



AIR TRAFFIC & NAVIGATION SERVICES SOC LIMITED
FINANCIAL REPORT
2015



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

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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 Report of the Audit and Risk Committee of the Board is prepared in terms of the Companies Act 94(7) (f); Treasury Regulations 27(1) (10) (b); (c) of the Public Finance Management Act no. 1 of 1999 as amended; and King III Code of Governance Principles.

In accordance with its charter, the ATNS Audit and Risk Committee discharged its responsibilities during the past 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;
- Recommended the appointment of the external auditors for the financial year under review;
- Approved the external auditors' annual plan and the scope of work;
- Recommended the external audit fees for approval;
- Reviewed the independence, objectivity, reporting, cost effectiveness and overall performance of the external auditors;
- Considered the extent of reliance on internal audit by the external audit function;
- Obtained assurance from the external auditors that their independence has not been impaired;
- Reviewed the results of the external audit, including any accounting and auditing concerns;
- Reviewed the overall audit role to explore objectives, minimise duplication, discuss implications of new auditing standards, ensure that the external audit fee will sustain a proper audit, and provide value for money;
- Reviewed the integrity of the Company's financial reporting process;
- Reviewed the external auditors' report and Management's response;
- Reviewed the adequacy, reliability, quality and accuracy of financial information included in the integrated report;
- Reviewed and approved the annual financial statements and the accompanying reports to the Shareholder;
- Reviewed the statement on internal control systems prior to endorsement by the Board;
- Reviewed and satisfied itself of the appropriateness of the expertise and adequacy of resources within the finance function;

REPORT OF THE AUDIT AND RISK COMMITTEE

- Reviewed the integrated report as a whole to ensure it presents consistency with operational and financial information known to the committee, as well as assessed the position, performance and prospects of the Company;
- Reviewed internal audit activities, including the internal audit's charter, independence, internal audit plan, coordination with external auditors, 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 function (and the implementation of controls by management), as well as reported on internal controls and recommendations, and confirmed that appropriate actions are taken on an ongoing basis; and
- Continuously monitored the ATNS Safety and Oversight report throughout the financial year.

After consideration and analysis of information and clarifications 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 in ensuring that:

- Risks were properly managed;
- The Company's assets were safeguarded;
- Proper accounting records were maintained;
- Resources were utilised efficiently; 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 minimise the risk.

Management's attitude towards internal controls continues to be positive, as demonstrated by the process of resolving audit findings reported by both internal and external auditors.

Activities throughout ATNS are governed by written policies and procedures that are reviewed and approved by the Board or Management as appropriate.

The Audit and Risk Committee reviewed the going concern status of ATNS and is satisfied that the adoption of the going concern's premise in the preparation of the annual financial statements is appropriate.

On behalf of the Audit and Risk Committee

Ms Hlengiwe Makhathini
Chairman - Audit and Risk Committee
07 July 2015

CHIEF FINANCIAL OFFICER'S OVERVIEW

MR WILLIAM NDLOVU CHIEF FINANCIAL OFFICER

Moshabe William 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 Committee Member of Corporate Governance and Traditional Affairs (COGTA). Mr Ndlovu holds a Global Executive MBA from both Georgetown University (McDonough School of Business) in the USA, and Esade Business School in Spain.



The reporting year was characterised by both favourable and unfavourable news for the airline industry. The drop in oil prices, for instance, despite being short-lived, was positive news for airlines. Conversely, the debate that the change in the country's immigration laws during the reporting period will discourage travel to South Africa, thereby affecting business negatively is still ongoing. Notwithstanding the challenges faced by the aviation industry, overall air traffic has increased by 4% year-on-year, resulting in an increase of 1,2% in revenue generating air traffic movements.

Revenue for the reporting period increased by 9% to R1,412 billion (2014: R1,293 billion) due mainly to airlines using larger aircraft, which attract higher tariffs compared to smaller aircrafts. Operating costs increased by 10% to R1,079 billion (2014: R981 million) mainly due to increased staff costs and foreign exchange impacts.

Our operating profit margin remained constant at 24%, despite operating costs increasing slightly higher than that of the prior year to 10% (2014: 6%). As a result, the cash flow margins remained constant at 30% compared to the prior year. The Company experienced a decrease in the Return on Assets (ROA) from 19% to 13% in the reporting period, mainly as a result of an increase in current assets just before the end of the current financial period.

ATNS continued to implement its investment programme, albeit at a slower pace than anticipated. This was due to the Company's robust implementation

CHIEF FINANCIAL OFFICER'S OVERVIEW

of transformation in the procurement of capital equipment. Given that the nature of the industry is largely 'oligopolistic' (i. e. dominated by a small number of international sellers), it took a while for suppliers to comply with transformation requirements. We are positive that in the coming financial period we will be back on track and achieve our capital expenditure target as set by the Board.

The Company secured a facility of R650 million during the reporting period, which will be used to fund the anticipated capital expenditure for the coming financial period and beyond to 2020.

The Board of Directors applied its collective mind to verify whether or not the Company will be a "going concern" in the foreseeable future. This was done by assessing ratios which indicate the ability of the Company to honour both its long-term and short-term financial obligations. The Board further considered the Company's compliance with loan covenants from financiers, which indicated that ATNS complied with all the requirements of the loan covenants from its financiers before they were settled. Based on this, the Board concluded to prepare the financial statements on a 'going concern' basis, as referenced in the Directors' report on page 14 of this report.

The previous financial period marked the final year of the then 'current' permission. During the year, a draft permission for the period 2015 to 2020 was issued for comment. The Company has submitted its comments to the Regulating Committee and a final permission is expected by the end of June 2015.

The Company has been successful in implementing its B-BBEE strategy, achieving a contribution level of 2 (from 5 in the previous financial period). The challenge going forward is for the Company to maintain this level even under the new B-BBEE codes, which came into effect on 1 May 2015. The Company will continue to focus on corporate social responsibility activities, enterprise development and preferential procurement in the year ahead.

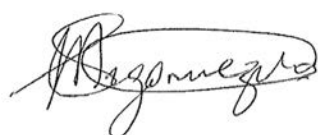
A memorandum of understanding (MOU) has been concluded to continue operating as a network service provider for SADC VSAT II and NAFISAT, and will be effective from 1 December 2015 until 2022. At the time of reporting, ATNS was in the process of upgrading the current network. The Company still has to sign service level agreements (SLAs) with individual member states, which will stipulate the expected availability of the network service.

Revenue from ATNS's non-regulated business remained constant at 10% of total revenue. The strategy, as was approved to grow this business, is being implemented and Management remains positive that it will bear fruit in the near future.

William Ndlovu
07 July 2015

CERTIFICATE BY COMPANY SECRETARY

In my capacity as 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 2015, 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
07 July 2015

MR SOLOMON MNGOMEZULU 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).



INDEPENDENT AUDITORS' REPORT TO PARLIAMENT

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Introduction

We have audited the annual financial statements of the Air Traffic and Navigation Services SOC limited set out on pages 15 to 64, which comprise the statement of financial position as at 31 March 2015, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the annual financial statements

The Board of Directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, the requirements of the Public Finance Management Act and Companies Act of South Africa, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 annual financial statements.

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Air Traffic and Navigation Services SOC Limited as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Public Finance Management Act and Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the annual financial statements for the year ended 31 March 2015, we have read the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

INDEPENDENT AUDITORS' REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the General Notice issued in terms thereof, we report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

We performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report.

The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, we draw attention to the following matter below.

Achievement of planned targets

Of the total number of planned targets of 43 the company achieved 33 during the year under review. Out of the remaining 10 (23%), that were not achieved the company reached a performance level of at least 80% on 7 of them.

Compliance with laws and regulations

We did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA.

Internal control

We considered internal control relevant to our audit of the annual financial statements, annual performance report and compliance with laws and regulations. We did not identify any deficiencies in internal control which we considered sufficiently significant for inclusion in this report.



KwinanaEquifin Incorporated
Chartered Accountants (South Africa)
Registered Accountants and Auditors
Pretoria

Per Y Kwinana
Registered Auditor
Chartered Accountant (SA)
Director
07 July 2015

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors hereby present their report and the audited annual financial statements for the year ended 31 March 2015.

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

The audited annual financial statements presented on pages 15 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 annual 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 31 March 2015, 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 annual financial statements.

The external auditors are responsible for independently reviewing and reporting on Air Traffic and Navigation Services SOC Limited's audited annual financial statements. The audited annual financial statements have been examined by the Company's external auditors and their report is presented on pages 7 to 8.

The Internal Audit activities are in accordance with the preapproved 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 annual 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 31 March 2015, and that the Code of Corporate Practices has been adhered to.



Chairman
Johannesburg
07 July 2015



Chief Executive Officer
Johannesburg
07 July 2015

DIRECTORS' REPORT

The directors have pleasure submitting the annual financial statements of the Company for the year ended 31 March 2015.

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 Company strives to comply with environmental, health and safety laws in its operations.

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 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.

DIRECTORS' REPORT



The current permission plan (2010/11 to 2014/15) ended on 31 March 2015. ATNS therefore submitted the Permission application (2015/16 to 2019/20) to the Regulating Committee on 28 November 2014. The final Permission will be issued on 30 June 2015 and will come into effect by 01 October 2015.

For the period of 01 April 2015 to 30 September 2015, 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.

5. Overall performance

Globally, the aviation industry continued to experience harsh economic conditions during the period under review. Despite the adverse economic conditions the Company's cash generated from operations increased by 9.8% to R427 million (2014: R389 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, pose a risk of defaulting customers. To mitigate the risk, we have obtained bank guarantees from most customers.

Turnover increased by 9% to R1, 412 billion (2014: R1, 293 billion) mainly due to slight increase in air traffic movements. The operating cost increased by 10.6% to R1,085 billion (2014: R981 million) mainly due to increased staff cost 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 21% to R137 million (2014: R113 million). Our balance sheet continued to strengthen with liquidity ratio being at 6.5:1 (2014: 6.7:1) and our gearing ratio is still at 0% (2014: 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 (2014: 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 did not spent as projected on its capital expenditure for the year under review. However the current infrastructure remains in good condition to continue providing safe operations. A project of replacing the current operations system is under way with the expectation of completion in the latter part of 2015 and to be commissioned in 2016. At present the Company is in a good position to fund the replacement through cash generated from operations and borrowings.

9. Changes in accounting policies

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

DIRECTORS' REPORT



10. Adoption of International Financial Reporting Standards (IFRS)

The Company's annual 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 Shareholder's Compact. The achievements of the key performance indicators are included on page 8.

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
M.D. Mamashela	South African	Chairman	1 March 2012	
D.S.T. Mthiyane	South African	Chief Executive Officer	5 July 2013	
M.W. Ndlovu	South African	Chief Financial Officer	1 April 2013	
H. T. Makhathini	South African	Non-Executive	1 March 2012	
F. Z. Msimang	South African	Non-Executive	1 March 2012	
F.K.N. Thlakudi	South African	Non-Executive	1 March 2012	
T.N. Mgoduso	South African	Non-Executive	1 March 2012	
S.V. Zilwa	South African	Non-Executive	1 March 2012	
S.G. Mseleku	South African	Non-Executive	1 March 2012	

13. Performance evaluation of the Board

An annual Board Evaluation is conducted to assess the effectiveness of the Board. The process is managed by an independent service provider. The findings of the evaluation were considered by the Board and were compared to the previous year's assessment, with appropriate action plans being formulated.

The independent service provider who conducted the Board Evaluation process stated that there was an improvement from the previous year.

DIRECTORS' REPORT

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 annual 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 annual 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 2015

		2015	2014
	Notes		
ASSETS			
Non-Current Assets			
Property, plant and equipment	10	651,720,948	706,011,872
Intangible assets	11	60,376,260	67,703,942
Capital work in progress	12	144,339,798	63,601,328
		856,437,006	837,317,142
Current assets			
Inventories	13	-	259,447
Loans and receivables	14	15,361,144	13,982,842
Income tax receivable	23	-	12,290,894
Trade and other receivables	15	244,955,391	193,455,144
Prepayments	16	6,314,676	2,693,720
Cash and cash equivalents	17	1,063,349,833	803,431,896
		1,329,981,044	1,026,113,943
Total Assets		2,186,418,050	1,863,431,085
EQUITY AND LIABILITIES			
Equity			
Share capital	18	190,646,000	190,646,000
Retained earnings		1,719,173,480	1,435,710,259
		1,909,819,480	1,626,356,259
LIABILITIES			
Non-Current Liabilities			
Deferred income tax liabilities	19	72,954,475	83,371,450
		72,954,475	83,371,450
Current Liabilities			
Current tax payable	23	6,711,393	-
Operating lease liability	20	2,227,338	2,284,030
Trade and other payables	21	100,175,580	66,126,393
Provisions for other liabilities and charges	22	94,529,784	85,292,953
		203,644,095	153,703,376
Total Liabilities		276,598,570	237,074,826
TOTAL EQUITY AND LIABILITIES		2,186,418,050	1,863,431,085

STATEMENT OF COMPREHENSIVE INCOME

		2015	2014
	Notes		
Revenue	3	1,459,580,665	1,326,396,910
Turnover	3	1,411,979,786	1,292,712,925
Other income - net	4	17,266,958	14,808,735
Depreciation costs	10	(100,163,540)	(103,518,677)
Amortisation on intangible assets	11	(15,414,511)	(12,416,191)
Staff costs	5	(686,122,385)	(627,412,116)
Other expenses	6	(289,624,645)	(252,776,658)
Operating profit		337,921,663	311,398,018
Finance revenue	7	47,600,879	33,683,985
Finance costs	8	(897,552)	(6,212,947)
Profit before taxation		384,624,990	338,869,056
Income tax expense	9	(101,161,769)	(94,606,801)
Profit for the year		283,463,221	244,262,255
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		283,463,221	244,262,255

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Retained earnings	Total equity
Balance at 01 April 2013		190,646,000	1,191,448,004	1,382,094,004
Profit for the year	-	-	244,262,255	244,262,255
Total Comprehensive Income for the year	-	-	-	-
Balance at 01 April 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 31 March 2015	18	190,646,000	1,719,173,480	1,909,819,480

STATEMENT OF CASH FLOWS

		2015	2014
	Notes		
Operating activities			
Cash receipts from customers		1,467,100,989	1,256,130,118
Cash paid to suppliers and employees		(1,040,507,698)	(867,111,872)
Cash generated from operations	25	426,593,291	389,018,246
Finance revenue	7	47,600,879	33,683,985
Finance costs	8	(897,552)	(6,212,947)
Borrowing costs capitalised	8	-	(2,867,309)
Income tax paid	23	(92,576,457)	(94,063,841)
Net cash flows from operating activities		380,720,161	319,558,134
Investing activities			
Purchase of property, plant and equipment	24	(134,569,894)	(105,031,347)
Proceeds from sale of property, plant, equipment and intangibles	26	82,229	48,473
Purchase of intangible assets	11	(2,658,192)	(8,435,518)
Net cash flows from investing activities		(137,145,857)	(113,418,392)
Financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	(118,979,122)
Net cash flows from financing activities		-	(118,979,122)
Net increase in cash and cash equivalents		243,574,304	87,160,620
Cash and cash equivalents at beginning of year		803,431,896	701,913,527
Net foreign exchange difference		16,343,633	14,357,749
Cash and cash equivalents at end of year	17	1,063,349,833	803,431,896

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 annual financial statements of the Company for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 07 July 2015.

1.1 Basis of preparation

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

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

Statement of compliance

The annual 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 principle accounting policies applied in the preparation of these annual 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 annual 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.

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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 comprehensive income 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

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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.

The Company has made certain estimates in adjusting the carrying amounts of assets, which is resultant from assessing the present status of the Company's assets and the expected future benefits and obligations associated with the assets. The effect of the change in an accounting estimate, is recognised prospectively by adjusting the amount of the periodic consumption of the assets in the current financial year.

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 comprehensive income in the year the asset is derecognised.

1.5 Capital work in progress

Capital work in progress is measured at cost.

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

The capitalisation rate used to determine the borrowing cost eligible for capitalisation is disclosed in the notes to the annual financial statements under interest bearing loans and borrowings.

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

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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.

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

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each 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:

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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 comprehensive income 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 comprehensive income 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.

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1.9 Financial instruments

Financial assets

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the 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 statement of comprehensive income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in the above category. They are included in non-current assets unless management intends disposing of the investment within twelve months of the reporting date. Available-for-sale financial assets are subsequently carried at fair value. Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss. Changes in the fair value are recognised immediately in other comprehensive income within other gains/(losses). At balance sheet date no available-for-sale financial assets existed.

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

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(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.

Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of principal payments and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversal of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

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. Gains or losses are recognised in the statement of comprehensive income.

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.

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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 30 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.

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

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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 Inventories

Inventories consist of spares and consumables expected to be used within twelve months and are stated at lower of cost or net realisable value. The cost is calculated using the historical cost.

1.11 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.

1.12 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 the statement of comprehensive income 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.

1.13 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.

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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 27.

1.14 Retirement benefit costs

The Company operates a defined contribution scheme, the assets of which 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 the statement of comprehensive income in the year to which they relate.

1.15 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 fulfilment 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 fulfilment 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 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

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of interest on the remaining balance of the liability. Finance charges related to the finance lease are reflected in the statement of comprehensive income.

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 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 the statement of comprehensive income on a straight-line basis over the lease term.

1.16 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity 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 the statement of comprehensive income.

1.17 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.

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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.

1.18 Taxes

Current tax assets and liabilities

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

Current tax 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.

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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 of 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.

1.19 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.

1.20 Irregular, fruitless and wasteful expenditure

Irregular expenditure means 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.

1.21 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 ANNUAL 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 annual 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 9 Financial instruments

New standard arising from a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement

Phase 1: Classification and measurement (completed)

Phase 2: Impairment methodology (outstanding)

Phase 3: Hedge accounting (completed)

Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However some changes were made to the fair value option for the financial liabilities to address the issue of own credit risk. Entities may voluntarily continue to measure their financial instruments in accordance with IAS 39 but benefit from the improved accounting for own credit risk in IFRS 9 by early adopting only that aspects of IFRS 9 separately.

Annual Improvements 2010-2012 Cycle: Amendments to the measurement requirements for all contingent consideration assets and liabilities included under IFRS 9.

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 13 Fair value measurement

Annual Improvements 2010-2012 Cycles: Amendments to clarify the measurement requirements for those short-term receivables and payables.

Annual Improvements 2011-2013 Cycles: Amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9.

The effective date of this amendment is for years beginning on or after 1 July 2014.

The Company expects to adopt the amendment for the first time in the 2016 annual financial statements.

The adoption of this amendment will not be expected to have a 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 and equipment.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

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 process
- Selling activities and changes in sales
- Volumes and prices, and
- Inflation

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

The Company expects to adopt the amendment for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have material impact on the Company's annual financial statements.

IAS 19 Employee Benefits

Amendments to the Defined Benefits Plans: Employee Contributions whereby the requirements in IAS 19 for contributions from employees or third parties that are linked to service have been amended.

The effective date of this amendment is for years beginning on or before 01 July 2014.

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

The effective date of this amendment is for years beginning on or after 01 July 2017, Early adoption permitted.

The Company expects to adopt the amendments for the first time in the 2016 annual financial statements.

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

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

3. Revenue

	2015 R	2014 R
En-route and approach fees	1,267,728,253	1,159,326,506
SADC VSAT 11	37,214,725	33,494,924
NAFISAT revenue	31,721,964	30,178,743
Small aerodrome fees	41,655,885	37,100,418
Training to third parties	14,441,407	10,898,156
Sundry revenue	7,716,586	13,680,417
Technical maintenance	6,304,624	3,243,217
Extended hours	2,195,090	2,057,693
Rental received-sites	1,020,022	1,095,884
Aeronautical information services	1,196,189	1,267,710
SA Weather Services	785,041	369,256
Turnover	1,411,979,786	1,292,712,925
Finance revenue	47,600,879	33,683,985
Revenue	1,459,580,665	1,326,396,910

4. Other income - net

	2015 R	2014 R
Gain on foreign exchange realised	923,325	450,986
Gain on foreign exchange unrealised	16,343,633	14,357,749
	17,266,958	14,808,735

5. Staff costs

	2015 R	2014 R
Salaries and wages	543,288,637	499,730,817
Bonus	66,188,247	56,789,608
Pension costs - defined contribution scheme	53,474,038	49,081,865
Training and development	16,292,267	15,904,071
Recruitment costs	2,805,195	1,324,024
Relocation costs	4,074,001	4,581,731
	686,122,385	627,412,116

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

6. Other expenses

	2015 R	2014 R
Administration expenses	32,370,767	22,020,507
Audit fees		
External Audit	1,800,000	1,299,996
Fees for audit services	1,800,000	1,299,996
Internal audit	2,240,847	2,783,087
Fees for audit services	2,093,834	2,567,342
Fees for other services	147,013	215,475
Impairment of trade receivables	2,185,601	3,560,272
Insurance	7,175,740	6,854,002
Loss/(Profit) on sale of property, plant and equipment	(12,674)	9,803,757
Management consulting services	18,929,401	15,346,846
Marketing expenses	25,673,445	14,988,708
Motor vehicle expenses	4,754,548	4,368,235
Municipal expenses, rates and taxes	13,308,686	12,426,211
Operating lease rentals		
Land and buildings	7,815,603	8,679,625
Straight-lined lease payments	5,524,600	5,524,600
Rent	2,291,003	3,155,025
Equipment rental	1,121,615	1,207,293
Professional fees	21,175,479	13,722,521
Repairs and maintenance expenses	67,242,694	64,862,074
Security	2,623,931	1,946,971
Telecommunication expenses	40,638,650	37,533,071
Travel expenses	40,580,312	31,373,752
	289,624,645	252,776,658

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

7. Finance revenue

	2015 R	2014 R
Investment revenue		
Interest on bank deposits	42,684,715	31,604,455
	42,684,715	31,604,455
Accrued revenue		
Interest on debtors	4,574,910	2,079,530
Interest received - Other	341,254	-
	47,600,879	33,683,985

8. Finance costs

	2015 R	2014 R
Interest on loan liability borrowings	-	9,061,065
Total borrowing costs	-	9,061,065
Less: Amount included in capital work in progress	-	(2,867,309)
	-	6,193,756
Interest paid - Other	897,552	19,191
	897,552	6,212,947

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

9. Income tax expense

	2015 R	2014 R
Major components of income tax expense for the year ended 31 March 2015 and 2014 are:		
Current income tax		
Prior year (over)/under-provision	(7,695,491)	(1,214,472)
Current income tax charge	119,274,235	89,459,443
	111,578,744	88,244,971
Deferred tax		
Current year	(10,416,975)	5,423,893
Prior year (over)/under provision	-	937,937
	(10,416,975)	6,361,830
	101,161,769	94,606,801
Current year deferred tax movements relates to the following:		
Property, plant and equipment	(9,577,228)	3,755,752
Prepayments	1,013,868	(382,876)
Provisions	(1,770,244)	4,855,247
Operating leases	15,874	(188,459)
Impairment of trade receivables allowance	(99,245)	(1,677,834)
	(10,416,975)	6,361,830
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	(2.00)%	(0.36)%
Over provision-Deferred tax asset	-%	0.28%
Foreign tax not recovered	0.30%	-%
Effective rate of tax	26.30%	27.92%



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

10. Property, plant and equipment

	2015 R			2014 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	221,060,686	(52,935,983)	168,124,703	204,290,645	(45,512,098)	158,778,547
Leasehold Improvements	2,193,294	(596,497)	1,596,797	635,671	(109,005)	526,666
Communication equipment	322,434,687	(223,835,948)	98,598,739	308,816,614	(203,715,558)	105,101,056
Electrical and mechanical equipment	40,005,262	(31,437,519)	8,567,743	37,914,368	(30,314,813)	7,599,555
Navigational aids	131,150,353	(73,145,813)	58,004,540	129,141,728	(67,365,071)	61,776,657
Tools and test equipment	15,635,600	(10,834,374)	4,801,226	15,024,566	(9,546,586)	5,477,980
ATC display systems	162,696,657	(134,275,970)	28,420,687	162,696,657	(121,176,733)	41,519,924
Simulator equipment	18,041,948	(6,340,835)	11,701,113	18,041,948	(3,701,592)	14,340,356
Radar equipment	578,916,818	(333,988,867)	244,927,951	583,709,548	(303,527,239)	280,182,309
Office furniture and equipment	25,544,909	(19,540,066)	6,004,843	26,889,798	(19,128,479)	7,761,319
Computer equipment	24,087,279	(16,546,473)	7,540,806	39,974,352	(30,465,512)	9,508,840
Motor vehicles	160,139	(160,139)	-	160,139	(153,276)	6,863
Total	1,555,359,432	(903,638,484)	651,720,948	1,540,727,834	(834,715,962)	706,011,872

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Projects capitalised	Depreciation	Closing balance
Land	13,431,800	-	-	-	-	13,431,800
Buildings	158,778,547	-	-	16,770,053	(7,423,897)	168,124,703
Leasehold improvements	526,666	1,478,249	-	79,375	(487,493)	1,596,797
Communication equipment	105,101,056	-	(17,284)	14,435,634	(20,920,667)	98,598,739
Office furniture and equipment	7,761,319	553,531	(2,081)	7,965	(2,315,891)	6,004,843
Motor vehicles	6,863	-	-	-	(6,863)	-
Electrical and mechanical equipment	7,599,555	272,673	(11,031)	2,563,82	(1,857,283)	8,567,743
Computer equipment	9,508,840	2,295,109	(2,825)	733,152	(4,993,470)	7,540,806
Navigational aids	61,776,657	4,254,772	-	14,874	(8,041,763)	58,004,540
Tools and test equipment	5,477,980	659,018	(124)	-	(1,335,648)	4,801,226
ATC display systems	41,519,924	-	-	-	(13,099,237)	28,420,687
Simulator equipment	14,340,356	-	-	-	(2,639,243)	11,701,113
Radar equipment	280,182,309	-	(36,210)	1,823,937	(37,042,085)	244,927,951
	706,011,872	9,513,352	(69,555)	36,428,819	(100,163,540)	651,720,948

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Projects capitalised	Depreciation	Closing balance
Land	13,431,800	-	-	-	-	13,431,800
Buildings	165,816,138	-	-	175,000	(7,212,591)	158,778,547
Leasehold property	-	635,671	-	-	(109,005)	526,666
Communication equipment	100,941,800	-	(4,181)	27,328,463	(23,165,026)	105,101,056
Office furniture and equipment	6,719,131	889,219	-	2,391,165	(2,238,196)	7,761,319
Motor vehicles	16,725	-	-	-	(9,862)	6,863
Electrical and mechanical equipment	8,757,034	675,639	-	209,038	(2,042,156)	7,599,555
Computer equipment	10,117,678	4,949,126	(723)	-	(5,557,241)	9,508,840
Navigational aids	66,124,958	1,138,731	-	2,268,798	(7,755,830)	61,776,657
Tools and test equipment	5,830,382	1,065,219	(353)	-	(1,417,268)	5,477,980
ATC display systems	53,672,201	-	-	933,799	(13,086,076)	41,519,924
Simulator equipment	16,979,599	-	-	-	(2,639,243)	14,340,356
Radar equipment	290,828,615	-	(9,846,969)	37,486,846	(38,286,183)	280,182,309
	739,236,061	9,353,605	(9,852,226)	70,793,109	(103,518,677)	706,011,872

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

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

11. Intangible assets

	2015 R			2014 R		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	220,033,543	(159,657,283)	60,376,260	211,946,714	(144,242,772)	67,703,942

	Opening balance	Additions	Projects capitalised	Amortisation	Closing balance
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Reconciliation of intangible assets - 2015

Computer software	67,703,942	2,658,192	5,428,637	(15,414,511)	60,376,260
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Reconciliation of intangible assets - 2014

Computer software	54,811,221	8,435,518	16,873,394	(12,416,191)	67,703,942
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NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

12. Capital work in progress

	2015 R	2014 R
Opening net book value	63,601,328	53,529,736
Additions	121,771,381	95,677,742
Other adjustments	(2,460,616)	(806,954)
Borrowing cost capitalised	-	2,867,309
Other projects related costs	3,285,161	-
Transferred to intangible assets	(5,428,637)	(16,873,413)
Transferred to property, plant and equipment	(36,428,819)	(70,793,092)
	144,339,798	63,601,328
The balance consists of the following categories of property, plant, equipment and intangible asset:		
Radar equipment	269,937	1,056,476
Communication equipment	11,221,270	18,982,633
Navigational aids	3,303,160	1,762,003
Furniture and fittings	85,224	462,491
Office refurbishment	-	598,014
Simulator	343,769	-
Leasehold improvement	-	79,375
Electrical and mechanical equipment	-	4,901,604
Software	20,781,802	2,006,516
ATC display system	104,801,618	24,005,935
Buildings	3,533,018	9,227,201
Tools and Testing	-	28,000
Computer equipment	-	491,080
	144,339,798	63,601,328

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

13. Inventories

	2015 R	2014 R
Opening balance	259,447	197,877
Additions	-	108,084
Expensed to repairs and maintenance	(259,447)	(46,514)
	-	259,447

Net realisable value

Assessment of the carrying values of inventories during the year and the prior year did not warrant a write down of inventories as the carrying value thereof did not exceed the net realisable value thereof.

Reversals of write downs

During the year and the prior year there were no write downs and/or reversals of any write down of inventories.

Encumbrances

None of the inventories were pledged as security for any loans during the year and the prior year.

14. Loans and receivables

	2015 R	2014 R
Risk financing insurance policy	15,361,144	13,982,842
Current assets		
Loans and receivables	15,361,144	13,982,842

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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

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.

2015	Quality	Value of instrument R
Risk financing insurance policy	High	15,361,144

2014	Quality	Value of instrument R
Risk financing insurance policy	High	13,982,842

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 ANNUAL FINANCIAL STATEMENTS

Exposure to credit risk

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

2015	Maximum exposure posed by the instrument R	Value of instrument R
Risk financing insurance policy	15,361,144	15,361,144

2014	Maximum exposure posed by the instrument R	Value of instrument R
Risk financing insurance policy	13,982,842	13,982,842

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

15. Trade and other receivables

	2015 R	2014 R
Financial instruments		
Trade receivables	245,512,180	197,611,305
Less: Impairment of trade receivables allowance	(6,512,078)	(7,929,852)
Trade receivables - net	239,000,102	189,681,453
Other receivables	5,955,289	3,773,691
	244,955,391	193,455,144
	244,955,391	193,455,144

The movement in the impairment of trade receivables allowance during the year was as follows:

Balance at 1 April	7,929,852	31,898,906
Impairment loss recognised	2,185,601	3,560,273
Receivables written off during the year	(3,603,375)	(27,529,327)
Balance at 31 March	6,512,078	7,929,852

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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

The ageing of trade receivables at the reporting date was:

2015	Gross R	Impaired R	Not impaired R
Not past due	143,972,372	-	143,972,372
Past due by 30 days	52,448,787	-	52,448,787
Past due by 31 to 60 days	15,252,686	497,754	14,754,932
Past due by more than 60 days	33,838,335	6,014,324	27,824,011
	245,512,180	6,512,078	239,000,102

2014	Gross R	Impaired R	Not impaired R
Not past due	130,664,670	737,478	129,927,192
Past due by 30 days	39,464,389	661,416	38,802,973
Past due by 31 to 60 days	2,096,981	785,854	1,311,127
Past due by more than 60 days	25,385,265	5,745,104	19,640,161
	197,611,305	7,929,852	189,681,453

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 59% (2014: 52.45%) of trade receivables. Ongoing credit evaluations are performed on the financial position of these customers.

In addition, exposure is reduced by deposits of R2,783,296 (2014: R2,283,296) held on behalf of customers, as well as bank guarantees of R78,300,964 (2014: R90,007,050) from customers in the name of the Company. The deposits are included in cash and cash equivalents (note 17) as unrestricted cash, with the related liability included in other payables (note 21). 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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Credit Quality

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

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

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

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

2015	Quality	Value of instrument R
Trade receivables	High	137,864,627
	Medium	98,594,129
	Low	2,541,346

2014	Quality	Value of instrument R
Trade receivables	High	189,681,453

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. 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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Exposure to credit risk

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

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

2014	Maximum exposure posed by the instrument R	Value of instrument R
Trade receivables	189,681,453	189,681,453

Fair value

The carrying value of trade and other receivables approximates their fair values. Refer to note 29 for related party information.

16. Prepayments

	2015 R	2014 R
	6,314,676	2,693,720

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 Company expects to receive credits for the related expenditure in the 2016 financial year.

The carrying value of prepayments approximates their fair values.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

17. Cash and cash equivalents

Cash and cash equivalents consist of:

	2015 R	2014 R
Bank balances	28,042,229	67,850,545
Bank balances - US Dollar denominated	133,940,642	104,381,673
Other cash and cash equivalents	168,556	129,272
Short-term deposits	901,198,406	631,070,406
	1,063,349,833	803,431,896

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

	2015 R	2014 R
Cash and cash equivalents	1,063,349,833	803,431,896

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 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 ANNUAL 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.

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

2014	Quality	Value of instrument R
Cash and cash equivalents	High	803,431,896

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:

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

2014	Maximum exposure posed by the instrument R	Value of instrument R
Cash and cash equivalents	803,431,896	803,431,896

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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

18. Share capital

	2015 R	2014 R
Authorised		
500 million ordinary shares with a par value of R1 each	500,000,000	500,000,000
Issued and fully paid:		
190 646 000 ordinary shares with a par value of R1 each	190,646,000	190,646,000
At the end of the year	190,646,000	190,646,000

19. Deferred income tax liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit.

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

	2015 R	2014 R
At beginning of the year	(83,371,450)	(77,009,620)
Recognised in statement of comprehensive income	10,416,975	(6,361,830)
	(72,954,475)	(83,371,450)
Deferred income tax liability relates to the following:		
Property, plant and equipment	(99,226,803)	(108,804,031)
Provisions	27,872,629	26,102,385
Impairment of trade receivables allowance	(455,845)	(555,090)
Operating leases	623,654	639,528
Prepayments	(1,768,110)	(754,242)
	(72,954,475)	(83,371,450)

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

20. Commitments

	2015 R	2014 R
Authorised capital expenditure		
Capital expenditure contracted for at the reporting date but not yet incurred is as follows:		
Property, plant and equipment	28,882,684	61,166,231
Operating leases – as lessee (expense)		
Minimum lease payments due		
Not later than 1 year	9,474,553	10,088,636
Later than 1 year and not later than 5 years	14,388,725	23,525,056
	23,863,278	33,613,692
Equalisation of operating lease liability		
Opening balance	2,284,030	1,610,962
Current year adjustment	(56,692)	673,068
	2,227,338	2,284,030

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.

21. Trade and other payables

	2015 R	2014 R
Financial instruments		
Trade payables	53,359,310	23,245,607
	53,359,310	23,245,607
Accrued expenses	31,047,924	25,089,360
Other payables	7,455,497	6,895,131
	91,862,731	55,230,098
Non-financial instruments		
VAT payable	8,312,849	10,896,295
	100,175,580	66,126,393

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

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 29 for related party information.

22. Provisions for other liabilities and charges

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

Reconciliation of provisions for other liabilities and charges - 2014

	Opening balance	Additions	Utilised during the year	Closing balance
External audit fees	1,500,000	1,436,339	(1,951,308)	985,031
Leave pay	17,419,263	12,126,345	(7,348,140)	22,197,468
Performance bonus	55,000,000	56,764,127	(51,764,127)	60,000,000
Other	4,744,800	2,573,872	(5,208,218)	2,110,454
	78,664,063	72,900,683	(66,271,793)	85,292,953

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 2015.

Other

Includes provision for workmen's compensation, estimates on capital expenditure, provision for management fees and provision for printing.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

23. Tax paid

	2015 R	2014 R
Balance at beginning of the year	12,290,894	6,472,024
Current tax for the year recognised in profit or loss	(111,578,744)	(88,244,971)
Balance at end of the year	6,711,393	(12,290,894)
	(92,576,457)	(94,063,841)

24. Cash flows from investing activities

	2015 R	2014 R
Property, plant and equipment	9,513,352	9,353,605
Capital work in progress	125,056,542	95,677,742
	134,569,894	105,031,347

25. Cash generated from operations

	2015 R	2014 R
Profit before taxation	384,624,990	338,869,056
Adjustments for:		
Depreciation and amortisation	115,578,051	115,934,868
Loss/(profit) on sale of property, plant and equipment	(12,674)	9,803,757
Finance revenue	(47,600,879)	(33,683,985)
Finance costs	897,552	6,212,947
Movements in operating lease assets and accruals	(56,692)	673,068
Movements in provisions and other non-cash items	10,319,145	5,634,347
Net foreign exchange difference	(16,343,633)	(14,357,749)
Changes in working capital:		
Inventories	259,447	(61,570)
Trade and other receivables	(51,500,247)	(36,772,678)
Prepayments	(3,620,956)	1,367,413
Trade and other payables	34,049,187	(4,601,228)
	426,593,291	389,018,246

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

26. Proceeds on disposal of property plant and equipment

	2015 R	2014 R
Proceeds on sale of property, plant and equipment	82,229	48,473

27. Contingencies

The Company has guarantee that it would pay to the suppliers an amount of R3,049,916 (2014: 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.

The Company has a matter which is currently under legal proceedings. At the reporting date, it was not possible to perform a reliable estimate of the contingent exposure.

28. 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 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 R53,474,038 (2014: R49,081,865).

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

29. Related party disclosure

The sole shareholder of 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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Related party transactions

	2015 R	2014 R
Sales of services		
- Airports Company of South Africa	9,902,134	13,675,014
- North West Province	8,234,682	9,224,515
- South African Civil Aviation Authority	1,113,626	1,918,346
- South African Air force	2,932,211	3,626,668
- South African Airways	405,564,256	380,650,112
- South African Express	138,967,916	129,498,408
- Tulca (Pty) Ltd - Mango Airlines	126,900,096	104,492,321
- Other	4,583,745	8,017,913
	698,198,666	651,103,297
Purchases of goods and services		
- Airports Company of South Africa	10,415,689	12,131,789
- Eskom	7,095,796	7,762,679
- South African Civil Aviation Authority	9,273,284	9,785,921
- South African Revenue Services	244,363,362	222,539,684
- Telkom	17,963,919	17,727,593
- Other	1,013,431	925,595
	290,125,481	270,873,261

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

These transactions are carried out on commercial terms & conditions.

	2015 R	2014 R
Year end balances arising from related party activity		
Receivables from related parties		
- Airports Company of South Africa	3,349,861	5,056,188
- South African Airways	64,873,455	32,237,042
- South African Express	34,563,615	35,806,533
- Tulca (Pty) Ltd - Mango Airlines	12,268,834	9,294,539
- Other	6,256,773	6,753,368
	121,312,538	89,147,670
Payables to related parties		
- Airports Company of South Africa	700,115	1,056,100
- Eskom	1,006,424	-
- South African Revenue Services	8,312,849	10,896,295
- Telkom	1,274,981	1,464,052
- Other	-	2,395,007
	11,294,369	15,811,454

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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

30. 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 40% for the Executive Manager's individual cost to company and 45% 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

2015	Basic salary	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 (Appointed: 01 September 2014)	963,566	-	963,566
R Subramany (Acting Executive: HC - (01 April - 31 August 2014)	429,044	144,351	573,395
	16,025,286	2,840,394	18,865,680

2014	Basic salary	Bonus	Total
DST Mthiyane	2,839,476	456,901	3,296,377
MW Ndlovu	1,797,550	387,244	2,184,794
PC Marais	2,053,767	379,173	2,432,940
S Mngomezulu	1,536,647	286,211	1,822,858
HJ Marais	1,604,065	303,384	1,907,449
TV Ndou	1,643,771	323,228	1,966,999
DH Sangweni	1,945,716	381,997	2,327,713
JRL Lehutso (Resigned: 01 August 2013)	757,869	-	757,869
M Lecoge (Resigned: 06 September 2013)	1,433,697	-	1,433,697
L Takalani (Resigned: 31 May 2014)	1,384,447	232,320	1,616,767
R Subramany	571,099	-	571,099
	17,568,104	2,750,458	20,318,562

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Non-executive

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

2014	Directors' fees	Other Benefits and allowances	Total
MD Mamashela	728,209	8,776	736,985
FKN Tlhakudi	201,742	8,527	210,269
SV Zilwa	369,392	8,267	377,659
FZ Msimang	95,009	829	95,838
GS Mseleku	322,342	8,508	330,850
HT Makhathini	314,161	8,709	322,870
VN Magwentshu (Resigned: 29 August 2013)	63,341	149	63,490
TN Mgoduso	424,620	10,452	435,072
	2,518,816	54,217	2,573,033

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Prescribed officers

2015	Basic salary	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

2014	Basic salary	Bonus	Total
A Wadee	1,302,573	207,357	1,509,930
SW Nkabinde	1,002,338	124,060	1,126,398
G Cullen	1,145,257	178,952	1,324,209
J Smit	1,403,907	207,191	1,611,098
H Reid	1,526,395	235,252	1,761,647
JM Manyakoana	1,373,871	243,169	1,617,040
JM Moholola	1,095,790	215,159	1,310,949
DJ Watts	1,136,879	203,450	1,340,329
CH Gersbach	1,131,379	176,000	1,307,379
	11,118,389	1,790,590	12,908,979

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

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

31. Financial risk management, objectives and policies

Categories of financial instruments and maturity analysis

2015					
Financial assets	Total	Due not later than 1 month	Due later than 1 month and not later than 3 months	Due later than 3 months and not later than 1 year	Due later than 5 years and not later than 10 years
	R	R	R	R	R
Loans and receivables					
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	-

Financial liabilities	Total	Due not later than 1 month	Due later than 1 month and not later than 3 months	Due later than 3 months and not later than 1 year	Due later than 5 years and not later than 10 years
	R	R	R	R	R
Other financial liabilities					
	-	-	-	-	-
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	-

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

2014					
Financial assets	Total	Due not later than 1 month	Due later than 1 month and not later than 3 months	Due later than 3 months and not later than 1 year	Due later than 5 years and not later than 10 years
	R	R	R	R	R

Other Financial assets

Risk financing insurance policy	13,982,842	1,165,237	2,330,474	10,487,131	-
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Trade and other receivables

Trade and other receivables	193,455,144	16,121,262	32,242,524	145,091,358	-
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Cash and cash equivalents

Bank balances	803,431,896	66,952,658	133,905,316	602,573,922	-
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Financial liabilities	Total	Due not later than 1 month	Due later than 1 month and not later than 3 months	Due later than 3 months and not later than 1 year	Due later than 5 years and not later than 10 years
	R	R	R	R	R

Trade and other payables

Trade payable	23,245,607	1,937,134	3,874,268	17,434,205	-
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Accrued expenses	25,089,360	2,090,780	4,181,560	18,817,020	-
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Other payables	17,791,426	1,482,619	2,965,238	13,343,569	-
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	66,126,393	5,510,533	11,021,066	49,594,794	-
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Financial risk factors

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

Market risk - Foreign exchange risk

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

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

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	-	-

2014	Rand	USD	EUR	Other
Risk financing insurance policy	10,702,566	1,007,300	-	-
Trade and other receivables	19,364,666	1,822,557	-	-
Cash and cash equivalents	104,381,673	9,824,158	-	-
	134,448,905	12,654,015	-	-

Sensitivity analysis

A 10% strengthening in the Rand against the above currencies at 31 March 2015 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 2014.

A 10% weakening in the Rand against the above currencies at 31 March 2015 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	2015 R	2014 R
USD	16,918,137	13,444,887

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	2015	2014
Cash and cash equivalents	1,063,349,833	803,431,896
Trade and other receivables	244,955,391	189,681,453
Trade and other payables	(88,079,650)	(57,514,128)
Total interest rate exposure	1,220,225,574	935,599,221

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS



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.

	2015	2014
Increase of 100 basis points in prime rate	12,202,256	9,355,992
Decrease of 100 basis points in prime rate	(12,202,256)	(9,355,992)

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 59% of the core revenue. Ongoing credit evaluations are performed on the financial position of these customers. In addition, exposure is reduced by deposits and bank guarantees held on behalf of customers. It is the policy of the Company to renegotiate credit terms with long-standing customers who have a good credit history with the Company. These customers are monitored on an ongoing basis to ensure that the customer remains within the renegotiated terms.

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

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

Capital risk management

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

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

The Company monitors capital on the basis of a gearing ratio. The gearing ratio is calculated as total debt divided by total capital. Total debt is calculated as non current borrowings plus current borrowings. Total capital is calculated as “total equity” shown in the statement of financial position. The gearing ratio for the current financial year is 0% (2014 : 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 annual 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.

