financial position or liquidity of the Company. As such the counter parties included in the high credit grade category pose a low credit risk to the Company with the recoverability of the outstanding amounts being almost certain.

Medium credit grade – The country party has evidenced instances of defaults and/or re-negotiations of contractual terms in prior periods on the repayments of outstanding amounts. An assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. The counter parties included in this credit grade category are active in an industry that is highly sensitive to marked fluctuations and volatility in the international economies. As such the counter parties included in the medium credit grade category pose a medium credit risk to the Company.

Low credit grade – The counter party has evidenced high occurrences of defaults and/or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. As such the counter parties included in the low credit grade category pose a high credit risk to the Company.

The terms and conditions attached to the instruments included in cash and cash equivalents have not been re-negotiated during the year.

There were no breaches or defaults on any portion (either capital or interest) of the cash and cash equivalents during the year. Also none of these instruments are either past due or impaired. This further supports management's assessment of the credit quality of the financial instruments included in cash and cash equivalents.

Exposure to credit risk

The instruments included in cash and cash equivalents expose management to credit risk as follows:

	2018 R	
	Maximum exposure posed by the instrument	Value of instrument
Cash and cash equivalents	1,342,664,164	1,342,664,164

	2017 R Restated	
	Maximum exposure posed by the instrument	Value of instrument
Cash and cash equivalents	1,326,732,100	1,326,732,100

Fair value

The carrying value of cash and cash equivalents approximates their fair values.

Restrictions to the use of cash

No restrictions have been imposed on the Company with regards to the extent to which bank and cash balances of the Company may be used.

18. Share capital

	2018 R	2017 R Restated
Authorised		
500 million ordinary shares with a par value of R 1 each	500,000,000	500,000,000
Issued and fully paid:		
190 646 000 ordinary shares with a par value of R 1 each	190,646,000	190,646,000

	Number of ordinary shares	Rand value of shares
Reconciliation of the number of shares outstanding		
Outstanding shares at April 1, 2017	190,646,000	190,646,000
Shares issued	-	-
Outstanding shares at March 31, 2017	190,646,000	190,646,000
Shares issued	-	-
Outstanding shares at March 31, 2018	**190,646,000**	**190,646,000**

19. Deferred income tax 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 profit nor taxable profit.

The movement on the deferred income tax account is as follows:

	2018 R	2017 R Restated
At beginning of the year	(90,966,066)	(52,510,815)
Recognised in statement of profit and loss and other comprehensive income	(597,514)	(38,446,837)
Prior year under provision	-	(8,414)
	(91,563,580)	**(90,966,066)**
Deferred income tax liability relates to the following:		
Property, plant and equipment	(128,971,898)	(121,897,242)
Finance leases	(68,193)	(1,006,114)
Provisions	38,404,848	34,573,155
Loss allowance on trade receivable	(1,880,823)	(1,694,868)
Operating leases	166,635	429,323
24C allowance	(14,604,800)	(14,604,800)
Income received in advance	17,215,928	14,604,800
Prepayments	(1,825,277)	(1,370,320)
	(91,563,580)	**(90,966,066)**

20. Tax paid

	2018 R	2017 R Restated
Balance at beginning of the year	721,149	8,049,997
Current tax for the year recognised in profit or loss	(74,900,919)	(103,415,920)
Adjustment to deferred tax due to prior year error	-	1,929,286
Balance at end of the year	(24,571,271)	(721,149)
	(98,751,041)	**(94,157,786)**

21. Finance lease obligation

	2018 R	2017 R Restated
Minimum lease payments due		
Not later than 1 year	5,585,260	3,783,853
Later than one year and not later than 5 years	9,392,982	4,587,726
	14,978,242	8,371,579
less: future finance charges	(2,280,760)	(2,080,560)
Present value of minimum lease payments	**12,697,482**	**6,291,019**
Non-current liabilities	8,347,087	3,383,474
Current liabilities	4,350,395	2,907,545
	12,697,482	**6,291,019**

	2018 R	2017 R Restated
Total lease liability	12,697,482	6,291,019
Movement in 2017/2018 lease liability	6,406,463	6,291,019
Additions on leases	7,505,278	7,413,331
Finance lease payment	**(1,098,815)**	**(1,122,312)**

It is company policy to lease certain motor vehicles and printers under finance leases.

The average lease term is 3-5 years for both the printers and motor vehicles, which is equal to the useful lives of these assets.

Interest rates are fixed for the various leased motor vehicles with the average rate of 11.5% and instalments are payable monthly in arrears.

The Company's obligations under finance leases are secured by the lessor's charge over the leased assets.

22. Commitments

Authorised capital expenditure

	2018 R	2017 R Restated
Capital and operating expenditure contracted for at the reporting date but not yet incurred is as follows:		
Property, plant and equipment	432,421,028	460,068,706
Operating expenditure	164,535,587	78,753,203
Operating leases – as lessee (expense)		
Minimum lease payments due		
Not later than 1 year	11,065,743	6,224,300
Later than 1 year and not later than 5 years	44,365,340	1,579,085
	55,431,083	**7,803,385**
Equalisation of operating lease liability		
Opening balance	1,533,295	3,323,108
Current year adjustment	(938,170)	(1,789,813)
	595,125	**1,533,295**

The Company has entered into commercial leases on certain buildings and items of office equipment. These leases have an average life of between three and five years. With the exception of leases relating to copiers, there are no renewal options included in the contracts. There are no restrictions placed on the Company by entering into these contracts.

23. Trade and other payables

	2018 R	2017 R Restated
Financial instruments		
Trade payables	53,504,524	37,994,693
	53,504,524	37,994,693
Accrued expenses	94,170,814	74,516,841
Other payables	81,426,278	76,120,322
	229,101,616	188,631,856
Non-financial instruments		
VAT payable	4,600,756	5,029,326
	233,702,372	**193,661,182**

Fair value of trade and other payables

	R Gross	R Total
The ageing of trade payables 2018		
Not past due	39,244,754	39,244,754
Past due by 30 days	6,653,695	6,653,695
Past due by 31 to 60 days	2,273,319	2,273,319
Past due by more than 60 days	5,332,856	5,332,856
	53,504,624	**53,504,624**

	R Gross Restated	R Total Restated
The ageing of trade payables 2017		
Not past due	31,973,553	31,973,553
Past due by 30 days	4,828,083	4,828,083
Past due by 31 to 60 days	219,071	219,071
Past due by more than 60 days	973,986	973,986
	37,994,693	**37,994,693**

All trade and other payables are due within 30 days.

The terms and conditions attached to the instruments included in trade and other payables have not been re-negotiated during the period.

There were no breaches or defaults on any portion (either capital or interest) of the trade and other payables during the year.

Refer to note 34 for related party information.

24. Provisions for other liabilities and charges

Reconciliation of provisions for other liabilities and charges – 2018

	R Opening balance	R Additions	R Utilised during the year	R Over/(Under) transferred to expenses	R Closing balance
Leave pay	29,902,089	58,702,916	(54,955,250)	-	33,649,755
Performance bonus	67,971,672	73,326,920	(67,889,301)	(10,787)	73,398,504
Other	1,389,410	33,237,974	(13,482,021)	569,709	21,715,072
	99,263,171	**165,267,810**	**(136,326,572)**	**558,922**	**128,763,331**

Reconciliation of provisions for other liabilities and charges – 2017 (Restated)

	R Opening balance	R Additions	R Utilised during the year	R Over/(Under) transfered to expenses	R Closing balance
External audit fees	320,660	1,650,000	(1,970,660)	-	-
Leave pay	25,710,888	53,793,660	(49,602,458)	-	29,902,089
Performance bonus	68,685,504	67,971,672	(68,782,070)	96,566	67,971,672
Other	8,806,499	9,027,009	(16,444,098)	-	1,389,410
	103,523,551	**132,442,340**	**(136,799,286)**	**96,566**	**99,263,171**

Uncertainties and assumptions:

a. Leave Pay

The leave pay provision is raised on the unutilised leave days owing to employees at balance sheet date.

b. Performance bonus

The performance bonus provision is calculated based on the performance of the Company as well as the individual performance ratings for the financial year ended 31 March 2018.

c. Other

Includes provision for Swaziland Civil Aviation Authority (SWACAA) on overflights billing that ATNS does on behalf of SWACAA.

25. Cash flows from investing activities

	2018 R	2017 R Restated
Property, plant and equipment	5,828,004	13,327,653
Capital work in progress	274,616,455	293,034,446
	280,444,459	**306,362,099**

26. Cash generated from operations

	2018 R	2017 R Restated
Profit before taxation	265,652,557	326,375,743
Adjustments for:		
Depreciation and amortisation	124,102,231	105,395,723
Loss/(profit) on sale of property, plant and equipment	13,776,191	219,272
Finance revenue	(85,787,619)	(83,383,250)
Finance costs	1,592,987	221,954
Impairment loss	5,798,016	-
Movements in operating lease assets and accruals	(938,170)	(1,789,812)
Movements in provisions and other non-cash items	29,500,173	(5,602,844)
Write-off of intangible assets	11,094	-
Net foreign exchange difference	29,874,630	13,705,614
Changes in working capital:		
Trade and other receivables	(51,596,948)	9,235,022
Prepayments	(5,708,941)	2,465,998
Trade and other payables	40,041,177	64,307,793
	366,317,378	**431,151,213**

27. Proceeds on disposal of property, plant and equipment

	2018 R	2017 R Restated
Proceeds on sale of property, plant and equipment	43,859	78,306

28. Guarantees and contingent liabilities

Litigation is in the process against the Company relating to a dispute with a supplier for services rendered whereby the supplier is seeking a claim of R 2,330,418.

The Company has guarantee that it would pay to the suppliers an amount of R3,937,185 (2017: 3,151,085) and cessions and other mattes arising in the ordinary course of business.

29. Retirement benefit information

Substantially all employees are members of the ATNS retirement fund. The fund is a defined contribution fund and is governed by the Pension Funds Act of 1956 which requires an actuarial valuation to be carried out every 3 years.

The ATNS retirement fund was established on 1 April 1994. The fund has been exempted from valuation with effect from 10 April 2012 and will from that date be subjected to quarterly assessments.

The Fund applied for valuation exemption with effect from 31 January 2016 and the Registrar approved the application on 30 November 2016. The valuation exemption will terminate on 31 January 2019.

The latest actuarial assessment of the ATNS Retirement Fund was at 31January 2014. At that time, the ATNS retirement fund was certified by the reporting actuaries to be in a sound financial position. The Company contributions to the ATNS Retirement Fund amounted to R71,175,099 (2017: R64,848,267).

The Company does not provide any post-retirement benefits to employees and has no exposure to any post-retirement benefit obligations.

30. Related party disclosure

The sole shareholder of the ATNS is the Minister of Transport on behalf of the South African government in terms of section 6(5) of the Air Traffic and Navigation Services Company Act 1993. ATNS is a Schedule 2 public entity in terms of the Public Finance Management Act and therefore falls within the national sphere of government.

The related parties of ATNS consist mainly of government departments, state-owned enterprises, and other public entities in the national sphere of government, as well as directors and key management personnel. The list of public entities and the respective subsidiaries in the national sphere of government is provided by National Treasury.

Unless otherwise disclosed, all transactions with the below related parties are concluded on an arm's length basis. Furthermore, no expense has been recognised in the current period for impairment of trade receivables in respect of the amounts owed by related parties.

Related party transactions

	2018 R	2017 R Restated
Sales of services		
Airports Company of South Africa	14,541,308	12,739,252
North West Province	9,355,265	8,726,927
South African Civil Aviation Authority	3,973,401	2,822,165
South African Air Force	2,316,435	2,574,850
South African Airways	355,694,443	396,721,601
South African Express	104,959,188	113,040,630
Tulca (Pty) Ltd – Mango Airlines	151,687,456	142,884,647
Other	25,871,724	24,049,081
	668,399,220	**703,559,153**
Purchases of goods and services		
Airports Company of South Africa	12,795,953	13,313,114
Eskom	8,230,624	7,950,251
South African Civil Aviation Authority	10,168,488	13,324,810
South African Revenue Services	229,047,646	229,486,605
Telkom	21,351,929	20,154,110
Other	2,295,920	1,138,225
	283,890,560	**285,367,115**
These transactions are carried out on commercial terms & conditions.		
Year end balances arising from related party activity		
Receivables from related parties		
Airports Company of South Africa	4,621,399	3,718,051
South African Airways	70,856,305	33,998,879
South African Express	27,151,905	26,862,706
Tulca (Pty) Ltd – Mango Airlines	15,760,332	12,517,675
Other	7,979,080	3,681,324
	126,369,021	**80,778,635**
Payables to related parties		
Airports Company of South Africa	926,359	982,445
Eskom	730,825	492,987
South African Civil Aviation Authority	3,502,085	-
South African Revenue Services	4,678,806	5,016,097
Telkom	730,825	1,915,674
Department of Transport	52,160,000	52,160,000
Other	-	16,248
	62,728,900	**60,583,451**

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

All the companies listed above report to the various ministerial departments of the government and hence are considered related parties.

31. Directors, Emoluments and Prescribed officers

The service contracts for the executive directors is for a term of 5 years. The notice period for the Chief Executive Officer is 6 months. The service contract for the non-executive directors is for a period of 3 years, subject to retirement at the annual general meeting. Compensation for non-executive directors is in accordance with the State Owned Enterprise guidelines. The contract of the Chief Executive Officer also deals with compensation if the Chief Executive Officer is dismissed or if there is material change in the role, responsibilities or remuneration.

The executive management team is eligible for an annual performance related bonus payment linked to appropriate business sector targets. The structure of the bonus plan and award is recommended by the Human Resources Committee in accordance with the bonus scheme rules. The performance related bonus is limited to 25% for the Executive Manager's individual cost to company and 30% for the Chief Executive Officer based on his individual cost to company. There were no post-employment benefits, share based payments or other long-term benefits paid in the current financial year.

Executive – 2018

	R Basic salary	R Incentive Bonus 2016/17	R Total
DST Mthiyane	4,090,056	1,008,679	5,098,735
MW Ndlovu	2,835,377	546,056	3,381,433
S Malinga	2,833,940	300,528	3,134,468
S Mngomezulu	2,165,876	486,703	2,652,579
HJ Marais	2,077,982	175,224	2,253,206
TV Ndou	2,146,441	449,476	2,595,917
DH Sangweni	2,557,528	581,062	3,138,590
T Thankge (Resigned: 07 February 2018)	1,820,358	396,631	2,216,989
T Myeza	2,418,150	534,581	2,952,731
P Boshielo	1,948,439	366,068	2,314,507
J Matshoba	2,145,164	327,278	2,472,442
AA Swartbooi (Resigned: 31 March 2018)	1,792,386	-	1,792,386
	28,831,697	**5,172,286**	**34,003,983**

Executive – 2017 (Restated)

	R Basic salary	R Incentive Bonus 2015/16	R Total
DST Mthiyane	3,711,745	1,038,740	4,750,485
MW Ndlovu	2,640,104	616,344	3,256,448
S Malinga	1,536,192	-	1,536,192
S Mngomezulu	2,016,568	502,438	2,519,006
HJ Marais	1,933,130	366,023	2,299,153
TV Ndou	2,004,044	498,721	2,502,765
DH Sangweni	2,374,816	559,282	2,934,098
T Thankge	1,923,380	390,916	2,314,296
T Myeza	2,218,559	502,397	2,720,956
P Boshielo	1,810,298	-	1,810,298
J Matshoba	1,781,648	329,485	2,111,133
PC Marais (Retired: 31 December 2016)	2,228,242	474,089	2,702,331
N Lekota	1,089,539	168,934	1,258,473
	27,268,265	**5,447,369**	**32,715,634**

Non-executive – 2018

	R Directors' fees	R Total
P Riba	92,446	92,446
N Mtshali	238,149	238,149
B Ssamula	327,027	327,027
S Hari	220,813	220,813
EM Mphahlele	1,119,743	1,119,743
I Nkama	281,830	281,830
PQ Dhlamini	330,542	330,542
DG Mwanza	583,407	583,407
	3,193,957	**3,193,957**

Non-executive – 2017 (Restated)

	R Directors' fees	R Total
P.Riba	636,465	636,465
N.Mtshali	481,297	481,297
B.Ssamula	632,972	632,972
S.Hari	458,384	458,384
E.M Mphahlele	610,548	610,548
I. Nkama	564,951	564,951
P.Q. Dhlamini	545,831	545,831
D.G. Mwanza	444,602	444,602
	4,375,050	**4,375,050**

Prescribed officers – 2018

	R Basic salary	R Incentive Bonus 2016/17	R Total
LT Ndelu	1,138,334	109,591	1,247,925
SW Nkabinde	1,433,967	187,083	1,621,050
N Phakathi	1,304,852	221,733	1,526,585
R Madlala	1,539,976	233,427	1,773,403
H Reid	1,820,769	329,065	2,149,834
JM Manyakoana	1,834,086	319,467	2,153,553
JM Moholola	1,629,028	274,785	1,903,813
DJ Watts	1,496,125	237,137	1,733,262
CH Gersbach	1,488,243	197,356	1,685,599
K Sebopa	1,351,076	177,640	1,528,716
	15,036,456	**2,287,284**	**17,323,740**

Prescribed officers – 2017 (Restated)

	R Basic salary	R Incentive Bonus	R Total
SW Nkabinde	1,338,401	152,140	1,490,541
K Sebopa	1,221,504	116,668	1,338,172
H Reid	1,713,566	318,805	2,032,371
JM Manyakoana	1,680,258	295,924	1,976,182
JM Moholola	1,393,916	267,902	1,661,818
DJ Watts	1,400,239	216,143	1,616,382
CH Gersbach	1,389,408	195,421	1,584,829
	10,137,292	**1,563,003**	**11,700,295**

The above employees have been classified as prescribed officers and accordingly, salaries and related costs relating to their remuneration is herewith disclosed.

32. Financial risk management, objectives and policies

Categories of financial instruments and maturity analysis – 2018

	R Total	R Due not later than 1 month	R Due later than 1 month and not later than 3 months	R Due later than 3 months and not later than 1 year	R Due later than 5 years and not later than 10 years
Trade and other receivables					
Trade and other receivables	239,585,026	157,912,708	46,899,631	34,772,687	-
Financial liabilities	-	-	-	-	-
Trade and other payables					
Trade payable	48,171,768	39,244,754	6,653,695	2,273,319	-
Accrued expenses	99,543,670	7,847,568	15,695,136	70,628,110	5,332,856
Other payables	81,426,278	6,785,523	13,571,046	61,069,709	-
	229,101,716	**53,877,845**	**35,919,877**	**133,971,138**	**5,332,856**

Categories of financial instruments and maturity analysis – 2017 (Restated)

	R Total	R Due not later than 1 month	R Due later than 1 month and not later than 3 months	R Due later than 3 months and not later than 1 year	R Due later than 5 years and not later than 10 years
Trade and other receivables					
Trade and other receivables	186,847,217	151,813,251	22,108,212	13,467,232	(541,478)
Trade and other payables					
Trade payable	37,994,693	31,973,553	4,828,083	219,071	973,986
Accrued expenses	74,516,854	10,793,469	11,586,070	52,137,315	-
Other payables	76,120,322	6,785,523	13,571,046	55,763,753	-
	188,631,869	**49,552,545**	**29,985,199**	**108,120,139**	**973,986**

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Where applicable, the Company uses financial instruments to hedge certain risk exposures.

Market risk – Foreign exchange risk

The Company transacts internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (USD), Australian Dollar (AUS$), Great British Pound (GBP) and the Euro (EUR's). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The Company manages its exposure to foreign exchange risk by ensuring that the net uncovered foreign currency position is minimised and by using the derivative instruments to hedge certain exposures where applicable.

	Rand	USD
2018		
Loans and receivables	10,703,216	908,978
Trade and other receivables	11,730,602	996,229
Cash and cash equivalents	187,947,143	15,961,540
Trade and other payables	(5,020,356)	(426,357)
	205,360,605	**17,440,390**

	Rand	USD
2017		
Risk financing insurance policy	12,725,690	932,285
Trade and other receivables	10,177,991	745,640
Cash and cash equivalents	179,440,165	13,145,800
	202,343,846	**14,823,725**

Sensitivity analysis

A 10% strengthening in the Rand against the above currencies at 31 March 2018 would have decreased profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 31 March 2017.

A 10% weakening in the Rand against the above currencies at 31 March 2018 would have had the equal but opposite effect to the amounts shown below, on the basis that all other variables remain constant.

	2018 R	2017 R **Restated**
Profit or loss		
USD	20,536,061	20,234,385

Market risk – Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's cash flow interest rate risk arises from long term borrowings, cash and cash equivalents and finance lease liabilities. The Company is not exposed to fair value interest rate risk as the Company does not have any fixed interest bearing financial instruments carried at fair value. The Company manages its exposure to cash flow interest rate risk by ensuring that cash flows from operations are sufficient to cover the variable interest cash flows and by using derivative instruments to hedge certain exposures.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2018 R	2017 R **Restated**
Variable rate instruments – Linked to Prime		
Cash and cash equivalents	1,342,664,164	1,326,732,100
Trade and other receivables	247,386,701	193,794,166
Trade and other payables	(223,702,372)	(188,660,761)
Total interest rate exposure	**1,366,348,493**	**1,331,865,505**

Sensitivity analysis

An increase of 100 basis points in the JIBAR and Prime interest rate at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	2018 R	2017 R **Restated**
Increase of 100 basis points in prime rate	13,663,484	13,318,655
Decrease of 100 basis points in prime rate	(13,663,484)	(13,318,655)

Credit risk

Credit risk arises from loans and receivables, trade and other receivables and cash and cash equivalents.

The Company has no significant concentration of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Trade receivables comprise a number of customers. The top three customers comprise approximately 46% of the core revenue. Ongoing credit evaluations are performed on the financial position of these customers. In addition, exposure is reduced by deposits and bank guarantees held on behalf of customers. It is the policy of the Company to renegotiate credit terms with long-standing customers who have a good credit history with the Company. These customers are monitored on an ongoing basis to ensure that the customer remains within the renegotiated terms.

Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The Company has policies that limit the amount of credit exposure to any one financial institution. Credit risk in respect of the risk financing insurance policy is managed by ensuring that financial assets are ring-fenced in a cell captive and are managed by a reputable asset manager according to approved guidelines.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position (net of impairment losses where relevant).

Capital risk management

The Company's objective when managing capital (equity and assets) is to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital, in order to provide returns for shareholders.

In order to maintain or adjust this capital structure, the Company may draw down on available banking facilities, sell assets to reduce debt or obtain long term funding from stakeholders.

The Company monitors capital on the basis of a gearing ratio. The gearing ratio is calculated as total debt divided by total capital. Total debt is calculated as non-current borrowings plus current borrowings. Total capital is calculated as "total equity" shown in the statement of financial position. The gearing ratio for the current financial year is 0% (2017 : 0%). The Company has a gearing threshold of 45%.

There were no changes to the Company's approach to capital management during the year.

33. Events after the reporting period

Management is not aware of any significant events that occurred after the reporting date that would require adjustments to or disclosure in the financial statements. Furthermore management is not aware of any circumstances which exist that would impede the Company's ability to continue as a going concern.

Additional seven board of Directors where appointed on the 13 April 2018 by the shareholder for a period of six months.

34. Prior year error

Corrections were made and appropriated to the Retained Earnings account during the financial year end 31 March 2018.

The nature of the correction are as follows;

Property, Plant and Equipment

During the 2017/18 fixed asset verification process of Property, plant and equipment, errors were identified which were corrected for the period under review. Assets that should have been included in the existing assets register were identified and therefore there was a cost adjustment. Componentisation and condition assessments of all assets was done during 2017/18 verification process, as a result of the componentisation and condition assessment Accumulative depreciation was restated retrospectively.

Details of the appropriations are as follows:

	2017 Restated
Correction of Opening balance of Cost of Property, Plant and Equipment	(409,210,894)
Correction of Opening balance Accumulative Depreciation of Property, Plant and Equipment	481,282,211
Decrease of depreciation for the current year	10,176,459
Increase in deferred taxation arising from changes in cost and accumulated depreciation	(33,444,572)
Impact on retained earnings	**48,803,204**

Intangible assets

During the 2017/18 fixed asset verification process, errors were identified on the intangible assets as disclosed in the 2016/17 financial statements. These errors were corrected for the period under review retrospectively,

Details of the appropriations are as follows:

	2017 Restated
Correction of Opening balance Accumulative Amortisation on Intangible assets	(41,135,842)
Correction of Amortisation on Intangible assets	297,760
Increase in amortisation of intangible assets for the current year	1,580,832
Increase in deferred taxation arising from changes in cost and accumulated depreciation	(18,951,307)
Impact on retained earnings	**(58,208,557)**

Finance lease assets/finance lease liability

The finance leases were incorrectly capitalised in the wrong financial period. These errors were corrected for the period under review retropsectively,

Details of the appropriations are as follows:

	2017 Restated
Correction of Finance lease liability	3,555,362
Correction of finance lease assets	(3,555,362)
Impact on retained earnings	**-**

Capital work in progress

During the prior years, expenses had been incorrectly capitalised to work in progress. These errors were corrected for the period under review retropsectively.

Details of the appropriations are as follows:

	2017 Restated
Correction of Opening balance Capital Work in Progress	(15,097,264)
Correction of prior year tax liability	1,929,280
Impact on retained earnings	**(13,167,984)**

Provisions

The retentions were incorrectly captured to provisions instead of being captured to liabilities. Reallocations of retentions from provisions to trade and other payables was corrected on the period under review.

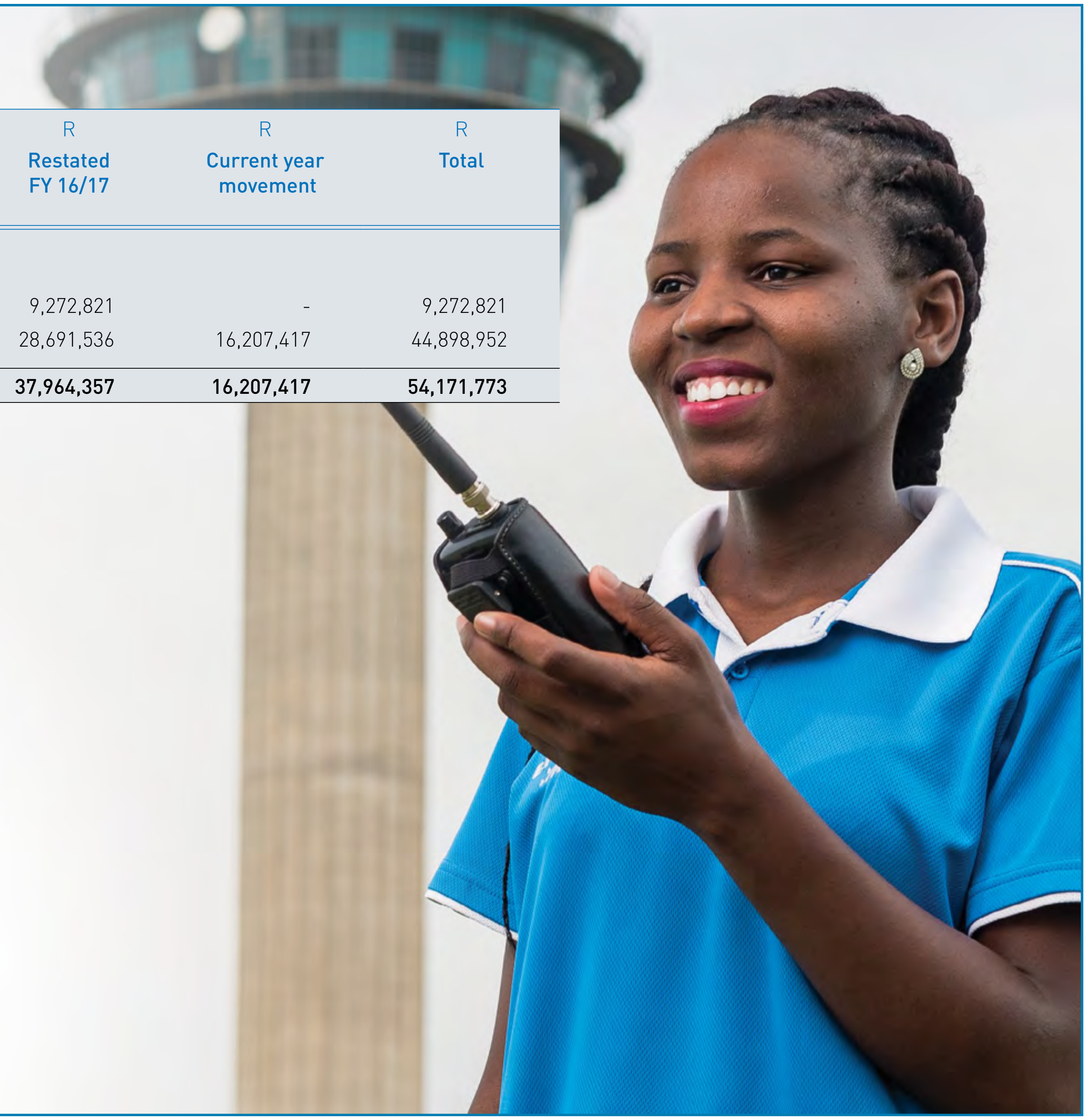
Details of the appropriations are as follows:

	2017 Restated
Provisions	(5,000,434)
Trade and other payables	5,000,434
Impact on retained earnings	**-**

35. Irregular Expenditure

	R Opening balance FY 16/17	R FY14/15 identified in FY17/18	R FY15/16 identified in FY17/18	R Restated FY 16/17	R Current year movement	R Total
Reconciliation of irregular expenditure – 2018						
Opening balance	9,272,821	-	-	9,272,821	-	9,272,821
Amount recognised in current year	18,401,082	673,684	9,616,770	28,691,536	16,207,417	44,898,952
	27,673,903	**673,684**	**9,616,770**	**37,964,357**	**16,207,417**	**54,171,773**

	R Amount	R Total
Details of irregular expenditure for 2018		
Insufficient number of quotations	51,335	51,335
Quotations awarded in excess of procurement threshold	172,680	172,680
Payments exceeds contract value	405,013	405,013
Purchase order raised after receipt of the invoice	6,804,687	6,804,687
Credit Card expenses	1,377,362	1,377,362
Suppliers paid without contract	7,396,339	7,396,339
	16,207,416	**16,207,416**



	R Amount	R Total
Details of irregular expenditure for 2017 (Restated)		
Insufficient Number of quotations	1,125,531	1,125,531
Insufficient number of quotations for emergencies – no proper procurement process followed	100,000	100,000
Quotations awarded in excess of procurement threshold	5,945,257	5,945,257
Splitting of quotations	700,780	700,780
Payments exceeds contract value	2,527,163	2,527,163
Purchase order raised after invoice date for suppliers without contracts	1,967,341	1,967,341
Consultants appointed without following procurement process	17,237,641	17,237,641
Suppliers paid without contract	5,677,351	5,677,351
Credit card expenses	2,683,293	2,683,293
	37,964,357	**37,964,357**

36. Fruitless and wasteful expenditure

	Movement in the current year	Total
Reconciliation of Fruitless and wasteful expenditure - 2018		
Amount recognised in current year	607,538	607,538
Details of fruitless and wasteful expenditure		
Interest and penalties	57,580	57,580
Web application Firewall services	462,533	462,533
Appointment of special advisors	87,425	87,425
	607,538	**607,538**

During the year under review various services were engaged in manner that resulted in fruitless and wasteful expenditure.

An investigation is being undertaken to establish the facts.

In prior year there was no fruitless and wasteful expenditure.