

AIR TRAFFIC & NAVIGATION SERVICES FINANCIAL REPORT 2016

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

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The following supplementary information does not form part of the audited annual financial statements and is unaudited:

Certificate by Company Secretary

REPORT OF THE AUDIT AND RISK COMMITTEE



The Air Traffic and Navigation Services (ATNS) report of the Audit and Risk Committee of the Board is in terms of the:

- Companies Act 94(7)(f) ;
- Treasury Regulations 27(1) (10) (b) and (c) of the Public Finance Management Act (PFMA) no. 1 of 1999 as amended;
- and King III Code of Governance Principle (3.10) on reporting.

In accordance with its charter, and in fulfilling its duties as imposed by the Companies Act, PFMA, and or delegated to it by the Board, the ATNS Audit and Risk Committee discharged its responsibilities during the 2015/2016 financial year as detailed below:

- The Committee reviewed the adequacy and effectiveness of the internal control systems that management and the Board have established including the effectiveness of policies and procedures; the effectiveness of the information systems environment, the reliability and integrity of financial and operational information, the effectiveness of operations, safeguarding of assets and compliance with laws and regulations;
- Reviewed the assurance provided by internal audit on the IT Governance in accordance with King III principle on IT Governance;
- Recommended the appointment of the external auditor and the audit fees for the financial year under review subsequent to the consideration of their independence and objectivity ;
- Approved the external audit annual work plan, the scope of work and timing of their activities;
- Considered the extent of reliance on internal audit by the external audit;
- Continuously monitored and reviewed the integrity of the company's financial reporting process;

- Reviewed the results of the external audit including any accounting and auditing concerns;
- Reviewed the overall audit role with the view of minimising possible duplications, discussed implications of new auditing standards and ensure that the external audit fee will sustain a proper audit and provide value for money;
- Reviewed and approved the annual financial statements and the accompanying reports to shareholders;
- Reviewed and satisfied itself of the appropriateness of the expertise and adequacy of resources within the finance function;
- Reviewed the integrated report as a whole, to ensure it presents consistency with operational and financial information known to the committee as well as assessment of the position, performance and prospect of the company including the quality and accuracy of financial information included in the integrated report;
- Reviewed internal audit activities including its charter, independence, internal audit plan and execution, co-ordination with external auditor, report on significant findings as well as management responses to internal audit recommendations;
- Reviewed reports detailing the adequacy and overall effectiveness of the company's risk management process and its implementation by management, and reports on internal control and any recommendations, and confirm that appropriate actions have been taken on an ongoing basis;
- Reviewed the statement on internal control systems prior to endorsement by the Board;
- Continuously monitored the ATNS Safety and Oversight report throughout the financial year;

Based on the consideration and analysis of information and explanations from management, the assessment

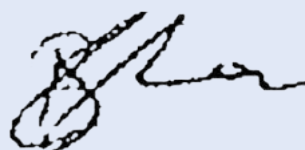
of internal controls by internal audit, including internal financial controls and external audit reviews; the committee is of the opinion that the internal controls of the company operated adequately and effectively throughout the year under review in ensuring that:

- Risks are properly managed
- The company's assets were safeguarded;
- Proper accounting records were maintained;
- and compliance with laws, regulations and contracts was ensured;

Where internal control weaknesses were identified, these were discussed with management and corrective actions taken to minimize the risk. Management's attitude towards internal controls continues to be positive as demonstrated through the process of resolving audit findings reported by both internal and external auditors.

The Audit and Risk Committee reviewed the going concern of ATNS and is satisfied that the adoption of the going concern premise in the preparation of the Annual Financial Statements is appropriate.

On behalf of the Audit and Risk Committee



Dr Bridget Ssamula

Chairman - Audit and Risk Committee

02 August 2016

CHIEF FINANCIAL OFFICER'S OVERVIEW



WILLIAM NDLOVU

Chief Financial Officer

Mr Ndlovu is a Chartered Accountant and served his articles at PricewaterhouseCoopers. He joined ATNS in October 2008 as Head of Internal Audit and formed part of the executive team. Before joining ATNS, Mr Ndlovu was a Group Risk Manager for Kagiso Media Limited, a formerly listed company on the JSE Securities Exchange. He was promoted to Chief Financial Officer at ATNS in May 2011 and occupies this position to date. He is an ATNS Executive Director and currently serves on the Board of Trustees of the ATNS Retirement Fund. He previously served as an Audit and Risk Committee Member of Corporate Governance and Traditional Affairs (COGTA). He is currently the Chairman of the Audit and Risk Committee of the National Credit Regulator (NCR).

The local airline industry continued to face tough economic conditions such as weakening of the Rand, inflationary pressures etc. Furthermore, the South African Reserve Bank raised interest rates during the period under review, thereby leaving consumers with potentially low disposable income. The tough market conditions resulted in some of the airlines not being able to continue with their operations.

Over and above these conditions, the company charged zero percent increase. However, the 2% increase in the movements helped to mitigate the negative impact of the zero tariffs.

Turnover increased by 6.9% to R1,509 billion (2015: R1,412 billion) mainly due to 2% increase in air traffic movements and a positive change in the aircraft weight mix. In addition, the weakening Rand contributed positively to turnover received from our VSAT networks for which services are charged in US dollars.

Operating costs increased by 16.3% to R1,254 billion (2015: R1,078 billion) mainly due to increase in staff costs, provision for bad debts and the impact of

the fluctuating foreign exchange rates on our administration and contract maintenance costs.

This resulted in our operating profit decreasing by 20% compared to prior year, which led to Return on Assets (ROA) dropping by 3% to 10% (2015: 13%). Despite the decrease in operating profits our cash flow margins remained constant at 30% (2015:30%).

The company committed R272 million and further R365 million was committed for rollover projects which were behind from prior years, taking total commitments to R637 million.

The company has the capacity to fund the capital expenditure through cash generated from operations and a borrowing facility (R650 million) currently in place.

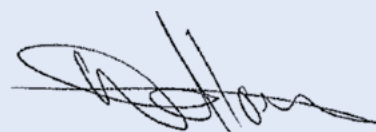
ATNS submitted the Permission application (for the period: 2015/16 to 2019/20) to the Regulating Committee on 28 November 2014, the final Permission was expected to be issued by the 30 June 2015 and effected on the 01 October 2015. However, to date the final Permission has not been issued.

For the period 01 April 2015 to 31 March 2016, the Regulating Committee issued a zero percent tariff increase as per section 11 of the ATNS Act in order to enable the company to continue charging the tariffs.

Once the final Permission has been issued all the five years of zero tariff increase permission will be amended and gazetted, therefore the tariff will be implemented pro-rata taking into account the delays as a result of the postponement.

As stated last year the Company was in the process of revising its B-BBEE in order to achieve set targets against new code of good practice and the board of directors approved the revised targets. However as per Government Gazette of 17 February 2015 no 39703 the integrated transport sector code has not been repealed and remains valid, therefore the Company's 2016 B-BBEE verification will be against old transport sector code.

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.



William Ndlovu

02 August 2016

CERTIFICATE BY COMPANY SECRETARY



SOLOMON MNGOMENZULU

Company Secretary

Mr Mngomezulu is a non-practising attorney. He has extensive experience in commercial law, with a focus on corporate and contract law. He holds a BA LLB from the University of Durban-Westville and a Diploma in Dispute Resolution from the Arbitration Foundation of Southern Africa. He also recently obtained a Diploma in Company Direction with GIMT, endorsed by the Institute of Directors. Mr Mngomezulu is a member of the Institute of Directors of Southern Africa, and has studied an MBA with the Gordon Institute of Business Science (GIBS).

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 2016, 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.

Solomon Mngomezulu
Company Secretary

02 August 2016

REPORT OF THE AUDITOR TO PARLIAMENT AND SHAREHOLDER ON AIR TRAFFIC AND NAVIGATION SERVICES SOC LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. We have audited the financial statements of Air Traffic and Navigation Services SOC Limited set out on pages 14 to 64 which comprise the financial position as at 31 March 2016, the statements of profit and 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, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The Board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa, 2008 (Act No. 71 of 2008) and the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999), 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.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate

financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, the financial statements present fairly, in all material respects, the financial position of Air Traffic and Navigation Services SOC Limited as at 31 March 2016, their financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the Public Finance Management Act of South Africa.

Additional matter

7. We further draw attention to the matter below. Our opinion is not modified in respect of this matter.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2016, we have read the Accounting Authority's Report, the Audit and Risk Committee's Report and the Statement by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between the reports and the audited financial statements. We have not audited the reports and accordingly do not express an opinion on them.

REPORT OF THE AUDITOR TO PARLIAMENT AND SHAREHOLDER ON AIR TRAFFIC AND NAVIGATION SERVICES SOC LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. In accordance with the PAA and the General Notice issued in terms thereof, we report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of our tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, we do not express an opinion or conclusion on these matters.

Predetermined objectives

9. We performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2016:
 - Transport, Safety and Security;
 - Infrastructure Development and High-Level Investment Plan for Transport;
 - Environment Protection; and
 - The fight against fraud and corruption.
10. We evaluated the reported performance information against the overall criteria of usefulness and reliability.
11. We evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. We further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
12. We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
13. There were no material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Additional matters

14. Although we raised no material findings on the usefulness and reliability of the reported performance information for the selected objectives, we draw attention to the following matters:

Achievement of planned targets

15. Refer to the Integrated report on pages 139 to 142 for information on the achievement of planned targets for the year.

Compliance with legislation

16. We performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. The were no material non-compliance identified.

Internal control

17. We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with legislation but not for purpose of expressing an opinion on the effectiveness of the internal control. We did not identify any significant deficiencies in internal control.

OTHER REPORTS

Audit-related services and special audits

18. We also performed agreed upon procedures 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 by National Treasury. No material misstatements were identified.

Rakoma and Associates Inc.

Rakoma and Associates Inc
Registered Auditors

Per: Elisha Musindo
Chartered Accountant SA
Registered Auditor
Director

Johannesburg
02 August 2016

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, 2016.

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 10 to 64 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 III Report on Corporate Governance 2009 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 at March 31, 2016, 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 2 to 3.

The Internal Audit activities are in accordance with the pre-approved Internal Audit Plan. The Internal Audit Plan is reviewed and approved by the Audit and Risk Committee annually. Internal Audit has executed the Internal Audit Plan during the year and has provided assurance to the Board of Directors as to the state of the internal controls of the Company. Their assessment of the internal controls of the Company is included in the Audit and Risk Committee Report. The Audit and Risk Committee has reviewed the effectiveness of the Company's internal controls and considers the systems appropriate for the effective operation of the Company.

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, 2016, and that the Code of Corporate Practices has been adhered to.



Chairman
Johannesburg



Chief Executive Officer
Johannesburg

02 August 2016

DIRECTORS' REPORT

The directors have pleasure submitting the financial statements of the company for the year ended March 31, 2016.

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 draft Civil Aviation Amendment Bill, 2016 will be published for comments. 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.

ATNS submitted the Permission application (for the period: 2015/16 to 2019/20) to the Regulating Committee on 28 November 2014, the final Permission was expected to be issued by the 30 June 2015 and effected on the 01 October 2015. However, to date the final Permission has not been issued.

For the period 01 April 2015 to 31 March 2016, the Regulating Committee issued a zero percent tariff increase as per section 11 of the ATNS Act in order to enable the company to continue charging the tariffs.

The term of the previous Regulating Committee expired on 31 March 2016. A new Regulating Committee has been appointed by the Minister of Transport. ATNS is expecting to meet with the new Regulating Committee in the near future to finalise the issues pertaining to the 2015/16 to 2019/20 Permission.

Once the final Permission has been issued all the five years of zero tariff increase permission will be amended and gazatted, therefore the tariff will be implemented pro-rata taking into account the delays as result of the postponement.

5. Overall performance

During the year under review the company had to overcome tough economic conditions such as weakening of the Rand, increase in Inflation and Interest rates, over and above these conditions the company charged zero percent increase in air traffic charges for the period 01 April 2015 to 31 March 2016. Despite the adverse economic conditions the company's cash generated from operations increased by 4.2% to R445 million (2015: R427 million), the increase is attributable to improved efficiencies and cost containment measures that were put in place. However the tough economic conditions faced by the aviation industry in particular low cost airlines, poses a risk of defaulting customers. To mitigate the risk, we have obtained bank guarantees from most customers.

Turnover increased by 6.9% to R1, 509 billion (2015: R1, 412 billion) mainly due to slight increase in air traffic movements. The operating cost increased by 16.3% to R1,254 billion (2015: R1,078 billion) mainly due to increased staff cost, provision for bad debts and the impact of the fluctuating foreign exchange rates on our administration and contract maintenance costs.

During the year under review, the capital expenditure increased by 67.8% to R230 million (2015: R137 million) this is as a results of investing in operational infrastructure in order to continue providing improved safe operations.

Our balance sheet maintained it's strengthen with liquidity ratio being at 6.3:1 (2015: 6.5:1) and our gearing ratio is still at 0% (2015: 0%), this puts the company in a better position to raise funding for the imminent capital expenditure.

6. Dividends

No dividends were declared or paid to shareholders during the year (2015: 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 achieved its planned capital commitments for the period under review at R 272 million, Further R 365 million was committed for rollover projects which were behind from prior years, taking total commitments to R637 million.

At present the company is in good position to fund the capital expenditure through cash generated from operations and a borrowing facility that is in place.

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.

DIRECTORS' REPORT

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. Key Performance Indicators

Key Performance Indicators were agreed with the Minister of Transport as required in terms of the Shareholders Compact. The achievements of the key performance indicators are included on pages 139 to 142 of the integrated report.

12. 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
P. Riba	South African	Chairperson	1 September 2015	
D.S.T. Mthiyane	South African	Chief Executive Officer	5 July 2013	
M.W. Ndlovu	South African	Chief Financial Officer	1 April 2013	
N. Mtshali	South African	Non Executive	1 September 2015	
B. Ssamula	South African	Non Executive	1 September 2015	
S. Hari	South African	Non Executive	1 September 2015	
E.M. Mphahlele	South African	Non Executive	1 September 2015	
I. Nkama	South African	Non Executive	1 September 2015	
P.Q. Dhlamini	South African	Non Executive	1 September 2015	
D.G. Mwanza	South African	Non Executive	1 September 2015	
M.D. Mamashela	South African	Non Executive		31 August 2015
H.T. Makhathini	South African	Non Executive		31 August 2015
F.K.N. Thlakudi	South African	Non Executive		31 August 2015
T.N. Mgoduso	South African	Non Executive		31 August 2015
S.V. Zilwa	South African	Non Executive		31 August 2015
S.G.Mseleku	South African	Non Executive		31 August 2015
F.Z. Msimang	South African	Non Executive		31 August 2015

13. Performance evaluation of the Board

An annual Board Evaluation is conducted to assess the effectiveness of the Board. However in the year under review the evaluation was not performed. This was mainly because the term of office of the current Board commenced on 1 September 2015. Board evaluation is planned to take place in the last quarter of the 2016/17 financial year.

14. Directors' interest in contracts

During the year the directors of ATNS did not have any personal interests in the contracts entered into by ATNS.

15. 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.

16. 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.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

		2016	2015
	Notes	R	R
Assets			
Non-Current Assets			
Property, plant and equipment	10	616,658,761	651,720,948
Intangible assets	11	49,385,601	60,376,260
Capital work in progress	12	306,446,409	144,339,798
		972,490,771	856,437,006
Current Assets			
Loans and receivables	13	17,741,895	15,361,144
Income tax receivable	22	8,049,997	-
Trade and other receivables	14	203,029,188	244,955,391
Prepayments	15	7,359,995	6,314,676
Cash and cash equivalents	16	1,228,000,080	1,063,349,833
		1,464,181,155	1,329,981,044
Total Assets		2,436,671,926	2,186,418,050
Equity and Liabilities			
Equity			
Share capital	17	190,646,000	190,646,000
Retained earnings		1,962,315,487	1,719,173,480
		2,152,961,487	1,909,819,480
Liabilities			
Non-Current Liabilities			
Deferred income tax liabilities	18	52,510,815	72,954,475
		52,510,815	72,954,475
Current Liabilities			
Current tax payable	22	-	6,711,393
Operating lease liability	19	3,323,108	2,227,338
Trade and other payables	20	124,352,965	100,175,580
Provisions for other liabilities and charges	21	103,523,551	94,529,784
		231,199,624	203,644,095
Total Liabilities		283,710,439	276,598,570
Total Equity and Liabilities		2,436,671,926	2,186,418,050

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

		2016	2015
	Notes	R	R
Revenue	3	1,563,269,971	1,459,580,665
Turnover	3	1,508,631,339	1,411,979,786
Other income - net	4	42,533,841	17,266,958
Depreciation costs	10	(91,668,747)	(100,163,540)
Amortisation on intangible assets	11	(16,241,646)	(15,414,511)
Staff costs	5	(754,329,324)	(686,122,385)
Other expenses	6	(394,269,315)	(289,624,645)
Operating profit		294,656,148	337,921,663
Finance revenue	7	54,638,632	47,600,879
Finance costs	8	(711,544)	(897,552)
Profit before taxation		348,583,236	384,624,990
Income tax expense	9	(105,441,229)	(101,161,769)
Profit for the year		243,142,007	283,463,221
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		243,142,007	283,463,221



STATEMENT OF CHANGES IN EQUITY

		Share Capital	Retained earnings	Total equity
	Notes	R	R	R
Balance at April 01, 2014		190,646,000	1,435,710,259	1,626,356,259
Profit for the year		-	283,463,221	283,463,221
Total Comprehensive Income for the year		-	-	-
Total comprehensive income for the year		-	283,463,221	283,463,221
Balance at April 01, 2015		190,646,000	1,719,173,480	1,909,819,480
Profit for the year		-	243,142,007	243,142,007
Total Comprehensive Income for the year		-	-	-
Total comprehensive income for the year		-	243,142,007	243,142,007
Balance at March 31, 2016	17	190,646,000	1,962,315,487	2,152,961,487



STATEMENT OF CASH FLOWS

		2016	2015
	Notes	R	R
Operating activities			
Cash receipts from customers		1,522,389,087	1,467,100,989
Cash paid to suppliers and employees		(1,077,620,519)	(1,040,507,698)
Cash generated from operations	24	444,768,568	426,593,291
Finance revenue	7	54,638,632	47,600,879
Finance costs	8	(711,544)	(897,552)
Borrowing costs capitalised	8	-	-
Income tax paid	22	(140,646,279)	(92,576,457)
Net cash flows from operating activities		358,049,377	380,720,161
Investing activities			
Purchase of property, plant and equipment	23	(226,654,755)	(134,569,894)
Proceeds from sale of property, plant, equipment and intangibles	25	50,426	82,229
Purchase of intangible assets	11	(3,130,507)	(2,658,192)
Net cash flows from investing activities		(229,734,836)	(137,145,857)
Financing activities			
Repayment of borrowings		-	-
Net cash flows from financing activities		-	-
Net increase in cash and cash equivalents		128,314,541	243,574,304
Cash and cash equivalents at beginning of year		1,063,349,833	803,431,896
Net foreign exchange difference		36,335,706	16,343,633
Cash and cash equivalents at end of year	16	1,228,000,080	1,063,349,833

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 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 02 August 2016.

1.1 Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in South African Rands, 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 Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

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 Rands 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 years
Computer equipment	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	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 balance sheet 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

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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 on the formal commissioning date of the asset.

1.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to commission, are capitalised as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period they occurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

For the year ended 31 March 2016 the company had no interest bearing loans and borrowings.

1.7 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;
- 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 balance sheet 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.

1.8 Impairment of tangible and intangible assets

The company assesses at each balance sheet 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.

1.9 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.

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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 balance sheet 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 balance sheet 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.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

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Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss - held for trading.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

1.10 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.

1.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowing, using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

1.12 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 26.

1.13 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.

1.14 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.

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.

1.15 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.

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1.16 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 balance sheet 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.

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.

1.17 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.

1.18 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 vacation 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.

1.19 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.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

1.20 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 Lease*, *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 finance 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 lease 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 entities, 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 1 January 2018, Early adoption permitted.

The company expects to adopt the amendments for the first time in the 2017 financial statements

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

IAS 1 Presentation of financial Statements

Amendments to IAS 1: Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements are part of a major initiative to improve disclosure requirements in IFRS financial statements.

The amendments being made to IAS 1 include:

Materiality:

Aggregation or disaggregation should not obscure useful information. Materiality applies to each of the primary financial statements, the notes and each specific disclosure required by IFRS.

Line items in primary financial statements:

Additional guidance for the line items required to be presented in primary statements, in particular that it may be appropriate for these to be disaggregated, and new requirements regarding the use of subtotals.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Notes to the financial statements:

Determination of the order of the notes should include consideration of understandability and comparability of the financial statements.

It has been clarified that the order listed in IAS 1.114(c) is illustrative only.

Accounting policies:

Removal of the examples in IAS 1.120 in respect income taxes and foreign exchange gains and losses.

In addition, the following amendments to IAS 1 were made which arose from submission received by IFRS Interpretations Committee:

Equity accounted investments:

An entity's share of other comprehensive income will be split between those items that will and will not be reclassified to profit and loss, and presented in aggregate as single line items within those two groups.

The effective date of this amendment is for years beginning on or after 1 January 2016.

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

IAS 16 Property, Plant and Equipment

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

Paragraph 62A has been added to prohibit the use of revenue-based methods of depreciation for items of property, plant equipment.

Paragraph 62A clarifies that this is because the revenue generated by an activity that includes the use of an item of property, plant and equipment generally reflects factors other than the consumption of the economic benefits of the item such as:

- Other inputs and processes
- Selling activities and changes in sales
- Volumes and Prices, and
- Inflation

Paragraph 56, which includes guidance for the depreciation amount and depreciation period, has been expanded to state that expected future reductions in the selling price of items produced by an item of property, plant and equipment could indicate technical or commercial obsolescence (and therefore a reduction in the economic benefits embodied in the item) , rather than a change in the depreciable amount or period of the item.

The effective date of this amendment is for years beginning on or after 1 January 2016.

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

IAS 38 Intangible Assets

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that for intangible assets there is a rebuttable presumption that amortisation based on revenue is not appropriate.

Paragraphs 98A - 98C have been added to clarify that there is a presumption that revenue-based amortisation is not appropriate, and that this can only be rebutted in limit circumstances where either:

- The intangible asset is expressed as a measure of revenue, or
- Revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Paragraph 98B clarifies that as a starting point to determine an appropriate amortisation method, an entity could determine the 'predominant limiting factor' inherent in the intangible asset for example:

- A contractual term which specifies the period of time that an entity has the right to use an asset.
- Number of units allowed to be produced.
- Fixed total amount of revenue allowed to be received.

Paragraph 98C then clarifies that where an entity has identified that the achievement of a revenue threshold is the predominant limiting factor of an intangible asset, it may be possible to rebut the presumption that revenue-based amortisation is not appropriate.

The effective date of this amendment is for years beginning on or after 1 January 2016.

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

IAS 12 Income Taxes

Amendments in Recognition of Deferred Tax Assets for Unrealised Losses clarify the following aspects: Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The effective date of this amendment is for years beginning on or after 1 January 2017.

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.

IAS 7 Statement of Cash Flows

The amendments in Disclosure Initiative come with the objective that entities shall provide disclosure that enables users of financial statements to evaluate changes in liabilities arising from financing activities. To achieve this objective IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition.

The amendment state that one way to fulfil the new disclosure requirements is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

The effective date of this amendment is for years beginning on or after 1 January 2017.

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.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

3. Revenue

	2016 R	2015 R
En-route and approach fees	1,342,130,952	1,267,728,253
SADC VSAT 11	47,527,559	37,214,725
NAFISAT revenue	36,467,315	31,721,964
Small aerodrome fees	42,509,393	41,655,885
Training to third parties	13,535,918	14,441,407
Sundry revenue	15,500,952	7,716,586
Technical maintenance	5,948,937	6,304,624
Extended hours	2,111,171	2,195,090
Rental received-sites	589,844	1,020,022
Aeronautical information services	1,383,866	1,196,189
Weather Services	925,432	785,041
Turnover	1,508,631,339	1,411,979,786
Finance revenue	54,638,632	47,600,879
Revenue	1,563,269,971	1,459,580,665

4. Other income - net

	2016 R	2015 R
Gain on foreign exchange realised	6,198,135	923,325
Gain on foreign exchange unrealised	36,335,706	16,343,633
	42,533,841	17,266,958

5. Staff costs

	2016 R	2015 R
Salaries and wages	600,434,082	543,288,637
Incentive Bonus	68,833,745	66,188,247
Rewards and Recognition	1,755,288	-
Long Service Awards	1,891,756	-
Pension costs - defined contribution scheme	59,983,454	53,474,038
Training and development	13,061,358	16,292,267
Recruitment costs	2,337,317	2,805,195
Relocation costs	4,544,560	4,074,001
Bursar Costs	1,487,764	-
	754,329,324	686,122,385

NOTES TO THE AUDITED FINANCIAL STATEMENTS

6. Other expenses

	2016 R	2015 R
Administration expenses	51,677,208	32,370,767
Audit fees		
External Audit	1,500,000	1,800,000
Fees for audit services	1,500,000	1,800,000
Internal audit	2,727,127	2,240,847
Fees for audit services	2,552,773	2,093,834
Fees for other services	174,354	147,013
Impairment of trade receivables	42,166,218	2,185,601
Insurance	9,961,413	7,175,740
Loss/(Profit) on sale of property, plant and equipment	5,163,197	(12,674)
Management consulting services	22,061,580	18,929,401
Marketing expenses	30,919,771	25,673,445
Motor vehicle expenses	4,425,166	4,754,548
Municipal expenses, rates and taxes	13,946,472	13,308,686
Operating lease rentals		
Land and buildings	11,252,762	7,815,603
Straight-lined lease payments	6,669,355	5,524,600
Rent	4,583,407	2,291,003
Equipment rental	1,178,137	1,121,615
Professional fees	23,427,982	21,175,479
Repairs and maintenance expenses	79,713,073	67,242,694
Security	3,459,550	2,623,931
Telecommunication expenses	46,595,725	40,638,650
Travel expenses	44,093,934	40,580,312
	394,269,315	289,624,645

7. Finance revenue

	2016 R	2015 R
Investment revenue		
Interest on bank deposits	55,130,986	42,684,715
	55,130,986	42,684,715
Accrued revenue		
Interest on debtors	(492,354)	4,574,910
Interest received - Other	-	341,254
	54,638,632	47,600,879

8. Finance costs

	2016 R	2015 R
Interest paid - Other	711,544	897,552

NOTES TO THE AUDITED FINANCIAL STATEMENTS

9. Income tax expense

	2016 R	2015 R
Major components of income tax expense for the year ended 31 March 2016 and 2015 are:		
Current income tax		
Prior year (over)/under-provision	7,733,364	(7,695,491)
Current income tax charge	118,151,525	119,274,235
	125,884,889	111,578,744
Deferred tax		
Current year	(20,257,508)	(10,416,975)
Prior year (over)/under provision	(186,152)	-
	(20,443,660)	(10,416,975)
	105,441,229	101,161,769
Current year deferred tax movements relates to the following:		
Property, plant and equipment	(14,661,076)	(9,577,228)
Prepayments	292,690	1,013,868
Provisions	(6,712,163)	(1,770,244)
Operating leases	(306,816)	15,874
Impairment of trade receivables allowance	943,705	(99,245)
	(20,443,660)	(10,416,975)
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%
(Over)/under provision-Current tax	2.22%	(2.00)%
Under provision-Deferred tax asset	(0.05)%	-%
Total Non-Temporary differences	0.06%	-%
Foreign tax not recovered	0.03%	0.30%
Effective rate of tax	30.26%	26.30%

10. Property, plant and equipment

	2016 R			2015 R		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	13,431,800	-	13,431,800	13,431,800	-	13,431,800
Buildings	215,930,258	(53,216,789)	162,713,469	221,060,686	(52,935,983)	168,124,703
Leasehold Improvements	11,522,192	(8,784,867)	2,737,325	2,193,294	(596,497)	1,596,797
Communication equipment	310,430,470	(228,381,008)	82,049,462	322,434,687	(223,835,948)	98,598,739
Electrical and mechanical equipment	44,076,251	(31,924,478)	12,151,773	40,005,262	(31,437,519)	8,567,743
Navigational aids	131,030,510	(76,857,830)	54,172,680	131,150,353	(73,145,813)	58,004,540
Tools and test equipment	21,106,159	(12,274,411)	8,831,748	15,635,600	(10,834,374)	4,801,226
ATC display systems	153,309,756	(136,097,637)	17,212,119	162,696,657	(134,275,970)	28,420,687
Simulator equipment	18,041,948	(8,205,235)	9,836,713	18,041,948	(6,340,835)	11,701,113
Radar equipment	579,449,549	(368,555,060)	210,894,489	578,916,818	(333,988,867)	244,927,951
Office furniture and equipment	26,944,733	(20,838,311)	6,106,422	25,544,909	(19,540,066)	6,004,843
Computer equipment	58,892,074	(22,413,526)	36,478,548	24,087,279	(16,546,473)	7,540,806
Motor vehicles	258,291	(216,078)	42,213	160,139	(160,139)	-
Total	1,584,423,991	(967,765,230)	616,658,761	1,555,359,432	(903,638,484)	651,720,948

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Reclassification
Land	13,431,800	-	-	
Buildings	168,124,703	-	-	(3,011)
Leasehold improvements	1,596,797	797,843	-	3,011
Communication equipment	98,598,739	426,532	(591,158)	
Office furniture and equipment	6,004,843	505,173	(75,193)	
Motor vehicles	-	-	-	4
Electrical and mechanical equipment	8,567,743	4,450,384	(30,011)	(4,011)
Computer equipment	7,540,806	7,330,690	(10,602)	
Navigational aids	58,004,540	-	(3,849,059)	(3,011)
Tools and test equipment	4,801,226	5,551,412	(4,076)	3,011
ATC display systems	28,420,687	-	(653,524)	
Simulator equipment	11,701,113	-	-	
Radar equipment	244,927,951	-	-	
	651,720,948	19,062,034	(5,213,623)	

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals
Land	13,431,800	-	-
Buildings	158,778,547	-	-
Leasehold property	526,666	1,478,249	-
Communication equipment	105,101,056	-	(17,284)
Office furniture and equipment	7,761,319	553,531	(2,081)
Motor vehicles	6,863	-	-
Electrical and mechanical equipment	7,599,555	272,673	(11,031)
Computer equipment	9,508,840	2,295,109	(2,825)
Navigational aids	61,776,657	4,254,772	-
Tools and test equipment	5,477,980	659,018	(124)
ATC display systems	41,519,924	-	-
Simulator equipment	14,340,356	-	-
Radar equipment	280,182,309	-	(36,210)
	706,011,872	9,513,352	(69,555)

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.

Acquisition	Projects capitalised	Other changes, movements	Depreciation	Closing balance
-	-	-	-	13,431,800
(9,666)	3,400,633	-	(5,792,201)	162,713,469
(9,666)	-	-	(2,676,981)	2,737,325
-	98,941	-	(16,483,592)	82,049,462
-	1,713,409	-	(2,041,810)	6,106,422
(7,554)	-	-	(5,341)	42,213
(7,554)	844,127	-	(1,632,916)	12,151,773
-	28,830,269	(7,079)	(7,205,536)	36,478,548
(4,783)	7,340,827	-	(7,288,845)	54,172,680
(4,783)	-	-	(1,551,597)	8,831,748
-	-	-	(10,555,044)	17,212,119
-	-	-	(1,864,400)	9,836,713
-	537,022	-	(34,570,484)	210,894,489
-	42,765,228	(7,079)	(91,668,747)	616,658,761

Projects capitalised	Depreciation	Closing balance
-	-	13,431,800
16,770,053	(7,423,897)	168,124,703
79,375	(487,493)	1,596,797
14,435,634	(20,920,667)	98,598,739
7,965	(2,315,891)	6,004,843
-	(6,863)	-
2,563,829	(1,857,283)	8,567,743
733,152	(4,993,470)	7,540,806
14,874	(8,041,763)	58,004,540
-	(1,335,648)	4,801,226
-	(13,099,237)	28,420,687
-	(2,639,243)	11,701,113
1,823,937	(37,042,085)	244,927,951
36,428,819	(100,163,540)	651,720,948

NOTES TO THE AUDITED FINANCIAL STATEMENTS

11. Intangible assets

	2016 R			2015 R		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	221,586,881	(172,201,280)	49,385,601	220,033,543	(159,657,283)	60,376,260

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Projects capitalised	Amortisation	Closing balance
Computer software	60,376,260	3,130,507	2,120,480	(16,241,646)	49,385,601

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Projects capitalised	Amortisation	Closing balance
Computer software	67,703,942	2,658,192	5,428,637	(15,414,511)	60,376,260



NOTES TO THE AUDITED FINANCIAL STATEMENTS

12. Capital work in progress

	2016 R	2015 R
Opening net book value	144,339,798	63,601,328
Additions	193,424,574	121,771,381
Other adjustments	(600,402)	(2,460,616)
Other projects related costs	14,168,147	3,285,161
Transferred to intangible assets	(2,120,480)	(5,428,637)
Transferred to property, plant and equipment	(42,765,228)	(36,428,819)
	306,446,409	144,339,798
The balance consists of the following categories of property, plant, equipment and intangible asset:		
Radar equipment	22,045,150	269,937
Communication equipment	86,376,571	11,221,270
Navigational aids	8,897,503	3,303,160
Furniture and fittings	-	85,224
Simulator	2,835,978	343,769
Leasehold improvement	1,146,803	-
Electrical and mechanical equipment	1,974,000	-
Software	44,622,228	20,781,802
ATC display system	127,189,256	104,801,618
Buildings	11,358,920	3,533,018
	306,446,409	144,339,798

13. Loans and receivables

	2016 R	2015 R
Risk financing insurance policy	17,741,895	15,361,144
Current assets		
Loans and receivables	17,741,895	15,361,144

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.

	2016		2015	
	Quality	Value of instrument R	Quality	Value of instrument R
Risk financing insurance policy	High	17,741,895	High	15,361,144

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.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Exposure to credit risk

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

	2016		2015	
	Maximum exposure posed by the instrument R	Value of instrument R	Maximum exposure posed by the instrument R	Value of instrument R
Risk financing insurance policy	17,741,895	17,741,985	15,361,144	15,361,144

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.

14. Trade and other receivables

	2016 R	2015 R
Financial instruments		
Trade receivables	217,991,421	245,512,180
Less: Impairment of trade receivables allowance	(19,993,573)	(6,512,078)
Trade receivables - net	197,997,848	239,000,102
Other receivables	5,031,340	5,955,289
	203,029,188	244,955,391
	203,029,188	244,955,391
The movement in the impairment of trade receivables allowance during the year was as follows:		
Balance at 1 April	6,512,078	7,929,852
Impairment loss recognised	42,166,218	2,185,601
Receivables written off during the year	(28,684,723)	(3,603,375)
Balance at 31 March	19,993,573	6,512,078

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:

	2016			2015		
	Gross R	Impaired R	Not impaired R	Gross R	Impaired R	Not impaired R
Not past due	153,797,334	-	153,797,334	143,972,372	-	143,972,372
Past due by 30 days	22,267,095	-	22,267,095	52,448,787	-	52,448,787
Past due by 31 to 60 days	14,715,413	-	14,715,413	15,252,686	497,754	14,754,932
Past due by more than 60 days	27,211,579	19,993,573	7,218,006	33,838,335	6,014,324	27,824,011
	217,991,421	19,993,573	197,997,848	245,512,180	6,512,078	239,000,102

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% (2015: 59%) of trade receivables. Ongoing credit evaluations are performed on the financial position of these customers.

In addition, exposure is reduced by deposits of R3,084,279 (2015: R2,783,296) held on behalf of customers, as well as bank guarantees of R100,765,401 (2015: R78,300,964) from customers in the name of the company. The deposits are included in cash and cash equivalents (note 16) as unrestricted cash, with the related liability included in other payables (note 20). 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.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

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.

	2016		2015	
	Quality	Value of instrument R	Quality	Value of instrument R
Trade receivables	High	153,797,334	High	137,864,627
	Medium	36,982,508	Medium	98,594,129
	Low	7,218,006	Low	2,541,346
		197,997,848		239,000,102

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

Airlines across the globe continue to feel the impact of the global financial crisis and South Africa is no exception in particular low cost airlines. This has resulted in defaults and breaches on some of the trade and other receivables during the period under review. Furthermore, the current market conditions might increase the default risk.

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:

	2016		2015	
	Maximum exposure posed by the instrument R	Value of instrument R	Maximum exposure posed by the instrument R	Value of instrument R
Trade receivables	197,997,848	197,997,848	239,000,102	239,000,102

Fair value

The carrying value of trade and other receivables approximates their fair values.

Refer to note 28 for related party information.

15. Prepayments

	2016	2015
	7,359,995	6,314,676

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 2016 financial year.

The carrying value of prepayments approximates their fair values.

16. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016	2015
Bank balances	35,049,212	28,042,229
Bank balances - US Dollar denominated	155,813,335	133,940,642
Other cash and cash equivalents	154,127	168,556
Short-term deposits	1,036,983,406	901,198,406
	1,228,000,080	1,063,349,833

Cash and cash equivalents include the following for the purpose of the cash flow statement:

Cash and cash equivalents	1,228,000,080	1,063,349,833
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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 counter 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

NOTES TO THE AUDITED FINANCIAL STATEMENTS

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.

	2016		2015	
	Quality	Value of instrument R	Quality	Value of instrument R
Cash and cash equivalents	High	1,228,000,080	High	1,063,349,833

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:

	2016		2015	
	Maximum exposure posed by the instrument R	Value of instrument R	Maximum exposure posed by the instrument R	Value of instrument R
Cash and cash equivalents	1,228,000,080	1,228,000,080	1,063,349,833	1,063,349,833

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.

17. Share capital

	2016 R	2015 R
Authorised		
500 million ordinary shares with a par value of R 1 each	50,000,000	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
At the end of the year	190,646,000	190,646,000

18. 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:

	2016 R	2015 R
At beginning of the year	(72,954,475)	(83,371,450)
Recognised in statement of profit and loss and other comprehensive income	20,257,508	10,416,975
Prior year under provision	186,152	-
	(52,510,815)	(72,954,475)
Deferred income tax liability relates to the following:		
Property, plant and equipment	(84,565,729)	(99,226,803)
Provisions	34,584,793	27,872,629
Impairment of trade receivables allowance	(1,399,550)	(455,845)
Operating leases	930,470	623,654
Prepayments	(2,060,799)	(1,768,110)
	(52,510,815)	(72,954,475)

NOTES TO THE AUDITED FINANCIAL STATEMENTS

19. Commitments

	2016 R	2015 R
Authorised capital expenditure		
Capital expenditure contracted for at the reporting date but not yet incurred is as follows:		
Property, plant and equipment	491,381,059	28,882,684
Operating leases – as lessee (expense)		
Minimum lease payments due		
Not later than 1 year	23,988,410	9,474,553
Later than 1 year and not later than 5 years	34,120,574	14,388,725
	58,108,984	23,863,278
Equalisation of operating lease liability		
Opening balance	2,227,338	2,284,030
Current year adjustment	1,095,770	(56,692)
	3,323,108	2,227,338

The company has entered into commercial leases on certain motor vehicles, 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.

20. Trade and other payables

	2016 R	2015 R
Financial instruments		
Trade payables	70,404,145	53,359,310
	70,404,145	53,359,310
Accrued expenses	31,935,157	31,047,924
Other payables	15,377,476	7,455,497
	117,716,778	91,862,731
Non-financial instruments		
VAT payable	6,636,187	8,312,849
	124,352,965	100,175,580

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 28 for related party information.

21. Provisions for other liabilities and charges

Reconciliation of provisions for other liabilities and charges - 2016

	Opening balance	Additions	Utilised during the year	Closing balance
External audit fees	1,228,894	1,500,000	(2,408,234)	320,660
Leave pay	23,851,041	48,505,931	(46,646,084)	25,710,888
Performance bonus	65,000,004	68,685,504	(65,000,004)	68,685,504
Other	4,449,845	15,538,488	(11,181,834)	8,806,499
	94,529,784	134,229,923	(125,236,156)	103,523,551

Reconciliation of provisions for other liabilities and charges - 2015

	Opening balance	Additions	Utilised during the year	Closing balance
External audit fees	985,031	1,800,000	(1,556,137)	1,228,894
Leave pay	22,197,466	44,639,692	(42,986,117)	23,851,041
Performance bonus	60,000,000	65,000,004	(60,000,000)	65,000,004
Other	2,110,454	6,219,516	(3,880,125)	4,449,845
	85,292,951	117,659,212	(108,422,379)	94,529,784

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Uncertainties and assumptions:

Leave Pay

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

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 2016.

Other

Includes provision for credit notes, Swaziland civil aviation authority and provision for printing annual reports.

22. Tax paid

	2016 R	2015 R
Balance at beginning of the year	(6,711,393)	12,290,894
Current tax for the year recognised in profit or loss	(125,884,889)	(111,578,744)
Balance at end of the year	(8,049,997)	6,711,393
	(140,646,279)	(92,576,457)

23. Cash flows from investing activities

	2016 R	2015 R
Property, plant and equipment	19,062,034	9,513,352
Capital work in progress	207,592,721	125,056,542
	226,654,755	134,569,894

24. Cash generated from operations

	2016 R	2015 R
Profit before taxation	348,583,236	384,624,990
Adjustments for:		
Depreciation and amortisation	107,910,393	115,578,051
Loss/(profit) on sale of property, plant and equipment	5,163,197	(12,674)
Finance revenue	(54,638,632)	(47,600,879)
Finance costs	711,544	897,552
Movements in operating lease assets and accruals	1,095,770	(56,692)
Movements in provisions and other non-cash items	7,220,497	10,319,145
Net foreign exchange difference	(36,335,706)	(16,343,633)
Changes in working capital:		
Inventories	-	259,447
Trade and other receivables	41,926,203	(51,500,247)
Prepayments	(1,045,319)	(3,620,956)
Trade and other payables	24,177,385	34,049,187
	444,768,568	426,593,291

25. Proceeds on disposal of property plant and equipment

	2016 R	2015 R
Proceeds on sale of property, plant and equipment	50,426	82,229

NOTES TO THE AUDITED FINANCIAL STATEMENTS

26. Contingencies

The Company has guarantee that it would pay to the suppliers an amount of R3,151,085 (2015: 3,049,916) and cessions and other matters arising in the ordinary course of business. It is not anticipated that any liabilities will arise from contingent liabilities.

27. 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 2011 and the Registrar approved the application on 10 April 2012. The valuation exemption will terminate on 31 January 2017.

The latest actuarial assessment of the ATNS Retirement Fund was at 31 January 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 R59,983,454 (2015: R53,474,038).

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

28. 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

	2016 R	2015 R
Sales of services		
- Airports Company of South Africa	10,634,563	9,902,134
- North West Province	8,148,391	8,234,682
- South African Civil Aviation Authority	1,166,537	1,113,626
- South African Air force	3,307,189	2,932,211
- South African Airways	399,946,388	405,564,256
- South African Express	121,316,835	138,967,916
- Tulca (Pty) Ltd - Mango Airlines	150,601,642	126,900,096
- Other	21,878,008	4,583,745
	716,999,553	698,198,666
Purchases of goods and services		
- Airports Company of South Africa	10,505,773	10,415,689
- Eskom	6,175,866	7,095,796
- South African Civil Aviation Authority	10,122,766	9,273,284
- South African Revenue Services	273,529,862	244,363,362
- Telkom	18,700,449	17,963,919
- Other	1,354,144	1,013,431
	320,388,860	290,125,481

NOTES TO THE AUDITED FINANCIAL STATEMENTS

These transactions are carried out on commercial terms & conditions.

	2016 R	2015 R
Year end balances arising from related party activity		
Receivables from related parties		
- Airports Company of South Africa	4,423,402	3,349,861
- South African Airways	34,028,676	64,873,455
- South African Express	33,838,510	34,563,615
- Tulca (Pty) Ltd - Mango Airlines	13,888,644	12,268,834
- Other	5,960,947	6,256,773
	92,140,179	121,312,538
Payables to related parties		
- Airports Company of South Africa	1,793,962	700,115
- Eskom	88,531	1,006,424
- South African Revenue Services	6,636,187	8,312,849
- Telkom	1,688,806	1,274,981
- Other	357,444	-
	10,564,930	11,294,369

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.

29. Directors, Emoluments and Prescribed officers

All non-executive directors are South Africans.

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

2016

	Basic salary	Incentive Bonus	Total
DST Mthiyane	3,461,783	841,695	4,303,478
MW Ndlovu	2,512,344	476,469	2,988,813
PC Marais	2,655,564	472,298	3,127,862
S Mngomezulu	1,758,226	388,276	2,146,502
HJ Marais	1,835,098	371,275	2,206,373
TV Ndou	1,898,013	388,234	2,286,247
DH Sangweni	2,241,187	458,822	2,700,009
T Thankge	1,784,420	209,451	1,993,871
T Myeza (Appointed: 01 April 2015)	2,051,128	-	2,051,128
P Boshielo (Appointed: 01 December 2015)	599,963	-	599,963
J Matshoba (Appointed: 01 February 2016)	1,659,241	238,059	1,897,300
	22,456,967	3,844,579	26,301,546

2015

	Basic salary	Incentive Bonus	Total
DST Mthiyane	3,213,256	615,084	3,828,340
MW Ndlovu	1,917,601	356,695	2,274,296
PC Marais	2,376,348	421,586	2,797,934
S Mngomezulu	1,535,348	283,526	1,818,874
HJ Marais	1,750,829	259,415	2,010,244
TV Ndou	1,753,782	366,292	2,120,074
DH Sangweni	2,085,512	393,445	2,478,957
T Thankge	963,566	-	963,566
R Subramany	429,044	144,351	573,395
	16,025,286	2,840,394	18,865,680

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Non-executive

2016

	Directors' fees	Other Benefits and allowances	Total
P. Riba	332,015	1,091	333,106
N. Mtshali	238,380	2,251	240,631
B. Ssamula	294,642	5,422	300,064
S. Hari	255,108	2,146	257,254
E.M. Mphahlele	276,397	24,766	301,163
I. Nkama	276,649	2,534	279,183
P.Q. Dhlamini	269,551	2,699	272,250
D.G. Mwanza	279,434	3,305	282,739
M.D. Mamashela (Period of office ended:31 August 2015)	398,579	13,259	411,838
H.T. Makhathini (Period of office ended:31 August 2015)	171,225	12,725	183,950
F.Z. Msimang (Period of office ended:31 August 2015)	12,000	-	12,000
F.K.N. Thlakudi (Period of office ended: 31 August 2015)	200,499	13,526	214,025
T.N. Mgoduso (Period of office ended:31 August 2015)	250,678	14,671	265,349
S.V. Zilwa (Period of office ended:31 August 2015)	154,255	12,420	166,675
S.G. Mseleku (Period of office ended:31 August 2015)	151,972	12,967	164,939
	3,561,384	123,782	3,685,166

2015

	Directors' fees	Other Benefits and allowances	Total
MD Mamashela	727,902	28,224	756,126
FKN Tlhakudi	600,819	28,356	629,175
SV Zilwa	381,069	26,178	407,247
FZ Msimang	-	24,000	24,000
GS Mseleku	331,341	26,587	357,928
HT Makhathini	293,143	26,006	319,149
TN Mgoduso	565,202	32,514	597,716
	2,899,476	191,865	3,091,341

The period of office for all the above directors (in 2015) ended on 31 August 2015.

Prescribed officers

2016

	Basic salary	Incentive Bonus	Total
A Wadee	1,487,978	296,920	1,784,898
SW Nkabinde	1,352,382	189,456	1,541,838
G Cullen	1,115,504	217,200	1,332,704
J Smit (Resigned: 31 October 2015)	1,178,389	-	1,178,389
H Reid	1,641,356	291,939	1,933,295
JM Manyakoana	1,630,419	257,979	1,888,398
JM Moholola	1,355,792	277,875	1,633,667
DJ Watts	1,294,938	241,509	1,536,447
CH Gersbach	1,276,205	225,481	1,501,686
	12,332,963	1,998,359	14,331,322

2015

	Basic salary	Incentive Bonus	Total
A Wadee	1,402,223	258,441	1,660,664
SW Nkabinde	1,135,797	185,173	1,320,970
G Cullen	1,225,882	213,759	1,439,641
J Smit	1,485,631	225,620	1,711,251
H Reid	1,657,073	279,471	1,936,544
JM Manyakoana	1,629,647	292,672	1,922,319
JM Moholola	1,224,132	223,396	1,447,528
DJ Watts	1,221,694	216,041	1,437,735
CH Gersbach	1,192,904	201,245	1,394,149
	12,174,983	2,095,818	14,270,801

The above employees have been classified as prescribed officers and accordingly, information relating to their remuneration is herewith disclosed:

NOTES TO THE AUDITED FINANCIAL STATEMENTS

30. Categories of financial instruments

Financial assets at fair value through profit or loss	Debt instruments at amortised cost	Financial liabilities at amortised cost	Leases	Equity and non financial assets and liabilities	Total
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31. Financial risk management, objectives and policies

Categories of financial instruments and maturity analysis

2016

Financial assets	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 R
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Loans and receivables

Risk financing insurance policy	17,741,895	1,478,491	2,956,982	13,306,422	-
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Trade and other receivables

Trade and other receivables	203,029,188	16,919,099	33,838,198	152,271,891	-
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Cash and cash equivalents

Bank balances	1,228,000,080	10,233,334	20,466,668	1,197,300,078	-
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Financial liabilities	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 R
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Other financial liabilities

	-	-	-	-	-
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Trade and other payables

Trade payable	70,404,145	5,867,012	11,734,024	52,803,109	-
Accrued expenses	31,935,157	2,661,263	5,322,526	23,951,368	-
Other payables	22,013,663	1,834,472	3,668,944	16,510,247	-
	124,352,965	10,362,747	20,725,494	93,264,724	-

2015

Financial assets	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 R
Other Financial assets					
Risk financing insurance policy	15,361,144	1,280,095	2,560,191	11,520,858	-
Trade and other receivables					
Trade and other receivables	244,955,391	20,412,949	40,825,899	183,716,543	-
Cash and cash equivalents					
Bank balances	1,063,349,833	88,612,486	177,224,972	797,512,375	-
Trade and other payables					
Trade payable	53,359,310	4,446,609	8,893,218	40,019,483	-
Accrued expenses	31,047,924	2,587,327	5,174,654	23,285,943	-
Other payables	15,768,346	1,314,028	2,628,058	11,826,260	-
	100,175,580	8,347,964	16,695,930	75,131,686	-

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.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

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.

2016	Rand	USD	EUR	Other
Risk financing insurance policy	14,271,134	956,190	-	-
Trade and other receivables	12,798,115	857,208	-	-
Cash and cash equivalents	155,813,335	10,436,258	-	-
	182,882,584	12,249,656	-	-

2015	Rand	USD	EUR	Other
Risk financing insurance policy	11,842,049	980,708		
Trade and other receivables	23,468,811	1,943,587	-	-
Cash and cash equivalents	133,940,642	11,092,393	-	-
	169,251,502	14,016,688	-	-

Sensitivity analysis

A 10% strengthening in the Rand against the above currencies at 31 March 2016 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 2015.

A 10% weakening in the Rand against the above currencies at 31 March 2016 would have had the equal but opposite effect to the amounts shown below, on the basis that all other variables remain constant.

Profit or loss	2016 R	2015 R
USD	18,251,987	16,918,137

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:

Variable rate instruments - Linked to Prime	2016	2015
Cash and cash equivalents	1,228,000,080	1,063,349,833
Trade and other receivables	203,029,188	244,955,391
Trade and other payables	(124,352,965)	(100,175,580)
Total interest rate exposure	1,306,676,303	1,208,129,644

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.

	2016	2015
Increase of 100 basis points in prime rate	13,066,763	12,081,296
Decrease of 100 basis points in prime rate	(13,066,763)	(12,081,296)

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 47% 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).

NOTES TO THE AUDITED FINANCIAL STATEMENTS

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% (2015 : 0%). The company has a gearing threshold of 45%.

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

32. 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.

