

# 2023

## ANNUAL FINANCIAL STATEMENTS

Air Traffic and Navigation Services Company (SOC) LTD



## OUR REPORTING THEME

### SUSTAINING VALUE FOR THE FUTURE

As a crucial player in the aviation industry over the past 30 years, we have chosen 'Sustaining Value for the Future' as the theme for our integrated reporting suite.

Sustaining Value for the Future encapsulates our ethos and our dedication to creating long-term value for our stakeholders, the environment, and society at large.

We believe in striking a balance between economic growth, environmental stewardship, and social responsibility. Through continuous innovation, responsible governance, and active engagement with all stakeholders, we are devoted to forging a sustainable future for the aviation industry and the communities we serve.

Our aim is to set a benchmark for sustainability in the aviation sector and make significant contributions to South Africa's broader developmental goals.

We recognise our responsibility to ensure the sustainable growth and development of air traffic management and navigation services in South Africa and on the continent.



## OUR REPORTING SUITE



### OUR INTEGRATED REPORT

Our integrated report is the primary report for our stakeholders. It is structured to show the relationship between the interdependent elements involved in our value story.



### OUR ANNUAL FINANCIAL STATEMENTS

Our annual financial statements provide a comprehensive report of ATNS's financial performance for the 2023 financial year (1 April 2022 to 31 March 2023).



### OUR GRI INDEX

Our GRI index summarises our sustainability disclosures, many of which are cross referenced to this integrated report as they relate to our economic, social and environmental impacts. A copy of the GRI index is available on our website at [www.atns.com](http://www.atns.com).

## OUR REPORTING GUIDE

### OUR FINANCIAL OVERVIEW

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

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### OUR FINANCIAL STATEMENTS

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## BASIS FOR PREPARATION

Our report has been prepared in accordance with the Public Finance Management Act (Act 1 of 1999) [PFMA], Companies Act (Act 71 of 2008), General Recognised Accounting Practice and King IV Report on Corporate Governance of South Africa, 2016. The report was compiled using the principles and content elements contained in the International Integrated Reporting Council's International  $\leftarrow$ IR $\rightarrow$  Framework (2021).

Mr Matome Moholola CA (SA), as the Chief Financial Officer, is responsible for this AFS and has supervised the preparation thereof in conjunction with Ms Pinky Phaswana CA (SA), Senior Finance Manager. The AFS's are reviewed by management, ATNS's Audit and Risk Committee and our Board, and are audited by the external auditors of the company. The Internal Audit department performs specific procedures on certain account balances in the AFS.



## OUR BUSINESS AT A GLANCE

### WHO WE ARE

Air Traffic and Navigation Services Company (SOC) Limited is the sole provider of air traffic management, communication, surveillance, navigation, training and associated services in South Africa.

We provide air traffic, navigation, training and associated services to nine South African statutory airports operated by Airports Company South Africa (ACSA) and 11 regional airports, as well as St Helena Airport (a remote island airport in the South Atlantic Ocean).

We are mandated to provide air traffic services in South Africa's airspace as well as the surrounding oceanic area including the International Civil Aviation Organisation (ICAO) airspace over the Indian and Atlantic oceans.

Our services comply with ICAO standards and recommended practices, South African Civil Aviation Authority (SACAA) regulations and technical standards, and South African legislation.

### OUR MANDATE

Air Traffic and Navigation Services Company (SOC) Limited (ATNS) was established in 1993 in terms of the ATNS Company Act (Act 45 of 1993). Our mandate is the acquisition, establishment, provision, control and maintenance of air traffic services and air navigation infrastructure.

### OUR VISION

Our vision is to be the leading provider of air traffic management solutions in Africa.

### OUR MISSION

Our mission is to provide safe and efficient air traffic management solutions. We seek to achieve our mission through our talented people, as well as our technological advancements, sound governance, and operational and financial sustainability.

### OUR VALUES

Our values, which were recently revised to align to the desired culture that will enable the achievement of strategy 2025 and prepare ATNS for the future, are as follows:

**Safety and customer-centricity:** Prioritising customer needs and ensuring that safety is non-negotiable.

**Accountability:** Holding ourselves and others accountable for our actions.

**Agility:** Ensuring that we are flexible and adaptable to change.

**Diversity:** Embracing inclusion, equality and social differences.

**Integrity:** Following a moral and incorruptible corporate code.

### LEGISLATIVE AND REGULATORY FRAMEWORK

Our legislative and regulatory environment encompasses the following:

- The Constitution of the Republic of South Africa, 1996.
- The Civil Aviation Act (Act 13 of 2009)
- The ATNS Company Act (Act 45 of 1993) as amended
- The Public Finance Management Act (Act 1 of 1999) (PFMA) as amended
- National Treasury Regulations
- The Companies Act (Act 71 of 2008) as amended
- Protocol on Corporate Governance for the Public Sector 2002
- King IV™ Report on Corporate Governance in South Africa 2016

## OUR BUSINESS AT A GLANCE

### OUR KEY ACTIVITIES

We are responsible for providing safe and efficient flights across 6% of the world's airspace.

Our work is informed by governmental outcomes that, in turn, inform the shareholder compact with our shareholder, the Department of Transport, and serve to support the achievement of our shareholder priorities.

Our purpose is to make significant and sustainable contributions to the aviation industry, South African and African continent development goals, and society as a whole.

While air traffic control and safe skies remain our primary business, we also fulfil a broader role by contributing to the aviation industry through the following:

- Our membership of, and active participation in, the Civil Air Navigation Service Organisation (CANSO).
- Our participation in International Civil Aviation Organisation (ICAO) stakeholder groups and

contributions at the ICAO assembly through our shareholder.

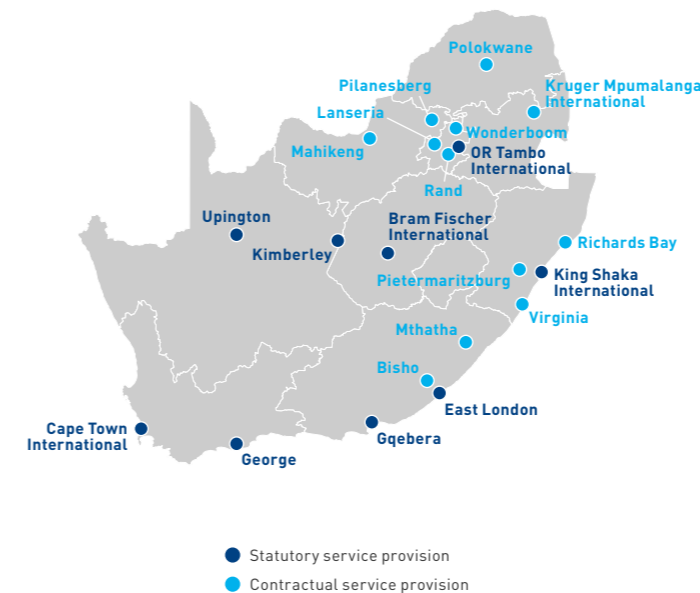
- The provision of aeronautical information for flight planning purposes.
- The commissioning and maintenance of world-class communications, navigation and surveillance infrastructure.
- The ongoing attraction, development and retention of highly skilled personnel and air traffic controllers.
- Fostering thought-leaders who are dedicated to service excellence, technology advancement, innovation (more broadly speaking) and sustainability.

ATNS provides both regulated and non-regulated services. Our operating model is founded on being a customer-centric organisation, placing our internal and external customers at the centre of our business.

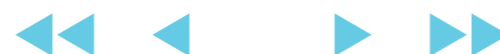
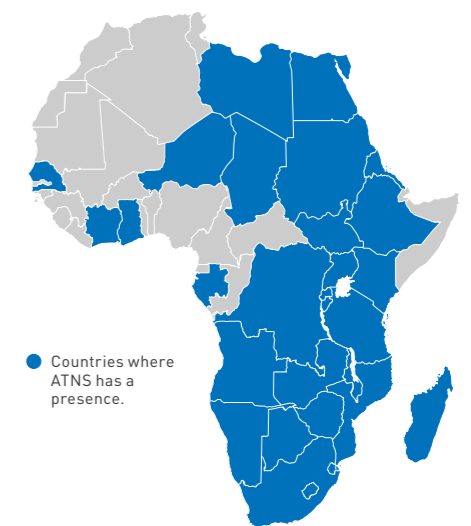
Our quality management system testifies to our commitment to exceeding customer expectations – premised on the principle of continuous improvement.

### OUR GEOGRAPHICAL FOOTPRINT

#### ATNS IN SOUTH AFRICA



#### ATNS VSAT NETWORK: NAFISAT and SADC/2 - ATS/DS Connectivity





**Mr ZOLA MAJAVU CD (SA)**  
BOARD CHAIRMAN

The directors have pleasure in submitting their report on the annual financial statements of Air Traffic and Navigation Services SOC Limited for the year ended 31 March 2023.

## 1. Nature of business

Air Traffic and Navigation Services SOC Limited was incorporated in South Africa. The company operates mainly in South Africa and also in some other African countries. (see 'Our geographical footprint' on page 3)

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 via the Very Small Aperture Terminal (VSAT) network, and the training of air traffic control and technical staff for a larger market extending outside of South Africa.

There have been no material changes to the nature of the company's business from the prior year.

## 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, No. 1 of 1999 (PFMA) and related regulations and guidelines issued by National Treasury.

In compliance with the requirements of the 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 ATNS 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 to conducting business in accordance with generally accepted corporate practices. Although the ATNS 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 and ethical leadership and that sustainability is a moral and economic imperative.

## 3. Safety regulation

The company is regulated by the South African Civil Aviation Authority (SACAA) as mandated under the Civil Aviation Act 13 of 2009 as amended in 2016. The company continues to adopt leading practices and be agile in its approach to continuously comply with applicable legal requirements.

## 4. Economic regulation

As a monopoly, the company is regulated economically by the Regulating Committee (RC), which is a statutory body formed and appointed by the Shareholder, the Department of Transport. The Air Traffic and Navigation Services Company Act (45 of 1993) requires ATNS to seek permission from the Regulating Committee in order to levy air traffic services charges, provide air navigation infrastructure and conduct air traffic services and air navigation services.

The RC issued the FY2018-19 to FY2022-23 Permission on 6 August 2018 in accordance with Section 11 of the ATNS Company Act, Act 45 of 1993, authorising the company to levy air traffic services charges, provide air navigation infrastructure and conduct air traffic services and air navigation services from 1 April 2018 to 31 March 2023, thus FY2022-23 was the last year of the current permission.

In terms of Section 11 of the ATNS Act (45 of 1993), the company is required to submit a request for permission to levy regulated charges to the Economic Regulator (Regulator). Accordingly, the Act prohibits the company from levying any air traffic charges unless it is in possession of a valid permission.

The application process for the FY2023-24 to FY2027-28 Permission is in progress and it is expected that it will be finalised in the next financial year. The RC has granted the company a temporary Permission to levy charges based on forecasted inflation until the application process is finalised.

## 5. Overall performance

Although the Covid-19 pandemic is no longer considered a global health emergency by the World Health Organisation (WHO), the aviation industry has struggled to fully recover from its impact, especially in the African continent. Airlines continue to struggle financially and during the year under

review, ATNS lost a key customer through liquidation. The removal of lockdown travel restrictions across the globe and within South Africa led to an increase in revenue by 36% to R1.388 billion (2022: R1.017 billion) mainly due to increased billable movements from 206 134 (2022) to 260 473 in the current year. The increase is attributable to the domestic and international markets.

Operational costs remained constant at R1.248 billion (2022: R1.248 billion) mainly due to the fact that the company is committed to contain costs to a minimum and most of the cost containment measures continue.

Capital expenditure decreased to R128 million (2022: R187 million) mainly due to deferral of some major capital commitments as the business was still in the recovery phase.

The company's liquidity ratio increased to 3.07:1 (2022: 2.3:1) mainly due to the drawdowns on the loan facility and improved debt collections. Our gearing is at 12.62% (2022: 3.96%) mainly due to increased long term loans to finance capital expenditure projects. The long term loan carries both financial and information covenants. The company has reviewed this at year end and there is currently no breach of any of the covenants. Based on management projections none of the covenants are expected to be breached in the future. The current debt levels are within the company's ability to service them.

As a regulated company, ATNS measures its ROCE in line with the approach document issued by the Regulating Committee. The return of capital employed (ROCE) is 7.8% (Regulated ROCE -3.4%). The ROCE is a measure of the extent to which a company utilises its resources efficiently to generate profits. Regulated ROCE is based on the Regulating Committee formula.

Cash generated from operations (before interest and taxation) improved by 153.5% to R121 million (2022: R228 million), mainly due to the increase in revenue and improved debt collections. The company's cash reserves improved in the current year to R618 million (2022: R408 million) mainly due to the loan facility drawdown and revenue generation improvement.

## 6. Dividends

No dividends were declared or paid to the shareholder during the year (2022: R nil).



## DIRECTORS' REPORT

## 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.

## 9. Accounting policies

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

## 10. Directorate

The directors in office at the date of this report are as follows:

DIRECTORS	DATE APPOINTED	DESIGNATION	NATIONALITY	DATE TERM OF OFFICE ENDED/RESIGNED
Z. Majavu	13 January 2023	Chairman	South African	
N.P. Mdawe	01 April 2022	Chief Executive Officer	South African	
M. Moholola	19 August 2019	Chief Financial Officer	South African	
L.N. Ngema*	13 January 2023	Non-executive	South African	
K.S. Boqwana*	13 January 2023	Non-executive	South African	
C.R. Burger*	13 January 2023	Non-executive	South African	
N.C. Kubheka*	13 January 2023	Non-executive	South African	
M.A. Amod	13 January 2023	Non-executive	South African	
S.G. Kudumela	13 January 2023	Non-executive	South African	
M.J. Neluheni	13 January 2023	Non-executive	South African	
P.N. Sibiya	13 January 2023	Non-executive	South African	
P. Mangoma	13 January 2023	Non-executive	South African	
S. Thobela	21 May 2018	Chairman (Former)	South African	12 January 2023
T. Kgokolo	13 April 2018	Non-executive	South African	12 January 2023
J.C. Trembath	01 February 2019	Non-executive	South African	12 January 2023
Z.G. Myeza	13 April 2018	Non-executive	South African	12 January 2023
K.N. Vundla	13 April 2018	Non-executive	South African	26 October 2022
S. Badat	13 April 2018	Non-executive	South African	12 January 2023

\* The members were reappointed to the Board.

For details of directors emoluments, refer to note 33.

## 8. Capital commitments

The company's total capital commitments for the year under review is R379 million (2022: R375 million).

The current year's capital expenditure commitments increased as a result of implementation of the new capital projects.

## DIRECTORS' REPORT

## 11. Events after the reporting period

The directors are not aware of any material events which occurred after the reporting date.

## 12. Going concern

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

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. 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. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

## 13. Irregular expenditure

Considerable efforts have been expended in improving the SCM processes. In addition, training for employees involved in the procurement of goods and services has been conducted. The root causes were addressed and the board is committed to ensure that adequate control measures continue to be in place to prevent future incurral of irregular expenditure. This is evidenced by the fact that no irregular expenditure was incurred in the period under review, 2023: Nil (2022:R330k).

## 14. Directors' interests in contracts

During the financial year, no contracts were entered into where directors or officers of the company had an interest.

## 15. Auditors

Nexia SAB&T continued in office as auditors for the company for 2023.

## 16. Secretary

The acting company secretary is Ms. Milicent Fatlane.

Postal address:  
Private Bag X15 Kempton Park 1620

Business address:  
Eastgate Office Park  
Block C  
South Boulevard Road  
Bruma  
2198

The annual financial statements set out on pages 23 to 83, which have been prepared on the going concern basis, were approved by the board of directors on 27 July 2023, and were signed on its behalf by,

## Approval of annual financial statements

**Mr Zola Majavu CD (SA)**  
Board Chairman  
27 July 2023





## AUDIT AND RISK COMMITTEE REPORT



**Ms PRECIOUS SIBIYA CA (SA)**  
AUDIT AND RISK COMMITTEE CHAIRMAN

The Audit and Risk Committee (“the Committee”) is pleased to present its report for the financial year ended 31 March 2023.

### 1. Background

This Independent Statutory Committee is appointed by the Shareholder. The Committee’s statutory responsibilities are defined by the Public Finance Management Act No. 1 of 1999, as amended (PFMA), Treasury Regulations 27.1, and the Companies Act, 2008 as amended.

The Committee operates under formal Terms of Reference (ToR) which have been approved by the Board. The Committee has conducted its affairs and discharged its responsibilities in compliance with these ToR.

### 2. Role and responsibilities

The Committee’s responsibilities include, but are not limited to:

- Reviewing the effectiveness of the internal control systems regarding finance, accounting, and legal compliance that the Board and management have established.
- Overseeing the risk management process including the consideration of the risk management policy and plans of the Company, and the significant risks facing the Company.
- Overseeing the auditing, accounting, and financial reporting processes.
- Reviewing and appraising the performance of external auditors and the internal audit function.
- Ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.
- Assist the Board in discharging its duties relating to compliance with good corporate governance and the Company’s Code of Conduct, safeguarding of assets, and the operation of adequate internal systems and control processes.
- Ensure that independent assurance is provided on the IT Governance and controls supporting the Company’s IT services.

### 3. Members of the Committee

The Committee consists of independent Non-Executive Directors (NEDs) in terms of the Companies Act and King IV. The Committee meets at least four times per year as per the approved ToR.

## AUDIT AND RISK COMMITTEE REPORT

Membership of the Committee during the year under review was as follows:

NAME	DATE APPOINTED	DATE TERM OF OFFICE ENDED
P Sibiyi (Chairman)	9 February 2023	-
A Amod	9 February 2023	-
K Boqwana	9 February 2023	-
P Mangoma	9 February 2023	-
S Badat	25 April 2018	12 January 2023
Z Myeza	25 April 2018	12 January 2023
J Trembath	5 April 2019	12 January 2023
K Vundla	25 April 2018	Resigned: on 26 October 2022

The meetings held and attendance at the meetings during the year were as follows:

NAME	ORDINARY MEETINGS			
	19 MAY 2022	25 AUGUST 2022	21 NOVEMBER 2022	3 MARCH 2023
P Sibiyi (Chairman)	N/A	N/A	N/A	√
A Amod	N/A	N/A	N/A	√
P Mangoma	N/A	N/A	N/A	√
K Boqwana	√	√	√	√
S Badat (Former Chairman)	√	√	√	N/A
Z Myeza	√	√	√	N/A
J Trembath	√	√	√	N/A
K Vundla	x	x	x	N/A

NAME	SPECIAL MEETINGS*				
	22 JUNE 2022	15 AUGUST 2022	13 SEPTEMBER 2022	7 OCTOBER 2022	21 DECEMBER 2022
P Sibiyi (Chairman)	N/A	N/A	N/A	N/A	N/A
A Amod	N/A	N/A	N/A	N/A	N/A
P Mangoma	N/A	N/A	N/A	N/A	N/A
K Boqwana	√	√	√	x	√
S Badat (Former Chairman)	√	√	√	√	x
Z Myeza	√	√	√	√	√
J Trembath	√	√	√	√	√
K Vundla	x	x	x	x	x

√ - attended the meeting  
x - not attended the meeting

\*Includes two combined ARC and the then Transformation Investments and Projects Committee (TIPC) meetings and one ARC and the then Business Research, Operations and Development Committee (BRODC) meeting.





## AUDIT AND RISK COMMITTEE REPORT

### 4. Internal Audit

Internal audit attends the Committee meetings. Internal audit reports were concluded and discussed with management and action plans were monitored for implementation at every Committee meeting.

In addition to providing assurance on governance, risk management, and control processes during the year under review, the internal audit function added value to the organisation by presenting timeous and relevant reports to management and the Committee. The Committee is satisfied with the effectiveness and independence of the internal audit function.

### 5. Effectiveness of Internal Controls

Based on the assessment of the work done during the year under review, the Committee is of the view that the internal audit function has provided professional, independent, and objective assurance that the systems of internal controls, risk management, and legal whilst the regulatory compliance still requires improvement. The Committee will continue to monitor the implementation of the findings.

### 6. Annual Financial Statements

The Committee has evaluated the Annual Financial Statement (AFS) of the entity for the year ended 31 March 2023 and, based on the information provided, the Committee considers that the Company complies in all material respects, with the requirements of the PFMA, Treasury Regulations, Companies Act, and International Financial Reporting Standards (IFRS).

### 7. Quarterly Reporting

The Committee reviewed the quarterly reports submitted to the Shareholder and National Treasury during the year under review as required by the PFMA.

### 8. Enterprise Risk Management

The Committee reviewed the strategic risk register on a quarterly basis and is generally satisfied with how risks are being managed within the entity. A risk maturity assessment was conducted during the year under review. All action plans that emanated from this assessment are being implemented by management in order to improve the entity's risk maturity.

### 9. External Auditor's Report

The Committee reviewed the audit scope to ensure that the critical areas of business are being addressed and assured themselves of the independence of the external auditor.

Furthermore, the Committee reviewed the external auditor's report. The Committee concurs and accepts the conclusions of the external auditor as stated in the auditor's report.

### 10. Combined assurance

In compliance with King IV on Corporate Governance, the Committee continues to monitor the implementation of the combined assurance model to provide a coordinated approach to all assurance activities and address significant risks facing the entity.

Reporting on the combined assurance principles continued during the year under review, providing the Committee an overall assurance on the adequacy and effectiveness of controls and strategic risks of the entity.

The Annual Combined Assurance Plan was developed utilising the principles of the Combined Assurance Model, with the objective to obtain and optimise the required level of assurance as outlined in the Combined Assurance Framework.

On behalf of the Audit and Risk Committee.

Ms Precious Sibiyi CA (SA)  
Chairman of Audit and Risk Committee  
27 July 2023





## CHIEF FINANCIAL OFFICER'S REFLECTIONS



**Mr MATOME MOHOLOLA CA (SA)**  
CHIEF FINANCIAL OFFICER

The removal of lockdown travel restrictions across the globe and within South Africa led to an increase in revenue by 36% to R1.388 billion (2022: R1.017 billion) mainly due to increased billable movements from 206,134 (2022) to 260,473 in the current year. The increase is attributable to the domestic and international markets.

Operational costs remained constant at R1.248 billion (2022: R1.248 billion) mainly due to the fact that the company is committed to contain costs to a minimum and most of the cost containment measures continue.

Capital expenditure decreased to R128 million (2022: R187 million) mainly due to deferral of some major capital commitments as the business was still in the recovery phase.

The company's liquidity ratio increased to 3.07:1 (2022: 2.3:1) mainly due to the drawdowns on the loan facility and improved debt collections.

Our gearing is at 12.62% (2022: 3.96%) mainly due to increasing long term loans to finance capital expenditure projects. The long-term loan carries both financial and information covenants; the company has reviewed this at year end and there is currently no breach of any of the covenants. Based on management projections, none of the covenants are expected to be breached in the future. The current debt levels are within the company's ability to service them.

As a regulated company, ATNS measures its ROCE in line with the approach document issued by the Regulating Committee. The return of capital employed (ROCE) is 7.8% (Regulated ROCE [-3.4%]). The ROCE is a measure of the extent to which a company utilises its resources efficiently to generate profits. Regulated ROCE is based on the Regulating Committee formula.

Cash generated from operations (before interest and taxation) improved by 153.5% to R121 million (2022: -R228 million), mainly due to the increase in revenue and improved debt collections. The company's cash reserves improved in the current year to R618 million (2022: R408 million) mainly due to the loan facility drawdown and revenue generation improvement.

**Mr Matome Moholola CA (SA)**  
Chief Financial Officer  
27 July 2023

## CERTIFICATE OF THE COMPANY SECRETARY

In terms of Section 88(2)(e) of the Companies Act, No. 71 of 2008 and the Public Finance Management Act, No. 1 of 1999, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

**Ms Milicent Fatlane (FCG)**  
Company Secretary (Acting)  
27 July 2023



**Ms MILICENT FATLANE (FCG)**  
COMPANY SECRETARY (ACTING)





## DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act, No. 71 of 2008 and the Public Finance Management Act, No. 1 of 1999 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2024 and, in light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 15 to 22.

The annual financial statements set out on pages 23 to 83, which have been prepared on the going concern basis, were approved by the Board of Directors on 27 July 2023 and were signed on their behalf.

**Signed on behalf of the ATNS Board of Directors by:**

**Mr Zola Majavu CD (SA)**  
Board Chairman  
27 July 2023

## INDEPENDENT AUDITOR'S REPORT

### Independent auditor's report to Parliament and Shareholders of Air Traffic and Navigation Services Company SOC Ltd

#### Report on the audit of the financial statements

#### Opinion

1. We have audited the financial statements of Air Traffic and Navigation Services Company SOC Ltd set out on pages 23 to 83, which comprise the statement of financial position as at 31 March 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of Air Traffic and Navigation Services Company SOC Ltd as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act of South Africa and the requirements of the Public Finance Management Act of South Africa (PFMA).

#### Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
4. We are independent of the company in accordance with the *Code of professional conduct for auditors* of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants* (including *International Independence Standards*).

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

#### Other matters

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

#### National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

7. On 23 December 2022, National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 03 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 38 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Air Traffic and Navigation Services Company SOC Ltd. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the public entity.
8. We do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

#### Responsibilities of accounting authority for the financial statements

9. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act of South Africa and the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



# INDEPENDENT AUDITOR'S REPORT

10. In preparing the financial statements, the accounting authority is responsible for assessing the company's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### Responsibilities of the auditor for the audit of the financial statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### Report on the audit of the annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

14. We selected the following objectives presented in the annual performance report for the year ended 31 March 2023 for auditing. We selected objectives that measures the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Page numbers	Purpose
Ensure safety and efficiency of operations	128	The achievements of these KPIs are of national importance in the International Civil Aviation Organisation which deals with safety of passengers as per the ICAO standards.  Attaining these KPIs requires continuous upgrades and additions of the infrastructure/equipment utilised in the aviation industry thereby ensuring the safety of airspace users.
Be the leading training academy on the continent	130	Training leads to the improvement in the quality of service offered to the aviation industry.  Producing highly skilled traffic controllers who play a pivotal role in the aviation industry is key. This function is aligned to the National Development Plan under the outcome 5: Developing a skilled and capable workforce to support an inclusive growth path.
Create an adaptive and innovative enterprise	131	Creativity, innovation and adaptability to new digital transformation improves skilled, competent and capable resources/workforce thereby ensuring public safety within the aviation space.  Due to changes in technology, the objective is core as Air Traffic and Navigation Services needs to ensure that Cyber Security threats are adequately mitigated, and that digital transformation is maintained.
Improved environmental stewardship	133	This outcome relates to protecting and enhancing of the country's environmental assets and natural resources. This goes a long way in ensuring compliance with laws and regulations in relation to the sustainability of the country's environmental protection bills.

# INDEPENDENT AUDITOR'S REPORT

15. We evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

16. We performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
  - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that we can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

18. The material findings on the performance information of the selected objectives are as follows:

### Objective 2: Ensure safety and efficiency of operations

#### Various indicators

19. The indicators were included in the approved shareholder's compact and corporate plan but then not clearly defined during planning processes. It was also not determined how the related targets would be measured and what evidence would be needed to support the achievements. This was due to a lack of standard operating procedures being documented to guide the calculation of achievements from raw, recorded data. Consequently, the information might be less useful for measuring performance.

Indicator Name	Target	Reported achievement
System Availability – Communication	97,84%	94,50%
System Availability – Navigation	95,60%	94,09%
System Availability – Surveillance	99,77%	97,29%

#### Other matter

20. We draw attention to the matter below:

#### Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements. This information should be considered in the context of the material findings on the reported performance information.

22. The entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
KPI 12 Systems availability, communication	97.84%	94.50%
KPI 13 Systems availability, navigation	95.60%	94.09%
KPI 14 Systems availability, surveillance	99.77%	97.29%





## INDEPENDENT AUDITOR'S REPORT

23. Reasons for the underachievement of targets are included in the annual performance report on pages 125 to 133.

## Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

25. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

26. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

27. We did not identify any material non-compliance with the selected legislative requirements.

## Other information in the annual report

28. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit and risk committee's report and the company secretary's certificate as required by the Companies Act 71 of 2008. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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

31. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

32. We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

33. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report included in this report.

34. Management did not maintain an adequate system for reporting on performance information for systems availability communication, navigations and surveillance.

## Other reports

35. We draw attention to the following engagements conducted by various parties. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

36. An investigation pertaining to a former employee on allegation of irregular appointments for several personnel within the ATNS was issued and completed on 31 January 2023. At the date of this report, the recommendations were under consideration.

## INDEPENDENT AUDITOR'S REPORT

37. An investigation pertaining to an employee that had been renumeralated without having reported for work was completed on 14 November 2022. This resulted in fruitless and wasteful expenditure reported in the current annual financial statements. The disciplinary process was ongoing at the time of this report.

38. An investigation into allegations of fraud and unethical conduct relating to an employee that claimed and was paid a relocation allowance which was not business related was still ongoing at the date of this report.

## Auditor tenure

39. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Air Traffic and Navigation Services Company SOC Limited for five years.

*Nexia SAB&T*  
**Nexia SAB&T**  
**Per. Caroline Chigora**  
**Director**  
**Registered Auditor**  
**31 July 2023**

**119 Witch Hazel Avenue**  
**Highveld Technopark**  
**Centurion**  
**0157**



## INDEPENDENT AUDITOR'S REPORT

## Annexure to the auditor's report

The annexure includes the following:

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

## Auditor

## Professional judgement and professional scepticism

1. As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the entity's compliance with selected requirements in key legislation.

## Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also

conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Communication with those charged with governance

3. We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
4. We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

## INDEPENDENT AUDITOR'S REPORT

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 50(3); 50(3)(a); 50(3)(b) Section 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(a)(iv); 51(1)(b); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 52(b) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b); 57(d) Section 66(3)(a)
Treasury Regulations	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1 Regulation 31.2.5; 31.2.7(a) Regulation 33.1.1; 33.1.3
Companies Act	Section 30(3)(b)(i); 33(1)(a) Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 72(4)(a); Section 75(6) Section 86(1); 86(4); Section 88(2)(d) Section 112(2)(a); Section 129(7)
Companies Regulations	Regulation 30(2); 43(2)(a)
Preferential Procurement Policy Framework Act No. 5 of 2000 (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulations of 2022 (PPR)	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
2017 Preferential Procurement reg	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Prevention and Combatting of Corrupt Activities	Section 34(1)





## INDEPENDENT AUDITOR'S REPORT

Legislation	Sections or regulations
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1) Section 22(3)
CIDB Regulations	CIDB regulation 17; 18(1A)1; 25(1); 25 (5) & 25(7A)
Competition Act No 89 of 1998 No. 98 of 1998	Section 4(1)(b)(ii)
PFMA SCM Instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
Erratum NTI 5 of 202/21	Paragraph 1; 2
PFMA SCM Instruction Note 03 of 2021/22	Paragraph 4.1; 4.2; 4.2 (b); 4.3; 4.4; 4.4 (c);4.4(d); 4.6 Paragraph 5.4
NT Instruction Note 11 of 2020/21	Paragraph 3.1; 3.4 (a); 3.4(b); 3.9: 6.1;6.2;6.7
Second amendment of NT Instuction 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
NT Instruction note 5 of 2020/21	Pargarph 5.1 and 5.3
NT Instruction Note 03 of 2019/20	Paragraph Par 5.5.1(iv); 5.5.1(x)
NT SCM Instruction note 4A of 2016/17	Paragraph 6
NT Instruction note 4 of 2015/16	Paragraph 3.4

**Nexia SAB&T**  
Chartered Accountant (SA) Partner  
Chartered Accountants (SA) Registered Auditor  
31 July 2023 Johannesburg



## STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2023

FIGURES IN RANDS	NOTE(S)	2023	2022 RESTATED
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	13	920,473,148	992,931,883
Right-of-use assets	14	95,270,408	69,865,157
Intangible assets	15	83,934,589	99,235,147
Capital work in progress	16	284,033,095	284,422,782
Deferred tax	17	248,042,929	242,271,796
Prepayments	18	298,607	-
		<b>1,632,052,776</b>	<b>1,688,726,765</b>
<b>Current Assets</b>			
Short-term investments at amortised costs	19	19,082,657	16,252,754
Trade and other receivables	20	166,784,570	143,837,585
Prepayments	18	15,367,648	14,639,631
Current tax receivable	21	1,816,389	36,467
Cash and cash equivalents	22	617,827,089	408,429,221
		<b>820,878,353</b>	<b>583,195,658</b>
<b>Total Assets</b>		<b>2,452,931,129</b>	<b>2,271,922,423</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	23	190,646,000	190,646,000
Retained income		1,711,615,722	1,753,432,270
		<b>1,902,261,722</b>	<b>1,944,078,270</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Interest bearing loans and borrowings	24	183,138,490	-
Lease liabilities	14	100,194,984	76,366,807
		<b>283,333,474</b>	<b>76,366,807</b>
<b>Current Liabilities</b>			
Contract liabilities	25	1,710,642	6,115,004
Lease liabilities	14	26,120,254	13,576,223
Provisions	26	22,811,601	16,373,206
Trade and other payables	27	216,693,436	215,412,913
		<b>267,335,933</b>	<b>251,477,346</b>
<b>Total Liabilities</b>		<b>550,669,407</b>	<b>327,844,153</b>
<b>Total Equity and Liabilities</b>		<b>2,452,931,129</b>	<b>2,271,922,423</b>

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2023

FIGURES IN RANDB	NOTE(S)	2023	2022 RESTATED
Revenue	3	1,387,900,886	1,017,347,988
Other operating income	4	12,329,771	6,220,914
Other operating gains (losses)	5	18,226,365	(36,279,810)
Movement in credit loss allowances	6	(31,977,526)	7,056,785
Depreciation costs on property, plant and equipment	13	(118,672,045)	(116,015,730)
Depreciation costs on right-of-use assets	14	(18,935,824)	(17,868,028)
Amortisation on intangible assets	15	(24,873,438)	(24,744,050)
Impairment loss of assets	7	(60,034,744)	(95,418,076)
Staff costs	8	(859,456,694)	(917,928,730)
Other operating expenses	9	(356,205,165)	(293,791,505)
<b>Operating loss</b>		<b>(51,698,414)</b>	<b>(471,420,242)</b>
Finance income	10	17,894,333	7,843,894
Finance costs	11	(13,297,898)	(9,411,490)
<b>Loss before taxation</b>		<b>(47,101,979)</b>	<b>(472,987,838)</b>
Taxation	12	5,285,431	94,761,671
<b>Total comprehensive loss for the year</b>		<b>(41,816,548)</b>	<b>(378,226,167)</b>

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023

FIGURES IN RANDB	SHARE CAPITAL	RETAINED INCOME	TOTAL EQUITY
Opening balance as previously reported	190,646,000	2,130,049,918	2,320,695,918
<b>Adjustments</b>			
Prior period error (Note 35)	-	1,608,519	1,608,519
<b>Balance at 1 April 2021 as restated</b>	<b>190,646,000</b>	<b>2,131,658,437</b>	<b>2,322,304,437</b>
Loss for the year	-	(378,226,167)	(378,226,167)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(378,226,167)</b>	<b>(378,226,167)</b>
<b>Balance at 1 April 2022</b>	<b>190,646,000</b>	<b>1,753,432,270</b>	<b>1,944,078,270</b>
Loss for the year	-	(41,816,548)	(41,816,548)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(41,816,548)</b>	<b>(41,816,548)</b>
<b>Balance at 31 March 2023</b>	<b>190,646,000</b>	<b>1,711,615,722</b>	<b>1,902,261,722</b>
Note(s)	23		



## STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

FIGURES IN RANDS	NOTE(S)	2023	2022 RESTATED
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	28	121,294,377	(226,620,587)
Interest income	10	17,894,333	7,843,894
Finance costs		(13,185,989)	(9,411,490)
Tax paid	21	(2,265,624)	11,055,781
<b>Net cash from operating activities</b>		<b>123,737,097</b>	<b>(217,132,402)</b>
<b>Cash flows from investing activities</b>			
Cash payments to acquire property, plant and equipment	13	(23,882,333)	(5,706,734)
Cash receipts from sale of property, plant and equipment		130,333	29,765
Cash payments to acquire intangible asset	15	(21,136,264)	(9,549,103)
Cash payments to acquire work in progress	16	(83,080,948)	(171,853,102)
<b>Net cash from investing activities</b>		<b>(127,969,212)</b>	<b>(187,079,174)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liability		(12,429,911)	(9,805,152)
Proceeds on loan from the bank	24	186,579,414	-
Loan transaction fees		(3,552,834)	-
<b>Net cash from financing activities</b>		<b>170,596,669</b>	<b>(9,805,152)</b>
<b>Total cash movement for the year</b>			
		<b>166,364,554</b>	<b>(414,016,728)</b>
Cash and cash equivalents at the beginning of the year		408,429,221	830,370,712
Effect of exchange rate movement on cash balances		43,033,314	(7,924,763)
<b>Cash and cash equivalents at the end of the year</b>	22	<b>617,827,089</b>	<b>408,429,221</b>

## SIGNIFICANT ACCOUNTING POLICIES (Note 1)

Annual Financial Statements as at 31 March 2023

## Corporate information

ATNS is a state-owned company with limited liability incorporated in South Africa. The company's registration number is 1993/004150/30, and its registered address and office is Block C, Eastgate Office Park, South Boulevard Road, Bruma, 2198, Republic of South Africa. The company is principally engaged in the provision of air traffic and navigation services.

The financial statements of the company for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 27 July 2023.

## 1. Significant accounting policies

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

## 1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the Companies Act, No. 71 of 2008 and the Public Finance Management Act, No. 1 of 1999 as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

## 1.2 Property, plant and equipment

Land is not depreciated and is shown at cost less accumulated impairment. Other classes of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment is initially measured at cost.

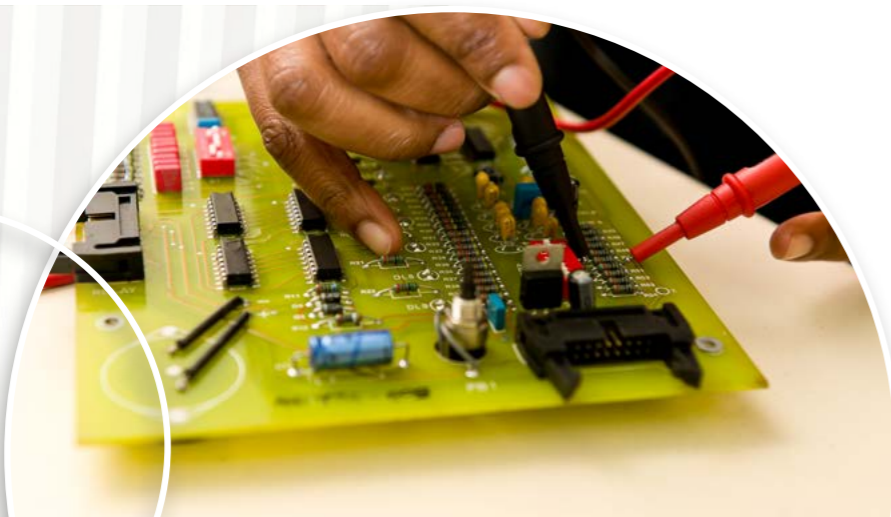
An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

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. Repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Spare parts which are not part of the unbundling methodology and servicing equipment are recognised in inventory and only transferred to profit or loss as they are utilised.

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. These inspection costs are depreciated over the period remaining before the next compulsory major inspection.

Items costing less than R7 000 are depreciated at acquisition and a residual value of R1 is assumed. These include smaller types of furniture and equipment like microwaves and refrigerators.



## SIGNIFICANT ACCOUNTING POLICIES (Note 1)

Annual Financial Statements as at 31 March 2023

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
ATC display system	Straight line	12 years
Buildings	Straight line	50 years
Communication equipment	Straight line	10-15 years
Computer equipment	Straight line	3-7 years
Electrical and mechanical equipment	Straight line	10 years
Infrastructure	Straight line	5-15 years
Leasehold improvements	Straight line	6 years
Motor vehicles	Straight line	5 years
Navigation aids	Straight line	15 years
Office furniture and equipment	Straight line	6 years
Radar equipment	Straight line	15 years
Simulator equipment	Straight line	10 years
Tools and test equipment	Straight line	8-20 years

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.

The useful lives of assets are reviewed and adjusted if appropriate at each reporting date. The estimation is based on professional judgment and engineer's expert opinion. They consider the operating environment and alignment to industry benchmarks as well as future plans.

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. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the year the asset is derecognised.

### 1.3 Capital work in progress

Capital work in progress is measured at cost less accumulated impairment.

Capital work in progress are both tangible and intangible assets which the company holds for its own use and which are expected to be used for more than one year.

Capital work in progress is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

An item capital work in progress 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.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

## SIGNIFICANT ACCOUNTING POLICIES (Note 1)

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### 1.4 Borrowing costs

Borrowing costs comprise interest expense on loans to finance capital expenditure and these costs are adjusted to the interest expense (note 11).

The company capitalises borrowing costs that are directly attributable to the acquisition (note 16), construction or production of a qualifying asset as part of the cost of that asset until such time as the asset is ready for its intended use. The company recognises a qualifying asset as one that takes time to get ready for its intended use.

The amount of borrowing costs eligible for capitalisation is determined as actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings where applicable.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use are in progress.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred (note 11).

### 1.5 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 company; 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.

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 every period-end.

#### Item Useful life

Computer software	3-7 years
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### 1.6 Impairment of tangible and intangible assets

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

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

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

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

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





**SIGNIFICANT ACCOUNTING POLICIES (Note 1)**

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**1.7 Financial instruments**

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

**Classification and initial measurement of financial assets**

Note 34 financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

The company financial assets include trade and other receivables, short-term investments, and cash and cash equivalents. Financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

The classification is determined by both:

- the company business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented on notes 4, 5 and 10.

**Classification and measurement of financial liabilities**

The company's financial liabilities include borrowings (loans), trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs (where applicable).

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

**Short-term investments at amortised cost****Classification**

Short-term investments (note 19) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these investments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows.

**Impairment**

The company recognises a loss allowance for expected credit losses on all investments receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective investments. The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on an investment has not increased significantly since initial recognition, then the loss allowance for that investment is measured at 12 month expected credit losses (12 month ECL).

In order to assess whether to apply lifetime ECL or 12 month ECL: in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of the investment being credit impaired at the reporting date or of an actual default occurring.

**Trade and other receivables****Classification**

Trade and other receivables are classified as financial assets subsequently measured at amortised cost (note 20).

They have been classified in this manner because their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

**Trade and other receivables denominated in foreign currencies**

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses note 5).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 34).

**SIGNIFICANT ACCOUNTING POLICIES (Note 1)**

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**Impairment**

The company recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

**Measurement and recognition of expected credit losses**

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables. Details of the provision matrix are presented in note 20.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is shown separately in profit or loss as credit loss allowance (note 6).

**Write-off policy**

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**Credit risk**

Details of credit risk are included in the trade and other receivables (note 20) and the financial instruments and risk management (note 34).

**Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand and demand deposits with an original maturity of three months or less. These are initially recorded at fair value, and subsequently recorded at amortised cost.

**Borrowings (Loans)****Classification**

Borrowings (note 24) are classified as financial liabilities subsequently measured at amortised cost.

**Recognition and measurement**

Borrowings are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value minus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 11.)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 34 for details of risk exposure and management thereof.

**Trade and other payables****Classification**

Trade and other payables (note 27) are classified as financial liabilities subsequently measured at amortised cost.



## SIGNIFICANT ACCOUNTING POLICIES (Note 1)

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**Recognition and measurement**

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then the interest expense is included in profit or loss in finance costs (note 11).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 34 for details of risk exposure and management thereof.

**Trade and other payables denominated in foreign currencies**

When trade payables are denominated in a foreign currency, the carrying amount of the payables is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 5).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables (note 27).

**Derecognition****Financial assets**

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

**Financial liabilities**

The company derecognises financial liabilities when, and only when, the company obligations are discharged,

cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**1.8 Prepayments**

The company incurs prepayments when it pays for services and or goods that have not been rendered or received. The payments made in advance are classified separately on the statement of financial position. Where services and goods are expected in a period greater than twelve months these are classified as non-current assets and where services and goods are expected in a period less than twelve months these are shown as current assets. When the services and goods are rendered or received the prepayment is derecognised and the expense is recognised in profit and loss.

**1.9 Tax****Current tax assets and liabilities**

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

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

**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 (tax loss).

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.

## SIGNIFICANT ACCOUNTING POLICIES (Note 1)

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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 financial year.

**1.10 Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as lessee**

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low-value assets. Low-value assets comprise of cell phones, watercoolers, tablet, telephones and small items of office furniture. For these leases, the company recognises the lease payments as an operating expense (note 9) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the company is a lessee are presented in note 14.

**Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the rate implicit in the lease, unless that rate cannot be determined, then the lessee's incremental borrowing rate is applied.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives.
- Lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 11).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease payments due to a change in consumer price index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Right-of-use assets**

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.





## SIGNIFICANT ACCOUNTING POLICIES (Note 1)

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The right-of-use assets are depreciated over the period of the lease term, and the applicable periods are presented in the following table:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Communication equipment	Straight line	2 to 4 years
Computer equipment	Straight line	3 to 7 years
Infrastructure	Straight line	2 to 9 years
Motor vehicles	Straight line	5 years
Navigational aids	Straight line	2 to 10 years
Office furniture and equipment	Straight line	2 to 5 years
Radar sensors	Straight line	2 to 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

**Company as lessor**

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a operating lease by reference lease liability and the right-of-use asset relating to the head lease in its statement of financial position. If the head lease is a short-term lease to which the company applies the exemption described previously, it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying revenue criteria due to its operating nature.

**Operating leases**

The company assessed whether it transfers substantially all the risks and rewards of ownership. Those assets that

do not transfer substantially all the risks and rewards are classified as operating leases.

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in revenue (note 3).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

**1.11 Share capital and equity**

Share capital represents the nominal (par) value of shares that have been issued.

**1.12 Employee benefits****Retirement benefits costs**

The company has a defined contribution scheme as retirement benefit for its employees; the assets of the scheme are held in a separate trustee administered fund. The defined contribution fund is a pension plan under which the employees and the company pay fixed contributions, taking into account the recommendations of independent qualified actuaries. The company has no legal or constructive obligation to pay further contributions if the

## SIGNIFICANT ACCOUNTING POLICIES (Note 1)

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fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company's contributions to the defined contribution scheme are charged to profit and loss in the year to which they relate.

**Short-term employee benefits.**

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical aid), 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.

**1.13 Provisions and contingencies**

Provisions for capital expenditure projects and performance bonus 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 timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

**1.14 Revenue from contracts with customers**

Major sources of revenue are the following:

- En-route, aerodromes and approach fees
- Very Small Aperture Terminal (VSAT II) networks fees
- Small aerodromes fees
- Technical maintenance fees

- External training fees
- Extended hours services
- Spectrum service fees
- Weather services administration
- North East African Indian Ocean (NAFISAT) network fees

The company enters into contracts involving a range of services, such as en-route, aerodrome and approach fees, small aerodrome services, technical maintenance services, FIR crossings for VSAT and NAFISAT networks, and aviation training fees. The transaction price for contracts is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised when control of promised services is transferred to a customer at an amount that reflects the consideration the company expects to receive in exchange for those services. The company accounts for transactions with customers when it has approval and commitment from both parties, each party's rights have been identified, payment terms are defined, the contract has commercial substance and collection of the consideration is probable. Revenue is recognised when control of promised services is transferred to a customer at an amount that reflects the consideration the company expects to receive in exchange for those services.

The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts under contract liabilities in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or trade receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

**En-route, aerodromes and approach fees**

The company provides en-route, aerodrome and approach services as regulated in the Government Gazette. The Government Gazette serves as the legal binding contract between the company and all customers making use of the South African airspace, as per legislation each party's rights and obligations are clearly stipulated in the Gazette. The probability of the customer paying for services rendered is based on the payment history of the customer, ongoing credit valuation, bank guarantees and security deposit held by the company.



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The promised services are mainly the provision of Air Traffic Management (ATM) services relating to the following:

- (i) Airspace organisation and management services.
- (ii) Information management services.
- (iii) Alerting services.
- (iv) Advisory services.
- (v) Conflict management services.
- (vi) Traffic synchronisation services.
- (vii) Flight information services.
- (viii) Demand and capacity balancing services.

The air traffic management services are bundled together as a distinct service provided by the company.

The company charges a fixed duration fee for Aerodrome charge, TMA charge and Area charge considerations based on the distance of the area. Revenue from air traffic management services is recognised over time as the services are rendered. The transaction price allocated to en-route, aerodrome and approach fees is recognised as a trade receivable once the company has satisfied the performance obligations.

**Very Small Aperture Terminal (VSAT II) network fees**

The company operates the VSAT network satellite communication system to address communication deficiencies in the Southern African Development Community (SADC VSAT II). The company has contracts with the individual member states as well as International Air Transport Association. The probability of the customer paying for services rendered is based on the payment history of the customer and ongoing credit valuation. The promised services to be offered among others include the following:

- (i) ATS direct speech.
- (ii) Aeronautical fixed telecommunication network, eventually offering smooth migration support to the aeronautical telecommunication network. Applications, including ATS Message Handling System, ATS Inter-facility Data Communication and Voice over Internet Protocol.
- (iii) Computer-to-computer data exchange between ATS flights data processing system.
- (iv) Operational meteorological data exchanges.
- (v) Aeronautical administrative support.

The above performance obligations are bundled together as a distinct service offered by the company to the network users.

The price charged for network usage by the company is a fixed consideration for each gateway utilised. Revenue

from air traffic management services is recognised over time as the services are rendered. The transaction price allocated to VSAT networks service are recognised as trade receivables once the company has satisfied the performance obligations.

**Small aerodromes fees**

The company supplies air traffic management in a form of aerodrome services to privately owned airports around South Africa. Each contract is assessed for probability of the customer paying for the service delivered. The services includes supply of air traffic controllers, telecommunication equipment and electronic maintenance. The air traffic services are bundled together as a distinct service provided by the company.

The consideration charged for small aerodromes by the company is a fixed consideration. Revenue is recognised over time. The transaction price allocated to small aerodromes is recognised as a receivable once the company satisfies the performance obligations.

**Technical maintenance**

The company supplies technical services for the ILS calibration to both local and foreign customers. Each contract signed with the customer is assessed for probability of the customer paying for the service delivered. The performance obligations supplied by the company includes the supply of preventative and corrective maintenance of equipment, repairs and replacement. The maintenance services are considered to be a distinct service as they are regularly supplied by the company to customers. Revenue relating to the technical maintenance services is recognised over time.

The consideration charged for technical maintenance by the company is a fixed consideration. The transaction price allocated to these services are recognised as a receivable once the company satisfies the performance obligations.

**External training fees**

The company offers aviation training courses to both local and overseas customers. Before the commencement of the courses both the company and the customer sign the training proposal (contract). Customers are required to pay for the cost of the various courses offered by the company before the commencement of the course and on completion of the course the student will graduate and is offered a certificate recognised in the aviation industry.

## SIGNIFICANT ACCOUNTING POLICIES (Note 1)

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The probability of the customer paying is high because of advance payment. The performance obligation are the following:

- (1) Venue
- (2) Course instructor
- (3) Course Material
- (4) Qualification/certificate
- (4) Graduation ceremony

The above obligations are bundled together as distinct services offered by the company.

For each course offered, the company charges a fixed duration fee. Revenue from aviation training services is recognised over time as the course is offered. The company recognises contract liabilities for consideration received in respect of unsatisfied training services; similarly if the company has offered the training before it receives the consideration. The company recognises a receivable once the company satisfies the performance obligations.

**Extended hours services**

The company renders extended duty hour services for the extension of existing air traffic services beyond the normal negotiated and planned working hours. The charges that the company levies on these extended hours are regulated by legislation in the government gazette and the fees are fixed. Revenue from extended hours is recognised over time for the duration of the time extension. The transaction price allocated to extended hours is recognised as a receivable once the company satisfies the performance obligations.

**Weather services administration**

The company renders aviation meteorological services administration and issues customers with invoices on behalf of South African Weather Services and receives a commission for services rendered. The ability of South African Weather Services to pay for the commission amount is high because they are financially sound. The promised services to be rendered to South African Weather Services amongst others includes provision of air traffic volume statistics and of operators' information and billing of meteorological services. These services are bundled together as distinct services promised by the company.

The price charged for the commission by the company is a variable consideration, at times a fixed consideration depending on the monthly billable movements. Revenue

from weather services commission is recognised over time. The transaction price allocated to weather services is recognised as a receivable once the company satisfies the performance obligations.

**Spectrum service fees**

The company supplies African Regional Monitoring Agency (ARMA) with spectrum services. The performance obligations are to conduct safety assessments, monitor aircraft height-keeping performance, conduct safety assessments and report the results appropriately, and monitor operator compliance with State approval requirements. The consideration charged for these services by the company is a fixed consideration. Revenue is recognised over time. The transaction price allocated to these services is recognised as a receivable once the company satisfies the performance obligations.

**Aeronautical information services**

The company supplies aeronautical information services to both local and foreign customers and each contract is assessed for probability of the customer paying for the services.

The performance obligations includes survey and procedure design for routing and safe navigation of aircraft. The aeronautical information services comprise both dynamic and static data, enabling safe navigation of aircraft between the pilot and the air traffic control.

The consideration charged for aeronautical information services by the company is a fixed consideration. Revenue is recognised over time. The transaction price allocated to these services is recognised as a receivable once the company satisfies the performance obligations.

**North-East African Indian Ocean (NAFISAT) network fees**

The company operates a VSAT network satellite communication system to address communication deficiencies in the North-East African Indian Ocean (NAFISAT). The company has contracts with the individual member states as well as International Air Transport Association. The probability of the customer paying for services rendered is based on the payment history of the customer and ongoing credit valuation. The promised services to be offered, among others, include the following:

- (i) ATS direct speech.





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- (ii) Aeronautical fixed telecommunication network, eventually offering smooth migration support to the aeronautical telecommunication network. Applications, including ATS Message Handling System, ATS Inter-facility Data Communication and Voice over Internet Protocol.
- (iii) Computer-to-computer data exchange between ATS flights data processing system.
- (iv) Operational meteorological data exchanges.
- (v) Aeronautical administrative support.

The above performance obligations are bundled together as distinct services offered by the company to the network users.

The price charged for network usage by the company is a fixed consideration for each gateway utilised. Revenue from air traffic management services is recognised over time as the services are rendered. The transaction price allocated to NAFISAT network service is recognised as a receivable once the company has satisfied the performance obligations.

**Commission fees**

Commission fees relate to services rendered on behalf of third parties for billing and collections. The performance obligations are mainly billing and collection of overflight movements for air traffic service, issuing invoices, credit notes and statements to customers on behalf of third parties, providing monthly statistics and refunds to third parties of the funds collected on their behalf. The consideration charged for these services by the company is a fixed consideration and, in some instances a variable consideration is charged. Revenue is recognised over time. The transaction price allocated to these services is recognised as a receivable once the company satisfies the performance obligations.

**1.15 Translation of foreign currencies****Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount at spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;

- non-monetary items are measured in terms of historical exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, the company determines a date of transaction for each payment or receipt of advance consideration.

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 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 Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

**1.16 Other income**

Grants that compensate the company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

**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

## SIGNIFICANT ACCOUNTING POLICIES (Note 1)

Annual Financial Statements as at 31 March 2023

exercise its judgement in the process of applying the company's accounting policies in areas that involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

**Estimates**

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available as well as past experience. Additional disclosure of these estimates of provisions is included in note 26.

**Deferred Taxation**

The recoverability of the deferred tax asset is required to be performed on an annual basis. A deferred tax asset is recognised in respect of deductible temporary differences and tax losses to the extent that it is probable that future taxable profits will be available. At the reporting date, based on estimated future profitability, management is of the view that there will be sufficient taxable profit available to allow the benefit of the deferred tax asset recognised. Please refer to notes 12 and 17 for details of deferred tax asset assumptions.

**Going Concern**

Management's assessment is that the company will continue to operate in the foreseeable future based on latest estimates and forecasts. The details are included in note 36.

**Credit Loss Allowance (ECL)**

The ECL is calculated on trade receivables and is determined as the lifetime expected credit losses on trade receivables. Management estimate these using a provision matrix as detailed in Note 20. Management applies judgement based on history experience of past default debtors and also incorporates forward looking information.

**Useful lives and residual values of assets**

The useful lives of assets and residual values are assessed when the asset is capitalised at inception and at each balance sheet date. The assessment is based on management's best estimate and industry norms. Refer to notes 13, 14 and 15 for details.

**Impairment of assets**

Assets are impaired when there are indicators of impairment. Management performs a physical verification and assesses the conditions of the assets. Various methods are applied for different categories of assets to determine the impairment. For details refer to note 7.

**Leases**

Management used the implicit interest rate in the lease. In the event that the implicit rate cannot be determined then the lessee's incremental borrowing rate is applied, implicit rate assessment is performed annually.

**Borrowings**

The company uses the best rate (variable three months JIBAR) and margin of 4.15%

**1.18 Irregular, fruitless and wasteful expenditure****Fruitless and wasteful expenditure**

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of profit and loss in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

**Irregular expenditure**

The company listed in Schedules 2 of the PFMA and to incur Irregular Expenditure the non-compliance must be linked to financial transaction. Although a transaction may trigger irregular expenditure, the company will only record irregular expenditure when transaction is recognised as expenditure in the statement of profit and loss.



## NEW REVISED STANDARDS AND INTERPRETATIONS (Note 2)

for the year 31 March 2023

### 2. New Standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

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

##### Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not to be recognised as part of the business combination.

The effective date of the company is for years beginning on or after 1 January 2022.

The company has adopted the amendment for the first time in the 2023 annual financial statements. The impact of the amendment is not material and not applicable to the company.

##### Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the company is for years beginning on or after 1 January 2022.

The company has adopted the amendment for the first time in the 2023 annual financial statements. The impact of the amendment is not material.

##### Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts is now specifically required.

The effective date of the company is for years beginning on or after 1 January 2022.

The company has adopted the amendment for the first time in the 2023 annual financial statements.

##### Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the company is for years beginning on or after 1 January 2022.

The company has adopted the amendment for the first time in the 2023 annual financial statements.

#### 2.2 Standards and interpretations not yet effective

The company has chosen not to early-adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2023 or later periods:

##### Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an

## NEW REVISED STANDARDS AND INTERPRETATIONS (Note 2)

for the year 31 March 2023

associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB. The expected impact of the amendment is not applicable to the company.

##### Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 1 January 2024. The expected impact of the amendment is not applicable to the company.

##### Initial application of IFRS 17 and IFRS 9 - Comparative information

A narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9.

Under the amendment, an company is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.

The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, the company is not required to apply the impairment requirements of IFRS 9.

The effective date of the amendment is for years beginning on or after 1 January 2023. The expected impact of the amendment is not applicable to the company.

##### Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 1 January 2023.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

##### Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the annual financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 1 January 2023. Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts" in annual financial statements that are subject to measurement uncertainty.

The effective date of the amendment is for years beginning on or after 1 January 2023. The impact of this amendment is currently being assessed.

##### Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If the company has the right at the end of the reporting period, to defer settlement of a liability for at least 12 months after the reporting period, then the liability is classified as non-current.



## NEW REVISED STANDARDS AND INTERPRETATIONS (Note 2)

for the year 31 March 2023

If this right is subject to conditions imposed on the company, then the right only exists, if, at the end of the reporting period, the company has complied with those conditions.

In addition, the classification is not affected by the likelihood that the company will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 1 January 2024.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

### Non-current liabilities with covenants IAS 1

The amendment requires that when the company classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which a company is required to comply with within twelve months of the reporting date, the company shall disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period.

The effective date of the standard is for years beginning on or after 1 January 2024.

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

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

### 3. Revenue

FIGURES IN RANDS	2023	2022
<b>Revenue from contracts with customers</b>		
Revenue	1,384,220,517	1,014,813,583
<b>Other revenue</b>		
Rental	3,680,369	2,534,405
<b>Total revenue</b>	<b>1,387,900,886</b>	<b>1,017,347,988</b>
<b>Disaggregation of revenue from contracts with customers</b>		
<b>Timing of revenue recognition</b>		
<b>Over time</b>		
Aerodrome, en-route and approach fees	1,169,031,406	855,382,035
Small aerodrome	64,159,728	58,747,926
Very Small Aperture Terminal (VSAT II) network fees	50,044,543	32,324,733
North-East African Indian Ocean (NAFISAT) network fees	53,981,932	40,721,757
External training fees	15,523,274	6,543,874
Aeronautical information services	6,296,709	4,085,289
Technical maintenance	13,553,286	7,934,590
Spectrum service fees	3,366,463	3,627,760
Commission fees	5,732,775	3,807,274
Extended hours	1,557,048	666,345
Weather services administration	973,353	972,000
	<b>1,384,220,517</b>	<b>1,014,813,583</b>
<b>Other revenue</b>		
<b>Rental</b>		
Sites	693,245	597,201
Sublease - buildings	1,614,033	583,464
Squitters	1,373,091	1,353,740
	<b>3,680,369</b>	<b>2,534,405</b>

The company earns all the lease revenue from operating leases. The company does not earn any property rental revenue from finance leases.

Rental income from sites relates to billboards that are installed on the company's properties.

On 1 September 2021, the company released two buildings which are under lease (head lease), by subleasing a portion of the buildings (as intermediate lessor) to another third party. For details refer to note 14.

Rental income from squitters relates to communication devices that are installed in motor vehicles that are on the runway for identification and communication with the air traffic controllers.





## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

## Revenue from operating leases

FIGURES IN RANDS	2023	2022
<b>Revenue relating to fixed lease payments for operating lease</b>		
Sublease - buildings	1,614,033	583,464
Squitters	1,373,091	1,353,740
Sites	389,317	378,710
	<b>3,376,441</b>	<b>2,315,914</b>
<b>Revenue relating to variable lease payments on operating lease</b>		
Sites	303,928	218,491

## Transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the reporting date

The transaction price which has been allocated to performance obligations which are unsatisfied at the reporting date are presented below, together with the expected timing of satisfying the performance obligations:

	1 YEAR	2 YEARS	3-5 YEARS
<b>2023</b>			
<b>Transaction price allocated to:</b>			
External training	1,710,642	-	-
Sublease: buildings	712,342	125,280	177,480
Squitters	180,062	22,451	19,944
	<b>2,603,046</b>	<b>147,731</b>	<b>197,424</b>
<b>2022</b>			
<b>Transaction price allocated to:</b>			
Aeronautical information services	6,316,317	-	-
External training fees	2,066,180	-	-
Sublease - building	892,084	712,342	302,760
Squitters	338,435	-	-
	<b>9,613,016</b>	<b>712,342</b>	<b>302,760</b>

The lease contracts are escalated on the annual basis and are linked to the Consumer Price Index (CPI), therefore lease contracts are not escalated for future years.

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

## Revenue by region

FIGURES IN RANDS	2023	2022
<b>Local generated revenue</b>		
Aerodrome, en-route and approach fees	1,169,031,406	855,382,035
Small aerodrome	64,159,728	58,747,926
External training fees	15,523,274	6,543,874
Aeronautical information services	6,296,709	4,085,289
Technical maintenance	9,760,371	5,400,340
Spectrum service fees	2,299,191	2,650,199
Commission fees	101,704	216,395
Extended hours	1,557,048	666,345
Weather services administration	973,353	972,000
	<b>1,269,702,784</b>	<b>934,664,403</b>
<b>International generated revenue</b>		
Very Small Aperture Terminal (VSAT II) network fees	50,044,543	32,324,733
North-East African Indian Ocean (NAFISAT) network fees	53,981,932	40,721,757
Spectrum service fees	1,067,272	977,561
Commission	5,631,071	3,590,879
Technical maintenance	3,792,915	2,534,250
	<b>114,517,733</b>	<b>80,149,180</b>

## 4. Other operating income

FIGURES IN RANDS	2023	2022
Bad debts recovered	3,745,491	2,641,406
Sundry income	4,059,576	3,579,508
Reversal of provisions	4,524,704	-
	<b>12,329,771</b>	<b>6,220,914</b>

Bad debts recovered relates to income that the company received from previously written off debt.

Sundry income mainly consists of the Transport Education and Training Authority (TETA) mandatory grant of (R1.4m) for providing internship to unemployed graduates and as well as the cash receipts from customers of (R2.6m) that were received more than three years ago and it is unlikely that the receipts will be claimed and the Prescription Act was applied.

The reversal of provisions relates to the Period of Beneficial Use (PBU) provision for Collaborative Advanced Air Traffic System (CAATS) projects, the work has been completed and no further claim against the PBU will be made as the service provider failed to honour the PBU clause of the contract.

## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

## 5. Other operating gains (losses)

FIGURES IN RANDS	2023	2022
<b>Gains (losses) on disposals</b>		
Property, plant and equipment	(24,558,597)	(22,924,977)
Intangible assets	(248,352)	(5,430,070)
	<b>(24,806,949)</b>	<b>(28,355,047)</b>
<b>Foreign exchange gains (losses)</b>		
Net foreign exchange gains (losses)	43,033,314	(7,924,763)
<b>Total other operating gains (losses)</b>	<b>18,226,365</b>	<b>(36,279,810)</b>

## 6. Credit loss allowances

FIGURES IN RANDS	2023	2022
<b>Movement in credit loss allowances</b>		
Trade and other receivables	31,622,442	(7,056,785)
Board fees write-off	355,084	-
	<b>31,977,526</b>	<b>(7,056,785)</b>

(a) Trade and other receivables

The company credit loss allowance on trade receivables significantly increased in the current year, mainly due to bad debt write-off of the key customer that was liquidated. The liquidation of the key customer marginally impacted the company operation, however, the gap in the market was quickly taken over by other customers which led to an increase in the company's revenue, for the details of the bad debt write off, refer to note 20.

(b) Board fees write-off

Due to an incorrect VAT interpretation, Management made an error and overpaid the directors in the previous periods to 31 March 2021. See note 35 for the full amount of over-payment. The following directors raised affordability concerns and advised Management that they could not settle the full amount, as such the respective debt had to be impaired.

DIRECTOR	2023	2022
	AMOUNT WRITTEN OFF	AMOUNT WRITTEN OFF
Mr S Badat	212,584	-
Mr Z Myeza	142,500	-
	<b>355,084</b>	<b>-</b>

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

## 7. Impairment loss of assets

FIGURES IN RANDS	NOTE(S)	2023	2022
<b>Material impairment losses recognised</b>			
Property, plant and equipment	13	38,629,451	11,819,357
Intangible assets	15	12,764,753	-
Work in progress	16	8,640,540	83,598,719
		<b>60,034,744</b>	<b>95,418,076</b>

## 8. Staff costs

FIGURES IN RANDS	2023	2022
<b>Employee costs</b>		
Salaries and other related costs	766,747,877	788,239,215
Severance benefit	-	40,932,077
Incentive Bonus	-	49,012
Rewards and recognition	732,663	65,000
Training and development	5,786,165	2,019,962
Early childhood learning benefit	18,000	84,000
Recruitment costs	1,847,513	678,902
Relocation costs	4,282,035	2,735,661
Pensions costs - defined contribution scheme	76,697,441	80,544,901
Long service awards	3,345,000	2,580,000
	<b>859,456,694</b>	<b>917,928,730</b>

Section 189 of the Labour Relations Act (LRA) process was completed in the prior financial year, therefore in the current year there were no severance benefits paid out.

## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

## 9. Other operating expenses

FIGURES IN RANDS	2023	2022
Administration expenses	7,067,884	6,251,266
Computer software	26,801,806	11,750,962
Network management fees	27,748,292	10,462,677
Directors' fees	6,466,493	6,394,369
Board development fees	37,414	33,200
IT equipment repairs	22,792,682	28,468,330
Subscriptions	2,353,782	3,201,415
External audit fees	1,515,495	2,127,068
Internal audit	2,884,526	691,763
Fees for audit services	2,800,726	224,396
Fees for other services	83,800	467,367
Insurance	15,908,112	13,673,280
Contract services	16,627,741	13,989,705
Marketing expenses	14,323,045	6,923,708
Motor vehicle expenses	6,674,944	3,276,422
Municipal expenses, rates and taxes	23,109,299	28,492,152
Leases of low value assets	86,420	-
Short term leases	5,173,079	3,675,858
Professional fees	15,646,215	17,204,920
Legal fees	5,597,057	3,688,226
Repairs and maintenance	59,882,621	57,821,169
Work in progress - write-off	1,603,180	-
Covid-19 intervention supplies	309,301	2,623,749
Security	11,648,162	10,204,198
Telecommunication expenses	53,319,294	49,541,411
Travel expenses	28,628,321	13,295,655
	<b>356,205,165</b>	<b>293,791,505</b>

**Administration expenses** are made up of membership fees, office equipment, commission paid, and printing and stationery, among others.

**Computer software expenses** increased significantly during the year under review due to advanced hybrid work environment technology that the company implemented.

**Network management fees** relates to surplus amounts that are paid back to member airlines of the International Air Transport Association (I) for the SADC VSAT II and NAFISAT networks. The amount increased in the current year due to an increase in revenue.

**Internal audit fees** increased in the current year mainly due to the delays in appointing a panel of internal audit co-source partners, and as a result a number of FY 2021/22 planned audits spilled over to the FY 2022/23 financial period resulting in under spending on the FY 2021/222 internal audit fees.

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

**Contract services** mainly consist of Aviation Training Academy (ATA) training contract courses, the costs increased are linked to the increased revenue.

**Marketing expenses** mainly consist of corporate image, photographic art and sponsorship, the removal of travel restrictions meant that the company needed to reintroduce marketing of its products offerings hence the increase in the expenses.

**Motor vehicles expenses** increased in the current year mainly due to the impact of load shedding as diesel needed to be purchased, as most operational centers depended on diesel to be operational.

**Legal expenses** increased in the current year mainly due to an increased number of legal opinions that the company had to seek.

**Work in progress - write-off** relates to projects which were cancelled due to expansion of solutions to cover the national-wide needs of the runway realignment.

**Travel expenses** increased during the year under review, mainly due to removal of travel restrictions, with some of the virtual engagements now having become physical.

## 10. Finance income

FIGURES IN RANDS	2023	2022
<b>Interest income</b>		
Interest from cash and cash equivalents	16,497,042	9,527,734
Trade and other receivables	991,138	(1,886,185)
Other financial assets	406,153	202,345
<b>Total interest income</b>	<b>17,894,333</b>	<b>7,843,894</b>

Included in Other financial assets is interest from the insurance contract.

## 11. Finance costs

FIGURES IN RANDS	2023	2022
Interest on loan liability borrowings	3,588,184	-
Lease liabilities	10,856,499	9,006,658
Other interest paid	(244,936)	404,832
<b>Total finance costs</b>	<b>14,199,747</b>	<b>9,411,490</b>
Less: Capitalised to work in progress	(901,849)	-
<b>Total finance costs expensed</b>	<b>13,297,898</b>	<b>9,411,490</b>

Other interest paid relates to late payment interest charged for municipal accounts. During the year under review several service providers reversed interest charged to the company relating to the prior years.



## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

### 12. Taxation

FIGURES IN RANDS	2023	2022
<b>Major components of the tax income</b>		
<b>Current</b>		
Current income tax charge	485,702	-
<b>Deferred</b>		
Current year	(5,771,133)	(103,730,227)
Impact of rate change	-	8,968,556
	<b>(5,771,133)</b>	<b>(94,761,671)</b>
	<b>(5,285,431)</b>	<b>(94,761,671)</b>
<b>Reconciliation of taxation</b>		
Property, plant and equipment	(8,142,886)	11,007,599
Prepayments	505,905	50,531
Right of use assets	6,859,231	(1,838,975)
Lease liability	(9,820,497)	(611,502)
Provisions	3,591,665	21,349,385
Deferred income	1,189,178	2,796,242
Impairment of trade receivables allowance	(1,333,896)	(7,703,159)
Donation tax	-	70,000
Section 24C allowance	(1,165,394)	(2,806,992)
Loan transaction fees	929,050	-
Section 7B - Variable remuneration	(569,797)	-
Assessed loss	1,942,809	(126,043,356)
Impact of rate change	-	8,968,556
Capitalised interest	243,499	-
Current income tax charge	485,702	-
<b>Effective tax rate</b>	<b>(5,285,431)</b>	<b>(94,761,671)</b>

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

### Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

FIGURES IN RANDS	2023	2022
Applicable tax rate	27.00 %	28.00 %
Other tax adjustments	0.45 %	- %
Impairment of work in progress	(4.90)%	(6.56)%
Depreciation: leasehold improvements	(6.47)%	(0.76)%
Fruitless and wasteful expenditure	(0.28)%	(0.03)%
Depreciation: buildings	(2.97)%	(0.31)%
Prior year adjustment	(1.72)%	(0.31)%
Decrease in tax rate	- %	(0.03)%
	<b>11.11 %</b>	<b>20.03 %</b>





## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

### 13. Property, plant and equipment

	2023			2022		
	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	CARRYING VALUE
ATC display system	181,327,146	(99,388,157)	81,938,989	188,129,483	(94,435,118)	93,694,365
Buildings	228,814,918	(97,537,297)	131,277,621	231,068,829	(93,936,009)	137,132,820
Communication equipment	374,710,382	(196,901,057)	177,809,325	388,830,579	(156,785,535)	232,045,044
Computer equipment	212,755,549	(161,389,257)	51,366,292	205,393,938	(160,460,762)	44,933,176
Electrical and mechanical equipment	135,387,791	(77,992,579)	57,395,212	134,820,670	(73,154,216)	61,666,454
Infrastructure	3,290,558	(1,952,419)	1,338,139	3,290,558	(1,834,900)	1,455,658
Land	12,891,088	-	12,891,088	12,891,088	-	12,891,088
Lease improvements	139,944,331	(89,099,375)	50,844,956	140,666,390	(77,626,624)	63,039,766
Motor vehicles	806,966	(752,270)	54,696	1,027,159	(931,550)	95,609
Navigation aids	131,412,156	(76,307,050)	55,105,106	130,713,870	(76,704,016)	54,009,854
Office furniture and equipment	31,726,891	(19,933,899)	11,792,992	34,828,113	(19,650,134)	15,177,979
Radar equipment	591,931,595	(319,428,166)	272,503,429	562,033,871	(296,664,606)	265,369,265
Simulator equipment	22,426,252	(15,363,262)	7,062,990	19,177,313	(14,796,408)	4,380,905
Tools and test equipment	14,710,878	(5,618,565)	9,092,313	12,031,019	(4,991,119)	7,039,900
<b>Total</b>	<b>2,082,136,501</b>	<b>(1,161,663,353)</b>	<b>920,473,148</b>	<b>2,064,902,880</b>	<b>(1,071,970,997)</b>	<b>992,931,883</b>



## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2023	OPENING BALANCE	ADDITIONS	PROJECTS CAPITALISED	PROVISIONS CAPITALISED	DISPOSALS	DEPRECIATION	IMPAIRMENT LOSS	TOTAL
ATC display system	93,694,365	-	3,574,610	-	(3,196,208)	(11,658,693)	(475,085)	81,938,989
Buildings	137,132,820	-	893,440	-	(1,476,082)	(5,272,557)	-	131,277,621
Communication equipment	232,045,044	-	-	-	(5,853,163)	(25,874,673)	(22,507,883)	177,809,325
Computer equipment	44,933,176	22,790,460	-	-	(2,539,204)	(12,788,256)	(1,029,884)	51,366,292
Electrical & mechanical equipment	61,666,454	1,039,074	6,149,137	-	(1,670,662)	(8,803,483)	(985,308)	57,395,212
Infrastructure	1,455,658	-	-	-	-	(117,519)	-	1,338,139
Land	12,891,088	-	-	-	-	-	-	12,891,088
Leasehold improvements	63,039,766	-	-	-	(320,382)	(11,867,601)	(6,827)	50,844,956
Motor vehicles	95,609	-	-	-	(22,881)	(18,031)	(1)	54,696
Navigational aids	54,009,854	-	7,997,276	2,307,366	(4,311,106)	(4,626,499)	(271,785)	55,105,106
Office furniture and equipment	15,177,979	52,799	-	-	(515,947)	(2,747,923)	(173,916)	11,792,992
Radar equipment	265,369,265	-	45,233,570	12,702,813	(4,548,702)	(33,108,907)	(13,144,610)	272,503,429
Simulator equipment	4,380,905	-	3,715,026	-	(38,599)	(988,434)	(5,908)	7,062,990
Tools and test equipment	7,039,900	-	3,077,559	-	(197,433)	(799,469)	(28,244)	9,092,313
	<b>992,931,883</b>	<b>23,882,333</b>	<b>70,640,618</b>	<b>15,010,179</b>	<b>(24,690,369)</b>	<b>(118,672,045)</b>	<b>(38,629,451)</b>	<b>920,473,148</b>

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022	OPENING BALANCE	ADDITIONS	PROJECTS CAPITALISED	DISPOSALS	DEPRECIATION	IMPAIRMENT LOSS	TOTAL
ATC display system	106,687,764	-	1,307,260	(760,281)	(11,758,154)	(1,782,224)	93,694,365
Buildings	141,908,074	-	483,186	-	(5,258,440)	-	137,132,820
Communication equipment	240,015,030	-	22,624,239	(3,336,808)	(25,248,839)	(2,008,578)	232,045,044
Computer equipment	50,745,619	2,221,069	3,764,837	(663,736)	(10,839,737)	(294,876)	44,933,176
Electrical and mechanical equipment	53,933,438	2,513,600	14,779,846	(593,493)	(7,661,944)	(1,304,993)	61,666,454
Infrastructure	1,715,985	-	-	-	(260,327)	-	1,455,658
Land	12,891,088	-	-	-	-	-	12,891,088
Leasehold improvements	76,956,776	-	-	(4,030)	(13,912,980)	-	63,039,766
Motor vehicles	114,815	-	-	-	(18,133)	(1,073)	95,609
Navigation aids	58,607,670	-	425,888	(22,387)	(4,704,159)	(297,158)	54,009,854
Office furniture and equipment	18,163,853	55,599	220,709	(169,938)	(2,947,172)	(145,072)	15,177,979
Radar equipment	261,158,434	-	58,506,450	(16,617,380)	(31,740,823)	(5,937,416)	265,369,265
Simulator equipment	5,237,913	-	300,680	(123,946)	(1,026,494)	(7,248)	4,380,905
Tools and test equipment	6,866,798	916,466	6,369	(70,486)	(638,528)	(40,719)	7,039,900
	<b>1,035,003,257</b>	<b>5,706,734</b>	<b>102,419,464</b>	<b>(22,362,485)</b>	<b>(116,015,730)</b>	<b>(11,819,357)</b>	<b>992,931,883</b>

- a) Impairments were raised based on condition of the asset along with the maintenance and service plans. Management determined an estimate based on the information available as well as past experience. A scale of 1 to 5 was used to rate the condition of the assets. All assets with impairment indicators were identified through condition assessment during the physical verification process. To determine the recoverable amount, the fair value less costs to sell was used by the company, however, the company assets are specialised in nature and are built to cater for the specific company's requirements, thus the assets were fully impaired to Nil.
- b) Provisions capitalised relate to a portion of costs incurred during the construction of the asset. These costs are retained for payment from the Original Equipment Manufacturer (OEM) as a liability to the company until a certain period has lapsed as per the terms of the contract.
- c) In the current financial year, the company reviewed the useful lives on assets. The impact of the change in the useful lives is a R17 696 722 decrease on depreciation. The company only extends the useful lives of assets taking into account when the assets will be replaced, and so that the assets do not depreciate to R1 whilst still in use, the adjustment is done prospectively. The useful lives of assets are reviewed and adjusted if appropriate at each reporting date. The estimation is based on professional judgement and engineers' expert opinion. They consider the operating environment and alignment to industry benchmarks as well as future plans.





## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

## Property, plant and equipment encumbered as security

The company registered a first ranking general notarial bond over movable assets for the amount of R600 million to secure the loan facility of R500 million.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Seventeen properties were handed over to the company on incorporation from the Government and Department of Public Works. The company has managed to transfer four properties into its name and Legal Counsel has engaged attorneys to assist with the transfer of land into the name. The carrying amount of the 13 properties not on the company's name at year end is R557 000.

For property, plant and equipment under construction, please refer to note 16.

For property, plant and equipment committed at the end of the financial year, please refer to note 29.

## 14. Leases (company as lessee)

The company leases equipment necessary for executing its mandate. The lease terms for these portions of equipment range between two years and ten years. The annual escalations range between 0% and 15% for those leases that include a fixed escalation. The lease agreements with variable escalations are linked to the Consumer Price Index.

The company leases several navigation aids, radar sensors, communication facilities and radio sites necessary for executing its mandate. The lease terms for these assets range between two years and ten years. The annual escalations are 10% for those leases that include a fixed escalation. The lease agreements with variable escalations are linked to the Consumer Price Index.

The company entered into lease agreements for office buildings and infrastructure, with the average term being 10 years, and installments payable monthly in advance with annual escalation at 7.5%. Some of the lease agreements contain extension options exercisable by the company up to six months before the end of the lease term. The company assesses, at the commencement of the agreement, whether it is highly probable that it will exercise the option. The company reassesses whether it is highly probable to exercise the option when there is a significant change in circumstances.

The company considered the relevant facts and circumstances that create an economic incentive for the company to exercise or not to exercise the options. Some of these factors include the importance of the underlying assets such as the access roads, the location and the significant leasehold improvements undertaken. Consequently, the company has included all the options to extend the lease terms determined for the measurement of the lease liabilities and right-of-use assets.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

	2023			2022		
	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
Buildings	74,945,256	(34,418,377)	40,526,879	74,945,256	(25,771,722)	49,173,534
Communication equipment	33,304,409	(13,839,883)	19,464,526	16,505,015	(9,198,464)	7,306,551
Computer equipment	3,792,798	(3,792,798)	-	3,792,798	(3,032,621)	760,177
Infrastructure	5,560,427	(2,088,929)	3,471,498	2,062,384	(1,511,712)	550,672
Motor vehicles	17,536,322	(2,107,486)	15,428,836	309,456	(135,559)	173,897
Navigational aids	20,570,390	(5,446,782)	15,123,608	13,762,197	(3,528,222)	10,233,975
Radar equipment	2,545,550	(1,290,489)	1,255,061	2,537,663	(871,312)	1,666,351
<b>Total</b>	<b>154,462,354</b>	<b>(59,191,946)</b>	<b>95,270,408</b>	<b>113,914,769</b>	<b>(44,049,612)</b>	<b>69,865,157</b>

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

FIGURES IN RANDS	2023	2022
<b>Additions to right-of-use assets</b>		
Communication equipment	4,767,141	5,099,037
Infrastructure	-	63,875
Motor vehicles	16,756,906	-
Navigation aids	2,347,043	3,020,373
Radar	7,887	-
Remeasurement: communication equipment	12,032,253	1,725,150
Remeasurement: infrastructure	3,498,044	-
Remeasurement: motor vehicles	469,960	-
Remeasurement: navigation aids	4,461,151	1,310,117
	<b>44,340,385</b>	<b>11,218,552</b>

The carrying amount of lease liabilities is remeasured if there is a change in fixed lease payments due to the impact of the Consumer Price Index.

## Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets is presented below. It includes depreciation that has been expensed and shown separately in the profit or loss.

FIGURES IN RANDS	2023	2022
Buildings	8,646,655	8,640,737
Communication equipment	4,641,418	3,858,985
Computer equipment	760,869	1,009,881
Infrastructure	577,217	315,195
Motor vehicles	1,971,927	2,061,255
Navigation aids	1,918,560	1,567,431
Radar sensors	419,178	414,544
	<b>18,935,824</b>	<b>17,868,028</b>

## Other disclosures

FIGURES IN RANDS	2023	2022
Interest expense on lease liabilities	10,856,499	9,006,658
Expenses on short-term leases included in operating expenses	5,173,079	3,675,858
Leases of low value assets included in operating expenses	86,420	-



## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

### Lease liabilities

The maturity analysis of lease liabilities is as follows:

FIGURES IN RANDS	2023	2022
Within one year	27,815,094	19,043,721
Two to five years	101,404,029	74,475,065
More than five years	50,866,892	32,921,642
	180,086,015	126,440,428
Less finance charges component	(53,770,777)	(36,497,398)
	<b>126,315,238</b>	<b>89,943,030</b>
Non-current liabilities	100,194,984	76,366,807
Current liabilities	26,120,254	13,576,223
	<b>126,315,238</b>	<b>89,943,030</b>

### Future cash outflows not reflected in lease liabilities

The company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value. Payments made under such leases are expensed on a straight-line basis.

Total cash outflow for leases for the year ended 31 March 2023 was R23,945,500 (2022: R18,811,538).

At 31 March 2023, the company was committed to short-term leases and the total commitments at that date were R751,508 (2022: R nil)

### Exposure to liquidity risk

Refer to note 34 on financial instruments and risk management for the details of liquidity risk exposure and management.



## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

### 15. Intangible assets

	2023			2022		
	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED AMORTISATION AND IMPAIRMENT	CARRYING VALUE
Computer software	262,882,561	(178,947,972)	83,934,589	241,543,749	(142,308,602)	99,235,147

#### Reconciliation of intangible assets - 2023

	OPENING BALANCE	ADDITIONS	PROJECTS CAPITALISED	DISPOSALS	AMORTISATION	IMPAIRMENT LOSS	TOTAL
Computer software	99,235,147	21,136,264	1,449,721	(248,352)	(24,873,438)	(12,764,753)	83,934,589

- a) The impairment loss relates to the ATS Resource Tool system that could not be utilised due to the lapse of the software licence and shortcomings in certain required functionalities. The fair value less costs of disposal was used as a recoverable amount by the company. The fair value less cost to sell of nil was based on the assumption that there is no market for the asset. The circumstances and operating environment in which the assets operate are also considered.

#### Reconciliation of intangible assets - 2022

	OPENING BALANCE	ADDITIONS	PROJECTS CAPITALISED	DISPOSALS	AMORTISATION	TOTAL
Computer software	119,592,002	9,549,103	268,162	(5,430,070)	(24,744,050)	99,235,147

### Pledged as security

During the year under review, the company had no intangible assets pledged as security. Also, there were no intangible assets where title was restricted.

### Other information

FIGURES IN RANDS	2023	2022
Research and development expenditure expensed during the year	2,305,920	1,438,680

For intangible assets under construction, please refer to note 16.

For intangible assets committed at the end of the financial year, please refer to note 29.



## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

## 16. Capital work in progress

	COST	ACCUMULATED IMPAIRMENT	CARRYING VALUE
<b>2023</b>			
Work in progress	376,272,354	(92,239,259)	284,033,095
<b>2022</b>			
Work in progress	368,021,501	(83,598,719)	284,422,782

FIGURES IN RANDB	2023	2022
<b>Reconciliation</b>		
Opening carrying value	284,422,782	324,996,324
Additions	82,140,775	171,853,102
Adjustments	(1,137,326)	(26,140,299)
Write-off	(1,603,180)	-
Interest capitalised	940,173	-
Impairment loss	(8,640,540)	(83,598,719)
Transferred to property, plant, equipment and intangible	(72,089,589)	(102,687,626)
<b>Closing carrying value</b>	<b>284,033,095</b>	<b>284,422,782</b>

- a) The adjustments in the current year are the reversal of capital expenditure accruals.
- b) The write-off relates to the site security, fibre optic survey and UPS replacement that were discontinued.
- c) The impairment loss on work in progress is due to the specialised and rapid technological improvement to match up with the fibre optic communication requirements. The company engaged the service provider to test the related products for impairment and write-down. The related products resulted in the impairment loss of R1 277 400. An additional impairment loss of R7 363 139 has been applied on the Records Management (R4 654 338) and Sustainability Reporting Tools (2 708 800), which have been put on hold due to the service provider not meeting the project specifications and no plans to continue with the project. The circumstances and operating environment that the assets operate in are also considered.

## The balance consists of the following categories of Property, plant and equipment

FIGURES IN RANDB	2023	2022
Radar equipment	49,293,532	82,758,254
Communication equipment	51,262,899	34,611,170
Navigation aids	170,782,520	151,009,877
Electrical and mechanical equipment	3,734,340	922,563
ATC display systems	81,223	3,948,336
Buildings	3,313,329	-
Simulator	2,282,021	4,277,234
	<b>280,749,864</b>	<b>277,527,434</b>

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

## The balance consists of the following categories of intangible assets:

FIGURES IN RANDB	2023	2022
Software	3,283,231	6,895,348
<b>Impairment loss breakdown</b>		
Communication equipment	3,986,201	-
Software	4,654,339	-
Buildings	-	83,598,719
	<b>8,640,540</b>	<b>83,598,719</b>

## 17. Deferred tax

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

FIGURES IN RANDB	2023	2022
At beginning of the year	242,271,796	147,510,125
Recognised in statement of profit and loss	5,771,133	94,761,671
<b>Total deferred tax asset closing balance</b>	<b>248,042,929</b>	<b>242,271,796</b>

## Deferred income tax asset relates to the following:

Property, plant and equipment	(139,505,667)	(153,117,018)
Reduction due to rate change	-	(8,968,556)
Right of use assets	(25,722,824)	(19,562,244)
Lease liability	34,105,115	25,184,047
Provisions	18,757,255	23,176,658
Loss allowance on trade receivables	(2,683,605)	(4,166,297)
Section 24C - income received in advance	(7,880,364)	(9,380,786)
Deferred income	7,889,602	9,415,033
Prepayments	(3,442,673)	(3,045,538)
Section 7B - Variable remuneration	569,797	-
Assessed loss	367,128,842	382,736,497
Capitalised interest	(243,499)	-
Loan origination fees	(929,050)	-
	<b>248,042,929</b>	<b>242,271,796</b>

## Recognition of deferred tax asset

The majority of the deferred tax balance is recognised from the assessed losses incurred during the time when there was travel restriction due to Covid-19. The losses incurred were mainly due to that the charges could not be adjusted as the Permission had already been issued. The Covid-19 pandemic event is not expected in the future and business is expected to return to normal. The economic regulations allow for the company to charge tariffs that will cover the cost base and generate a return. A new Permission has been applied which will start from the FY2023-24 financial year and will run for five years and in this period the company is projecting profits which will be utilised against the assessed loss. The company has generated taxable profits in the current year. In addition, management continue to implement cost containment measures to ensure that the company remains profitable.





**OTHER NOTES (Note 3 to note 39)**

for the year 31 March 2023

**18. Prepayments**

FIGURES IN RANDS	2023	2022
Non-current prepayments	298,607	-

Long-term prepayments relates to meteorological data services, which the company paid for in advance until December 2025.

FIGURES IN RANDS	2023	2022
Current prepayments	15,367,648	14,639,631

Included in prepayments are rental expenses and other operating expenses paid in advance. The carrying value of prepayments approximates their fair values.

**19. Short-term investments at amortised costs**

Short-term investments at amortised costs are presented at amortised cost, which is the net of loss allowance, as follows:

FIGURES IN RANDS	2023	2022
Risk financing insurance policy	19,082,657	16,252,754

**Split between non-current and current portions**

FIGURES IN RANDS	2023	2022
Current assets	19,082,657	16,252,754

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 United States dollar 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, therefore, there is no need to measure the expected credit loss on the short-term investments.

The policy is renewed annually. The current policy was renewed on 1 October 2022 and expires on 30 September 2023.

**Pledged as security**

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

**Exposure to credit risk**

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable counterparties with consistent payment histories. The insurer is analysed for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the brokers. The exposure to credit risk and the creditworthiness of counterparties is monitored annually.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**Exposure to currency risk**

Refer to note 34 on financial instruments and financial risk management for details of currency risk management for short-term investments at amortised costs.

**OTHER NOTES (Note 3 to 39)**

for the year 31 March 2023

**20. Trade and other receivables**

FIGURES IN RANDS	2023	2022
<b>Financial instruments:</b>		
Trade receivables	184,861,533	171,965,234
Less: allowance for expected credit loss	(24,848,191)	(37,199,078)
Trade receivables - net	160,013,342	134,766,156
Other receivable	6,771,228	8,463,642
<b>Non-financial instruments:</b>		
VAT	-	607,787
<b>Total trade and other receivables</b>	<b>166,784,570</b>	<b>143,837,585</b>

Trade receivables generally have 30-day 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 base points.

Other receivables include in the main late payment interest from the bank as well as sundry debtors and at year end other receivables are not impaired.

**Categorisation of trade and other receivables**

Trade and other receivables are categorised as follows:

FIGURES IN RANDS	2023	2022
At amortised cost	166,784,570	141,443,184
Non-financial instruments	-	607,787
	<b>166,784,570</b>	<b>142,050,971</b>

**Trade and other receivables pledged as security**

The company has pledged its personal rights against its trade and other receivables and has transferred such rights to the Lender to secure the fulfillment of the loan facility.

**Exposure to credit risk**

The company is still recovering from the aftermath of the Covid-19 global pandemic. The liquidation of the key customer impacted the credit risk of the company negatively during the year under review, and as a result the company needed to review and tighten its credit terms, which led to revised credit terms of from 30-day to 15-day for certain identified customers for which the company does not have bank guarantees and security cash deposits.

The tightening of the credit terms led to the company maximising the cash inflows and reducing the credit risk to an acceptable level, this was achieved by implementing aggressive collections approaches, as well as continuing review and monitoring of trade receivables to identify high credit risk airlines/operators to minimise the risk and to have adequate bank guarantees in place.



## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

When evaluating the credit risk, the company considered deposits of R22.2 million (2022: R21 million) held on behalf of customers, as well as bank guarantees of R68.3 million (2022: R57 million) from customers in the name of the company. The quality of the bank guarantees on the credit risk are high and they are receivable on demand by the company should the customer default on their account. During the year under review, there were no significant changes in the quality of the bank guarantees and security deposits. All customers with or without security deposits or bank guarantees were assessed for credit loss at year end. The deposits are included in cash and cash equivalents (note 22) as unrestricted cash, with the related liability included in other payables (note 27). 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.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

The company measures the loss allowance for trade receivables by applying a simplified approach. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been reviewed and developed in the current year by making use of the company credit management policy and historic experience of past default debtors.

At year end the company assessed the credit risk of its customers and the following indicators were used for the review:

- Overall default on credit terms.
- Future cash flow forecast (April 2023).
- Bank guarantees and security cash deposits
- Airlines which are refused services.

Based on management's assessment and judgment, the credit risk has significantly reduced as at 31 March 2023 due to aggressive collections to maximise cash inflows. The expected credit loss rate was then revised to the following rates:

	2023			2022		
	ESTIMATED GROSS CARRYING AMOUNT AT DEFAULT	IMPAIRED	PROVISION MATRIX	ESTIMATED GROSS CARRYING AMOUNT AT DEFAULT	IMPAIRED	PROVISION MATRIX
<b>The ageing of trade receivables at the reporting date was:</b>						
Not past due:	154,197,758	2,712,715	2%	128,980,570	6,326,130	5%
Past due by 30 days:	6,452,486	422,244	7%	10,891,444	2,157,586	20%
Past due by 31 to 60 days:	2,531,896	750,000	30%	3,442,214	1,505,844	44%
Past due by more than 60 days:	1,716,160	1,000,000	58%	1,565,544	1,145,842	73%
91 - 120 days past due:	19,963,232	19,963,232	100%	27,085,462	26,063,676	96%
<b>Total</b>	<b>184,861,532</b>	<b>24,848,191</b>		<b>171,965,234</b>	<b>37,199,078</b>	

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

## Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

FIGURES IN RANDBS	2023	2022
Opening balance	(37,199,078)	(105,977,253)
Remeasurement of loss allowance	(31,622,442)	7,056,785
Bad debts write-off	43,973,329	61,721,390
<b>Closing balance</b>	<b>(24,848,191)</b>	<b>(37,199,078)</b>

## Exposure to currency risk

Refer to note 34 for details of currency risk management for trade receivables.

The carrying amount of the trade and other receivables is considered a reasonable approximation of fair value as the financial assets are expected to be paid within one to two months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

The company has determined that other receivables are not credit impaired due to the fact that post year end, the interest from the bank was received by the company and the other balances is made of staff related costs and deposits are recoverable on demand.

Refer to note 32 for related party information.

## 21. Tax (paid)/recovered

FIGURES IN RANDBS	2023	2022
Balance at beginning of the year	36,467	11,092,248
Current tax recognised in profit or loss	(485,702)	-
Balance at end of the year	(1,816,389)	(36,467)
	<b>(2,265,624)</b>	<b>11,055,781</b>



**OTHER NOTES (Note 3 to note 39)**

for the year 31 March 2023

**22. Cash and cash equivalents**

Cash and cash equivalents consist of:

FIGURES IN RANDS	2023	2022
Bank balances - US dollar denominated	219,933,193	272,337,562
Bank balances	129,941,845	76,402,763
Short term deposits	267,741,764	59,529,679
Other cash and cash equivalents	210,287	159,217
	<b>617,827,089</b>	<b>408,429,221</b>

Cash and bank equivalents comprise cash and short-term deposits with an original maturity of three months or less, net of outstanding bank overdraft. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period are shown in the statement of cash flows, which can be reconciled to the related items in the reporting position as shown on the note.

Included in cash and cash equivalent balance is R27 million relating to the DOT MEOSAR project. Refer to notes 27 and 30

**Cession in security**

In case of default on the loan facility conditions, the company has ceded in security all of its rights, titles, and interests in and to, inter alia, the bank account, including any and all amounts or moneys standing to the credit of the account to the DBSA.

**23. Share capital**

FIGURES IN RANDS	2023	2022
<b>Authorised</b>		
500 million ordinary shares	500,000,000	500,000,000

The share capital of the company consists only of fully paid ordinary shares with a par value of R1 per share. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote per share at a shareholder's meeting. All the company's shares are held by the South African government through the Minister of Transport.

Issued	2023	2022
Ordinary	190,646,000	190,646,000

**OTHER NOTES (Note 3 to 39)**

for the year 31 March 2023

**24. Interest bearing loans and borrowings**

FIGURES IN RANDS	2023	2022
<b>Held at amortised cost</b>		
<b>Secured</b>		
Development Bank of Southern Africa (DBSA) loan	186,579,414	-
Unamortised portion of loan transaction fees	(3,440,924)	-
	<b>183,138,490</b>	<b>-</b>
<b>Split between non-current and current portions</b>		
Non-current liabilities	183,138,490	-

During the year under review, the company secured a R500 million loan facility with Development Bank of Southern Africa (DBSA). The following are the terms of the loan facility:

- Availability period of 24 months after fulfillment date (12 October 2022).
- Capital grace period of 24 months after date of first utilisation (15 December 2022).
- Interest rate per annum being the aggregate of the applicable base rate (Variable 3 Month JIBAR) and margin (4.15%).
- Tenor of nine years including the grace period.
- A commitment fee of 0.5% per annum on the undisbursed and undrawn facility amount.
- Quarterly repayments.
- Cession of the bank account, debtors' book and insurance proceeds.
- Registration of notarial bond over all the movable property and Financial and Non-Financial Covenants.

The company fulfilled the initial conditions precedents as required in the loan facility contract on 12 October 2022, where subsequently the company completed two drawdowns on the facility within the financial year. The first drawdown to the value of R104 million was on 15 December 2022, which becomes the first utilisation date and the second drawdown of R82 million was completed in March 2023.

The loan was initially recognised at fair value net of any directly attributable transaction costs (upfront and legal fees incurred in securing the facility). This loan is subsequently measured at amortised cost using the effective interest rate. Interest expense includes initial transaction costs as well as any interest payable while the liability is outstanding.

**Undrawn committed facility**

The company at 31 March 2023 had an outstanding undrawn commitment on the loan facility of R316 million which will expire by December 2024.

Refer to note 34 on financial instruments and financial risk management for the fair value of borrowings.





## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

## 25. Contract liabilities

FIGURES IN RANDB	2023	2022
<b>Summary of contract liabilities</b>		
Aeronautical information services	-	4,048,824
Training to third parties	1,710,642	2,066,180
	<b>1,710,642</b>	<b>6,115,004</b>
<b>Reconciliation of contract liabilities</b>		
Opening balance	6,115,004	4,195,389
Revenue recognised on delivery of services previously paid for	(8,898,646)	(3,925,669)
Payments received in advance of delivery of performance obligations	8,652,828	8,306,478
Transferred to other income	-	(1,946,479)
Transferred to VAT control account	-	(514,715)
Payment reallocations	(4,081,757)	-
Client refund	(76,787)	-
	<b>1,710,642</b>	<b>6,115,004</b>

A contract liability arises in respect of payments received from customers in advance before the company can satisfy the performance obligations. A contract liability is recognised for revenue relating to third party training at the time of the start of the training course, and for aeronautical information services revenue is recognised once the performance obligations have been satisfied.

Payment reallocations relate to funds transferred to settle open invoices by the customer for other services rendered by the company.

## 26. Provisions

## Reconciliation of provisions - 2023

	OPENING BALANCE	ADDITIONS DURING THE YEAR	UTILISED	REVERSED DURING THE YEAR	TOTAL
Capital expenditure projects	16,373,206	15,010,178	(4,047,079)	(4,524,704)	22,811,601

## Reconciliation of provisions - 2022

	OPENING BALANCE	UTILISED DURING THE YEAR	TOTAL
Capital expenditure projects	18,391,292	(2,018,086)	16,373,206

(a) Capital expenditure projects

'Capital expenditure projects' relate to amounts provided for Period of Beneficial Use (PBU). PBU is a validation period commencing after system acceptance and running concurrently with the suppliers' system warranty for at least 12 months. During this period, the company retains a certain percentage payable to the Original Equipment Manufacturer (OEM) to allow the company to validate the technical performance of the system. Management calculates the provision based on a pre-determined rate in the contract based on the value of each completed project.

(b) For details of the reversal, please refer to note 5.

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

## 27. Trade and other payables

FIGURES IN RANDB	2023	2022
<b>Financial instruments:</b>		
Trade payables	64,159,048	101,360,434
Agency payables	12,076,477	3,771,179
Accrued expenses	35,186,350	13,771,715
Deposits received	22,239,785	21,032,805
Other payables	4,094,450	3,446,750
<b>Non-financial instruments:</b>		
DOT MEOSAR Project	27,510,104	27,510,104
Accrued leave pay	43,605,197	44,519,926
VAT payable	7,822,025	-
	<b>216,693,436</b>	<b>215,412,913</b>

## Exposure to liquidity risk

Refer to note 34 on financial instruments and financial risk management for details of liquidity risk exposure and management.

## 28. Cash generated from/(used in) operations

FIGURES IN RANDB	2023	2022 RESTATED
Loss before taxation	(47,101,979)	(472,987,838)
<b>Adjustments for non-cash items:</b>		
Depreciation and amortisation	162,481,307	158,627,808
Losses on sale of assets	24,806,949	28,355,047
(Gains) losses on exchange differences	(43,033,314)	7,924,763
Movements in provisions	(4,524,704)	(2,018,086)
Impairment loss on property, plant and equipment	38,629,451	11,819,357
Impairment loss on intangible assets	12,764,754	-
Impairment loss on work in progress	8,640,539	83,598,719
Write-off of board fees	355,084	-
Board fees settled in previous year	1,786,614	-
Work in progress - write off	1,603,180	-
<b>Adjust for items which are presented separately:</b>		
Interest income	(17,894,333)	(7,843,894)
Finance costs	13,185,989	9,411,490
<b>Changes in working capital:</b>		
Trade and other receivables	(24,733,600)	(28,529,318)
Prepayments	(849,206)	5,157,954
Trade and other payables	1,280,523	(48,820,524)
Contract liabilities	(4,404,362)	1,919,615
Work in progress accruals	1,131,388	26,140,300
Changes on loans receivables	(2,829,903)	624,020
	<b>121,294,377</b>	<b>(226,620,587)</b>



## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

### 29. Commitments

#### Authorised capital & operational expenditure

FIGURES IN RANDS	2023	2022
<b>Already contracted for but not provided for</b>		
Property, plant and equipment	371,772,297	363,207,867
Intangible asset	7,017,134	11,540,563
Operational expenditure	212,748,678	238,102,125

### 30. Guarantees and contingent liabilities

The company entered into an agreement with Department of Transport (DOT) as an implementing agent for the provision of the Medium Earth Orbit Search and Rescue (MEOSAR) ground segment capability solution. The company received an advance payment of R52 million, however ATNS has not met the completion date of June 2019 as per the agreement. The contingent liability of R10.6 million is attributable primarily to potential liabilities arising from matters relating to interest income on the R52 million advance payment. However, the interest payable to DOT was not captured in the agreement.

The Company has guarantees that it would pay to the suppliers an amount of R1.9 million (2022: R2 million). The significant balance of the guarantee is for lease rental with the landlord.

### 31. Retirement benefits 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 three years.

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 R76.7 million (2022: R80.5 million).

The ATNS retirement fund was established on 1 April 1994. The fund has been exempted from valuation with effect from 10 April 2012 and will from that date be subjected to quarterly assessments. The Fund applied for valuation exemption with effect from 1 February 2021 up to 31 January 2024 and the Registrar approved the application on 8 December 2020.

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

### 32. Related parties

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 company in terms of the Public Finance Management Act.

The related parties of ATNS consist mainly of government departments, state-owned enterprises, and other public entities in the national spheres of government, as well as directors and key management personnel. A list of all government institutions and all public entities is available online at <https://nationalgovernment.co.za>.

With the exception of certain transactions with Airports Company South Africa, all transactions with the related parties are concluded on an arm's length basis.

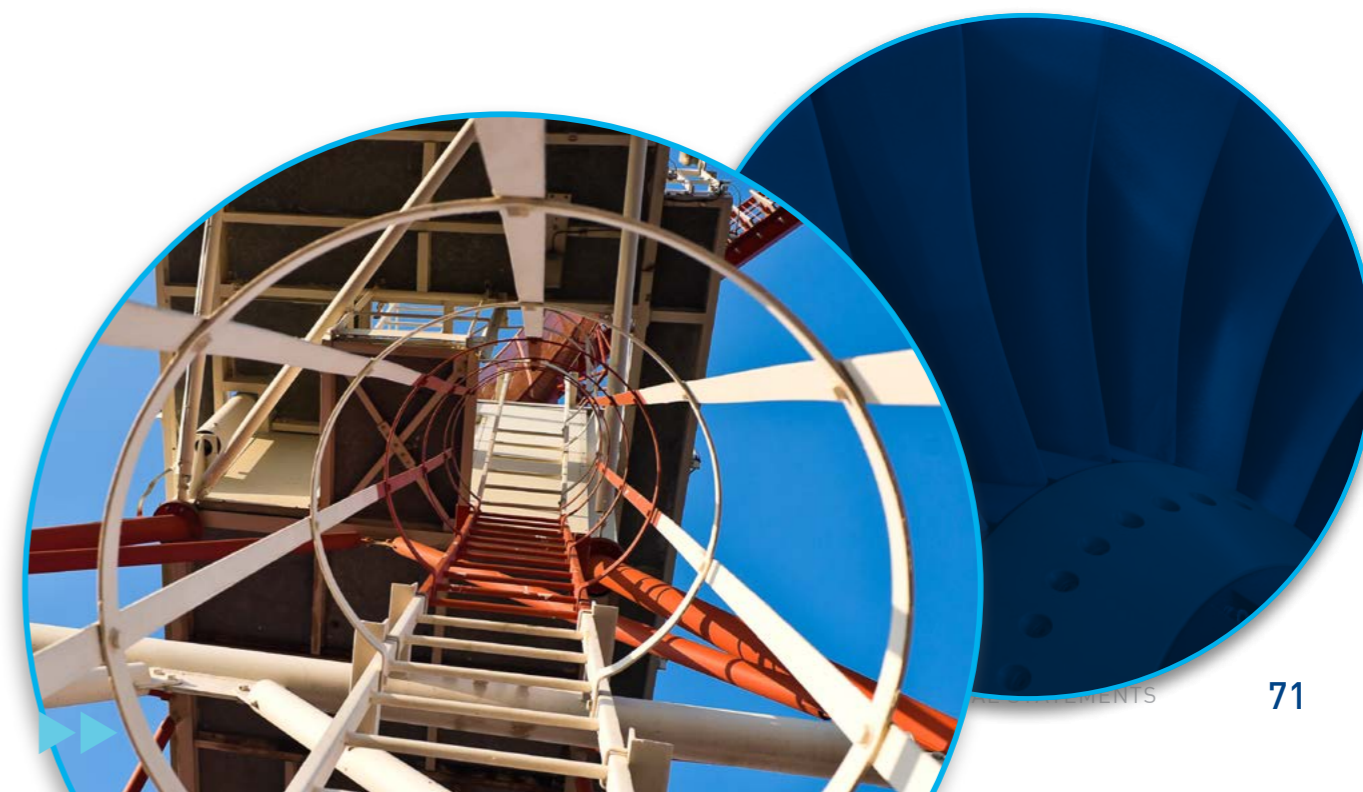
## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

#### Year end balances arising from related party activity

FIGURES IN RANDS	2023	2022
<b>Amounts owing by Directors</b>		
S. Thobela	14,003	419,385
K. S. Boqwana	137,055	235,055
L.N.J. Ngema	80,945	161,945
S. Badat	-	354,308
K. N. Vundla	-	197,240
N. Kubheka	-	181,181
Z. G. Myeza	-	237,500

FIGURES IN RANDS	2023	2022
<b>Amounts included in trade receivable regarding related parties</b>		
Airports Company of South Africa	10,866,648	7,995,193
South African Airways	8,132,109	3,949,502
Mango Airlines	-	6,942
City Council of Tshwane	-	3,422,537
North West Province	959,298	2,896,311
Msunduzi Municipality	782,107	747,541
Ethekwini Municipality	352,018	1,709,052
Gateway Airports Authority Limited	289,409	-
Department of Roads & Transport - Eastern Cape	2,138,229	4,068,493
City of uMhlathuze	1,551,831	-
Other	1,695,285	672,460



## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

## Amounts included in trade payables regarding related parties

FIGURES IN RANDS	2023	2022
Airports Company of South Africa	73,189	2,143,112
Eskom Holdings (SOC) Ltd	391,451	858,955
South African Civil Aviation Authority	2,026,667	4,736,009
Telkom SA (SOC) Ltd	-	805,443
National Department of Transport	27,510,104	27,510,104
City Council of Tshwane	1,396,468	-
Other	21,269	514,865
<b>Related party transactions</b>		
<b>Revenue of services to related party</b>		
Airports Company of South Africa	23,795,579	12,335,136
North West Province	11,493,154	10,924,282
South African Civil Aviation Authority	2,497,680	1,404,000
South African Air Force	-	5,774
South African Airways	77,067,970	16,824,671
Mango Airlines	-	22,583,925
South African Weather Services	3,090,007	1,701,264
City Council of Tshwane	16,584,132	19,507,006
Department of Roads and Transport - Eastern Cape	3,552,564	4,606,002
Gateway Airports Authority Limited	4,747,500	4,807,466
Msunduzi Municipality	4,601,824	4,131,066
Ethekwini Municipality	5,576,146	3,592,217
City of uMhlathuze	5,951,050	-
Other	753,472	688,566
<b>Purchases from related parties</b>		
Airports Company of South Africa	15,723,735	22,060,976
Eskom Holdings (SOC) LTD	11,201,075	15,347,732
South African Civil Aviation Authority	17,968,755	15,242,174
Telkom SA (SOC) Ltd	27,092,958	31,280,331
Sentech (SOC) Ltd	3,162,319	2,940,778
Other	2,924,892	3,177,336

All the companies listed above report to the various ministerial departments of the Government and/or Local Government and hence are considered related parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received, except for Eskom Holdings (SOC) Ltd. The company issued R11.2k on behalf of Eskom Holdings.

The nature of significant revenue transactions among others consists of air traffic services, small aerodromes and external training.

The nature of significant purchase transactions among others consists of rental space, electricity supply, telecommunication supply and licences.

'Other' is made up of various amounts due by or to the company by other government agencies where their balances isolation is immaterial and the transactions are for supply of aerodromes services and municipalities.

For details of transactions with Directors, refer to note 6 and 33.

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

## 33. Directors' and prescribed officer's emoluments

All non-executive directors are South Africans.

The service contract for the executive directors is for a term of five years. The notice period for the Chief Executive Officer is six months. The service contract for the non-executive directors is for a period of three years, subject to retirement at the annual general meeting. Compensation for non-executive directors is in accordance with the state-owned enterprise guidelines. There were no post-employment benefits, share-based payments or other long-term benefits paid in the current financial year.

## Executives

2023	COST TO COMPANY	ACTING ALLOWANCE	LEAVE DAYS PAYOUT	OTHER BENEFITS	TOTAL
N.P. Mdawe	4,459,520	-	-	-	4,459,520
J.M. Moholola	2,919,459	-	-	1,159	2,920,618
L. Mahamba	2,106,482	-	-	35,000	2,141,482
P.T.Mdebuka	2,087,822	51,669	-	31,588	2,171,079
T.V. Ndou	2,350,192	158,669	-	3,075	2,511,936
H.V. Sebona	2,494,382	254,099	-	-	2,748,481
J.Z. Matshoba	2,520,358	118,634	-	40,596	2,679,588
M.M. Maqashelana	2,049,831	225,644	-	31,347	2,306,822
D.H. Sangweni: (Resigned: 30 April 2022)	632,404	29,596	302,013	-	964,013
S. Malinga (Resigned: 31 July 2022)	1,106,205	-	200,585	10,000	1,316,790
R.M. Madlala (Resigned: 31 August 2022)	913,763	-	173,642	-	1,087,405
L. Ngcwabe (Resigned: 30 September 2022)	1,037,216	-	194,839	-	1,232,055
T.F.S. Maphike	1,045,723	113,702	-	13,722	1,173,147
G.G. Serema (Appointed: 16 January 2023)	396,087	-	-	8,072	404,159
N. Mongali (Resigned: 28 February 2023)	1,207,866	152,612	94,902	8,404	1,463,784
M.E. Mamogale (Resigned: 31 March 2023)	1,383,351	185,679	-	1,005	1,570,035
	<b>28,710,661</b>	<b>1,290,304</b>	<b>965,981</b>	<b>183,968</b>	<b>31,150,914</b>

(a) Other benefits, by and large include, long service payout and cell phone allowance.

(b) Mr D. Sangweni resigned on 30 April 2022 and was subsequently offered a fixed-term contract for two months until 30 June 2022.

(c) Ms L. Mahamba is the company's Chief Audit Executive and she is also acting in the position of Chief Risk Executive from 4 March 2023.

(d) Ms P.T. Mdebuka is the company's Legal Counsel and she is also acting in the position of Executive: Strategy & Optimisation from 1 February 2023.

(e) Ms T.V. Ndou is the company's Principal at the Aviation Training Academy. During the year under review, she is acting in the position of Human Capital Executive from 1 October 2022 to 31 January 2023, and from 1 February 2023 to date, she currently acting in the position of Executive: Commercial Services.

(f) Ms H.V. Sebona is the Chief Information Officer. During the year under review she acted in the position of Chief Operations Officer from 1 August 2022 to 31 March 2023.

(g) Mr J.Z. Matshoba is the Executive: ATM / CNS Planning & Standards, during the year under review he acted in the position of Chief Air Traffic Services from 1 April 2022 to 31 July 2022.

(h) Mr M.M. Maqashelana is the company's Chief Risk Executive. During the year under review he acted in the position of Executive: Strategy & Optimisation from 1 May 2022 to 31 January 2023, and from 1 February 2023 to date, he is acting in the position of Chief Operations Officer.

(i) Ms N. Mongali was the company's Deputy Company Secretary. During the year under review she acted in the position of Company Secretary from 1 April 2022 to February 2023.

(j) Mr M.E. Mamogale was the company's Senior Engineer: Communication. During the year under review he acted in the position of Executive: Commercial Services from 1 April 2022 to 31 January 2023.





## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

2022	COST TO COMPANY	ACTING ALLOWANCE	LEAVE DAYS PAYOUT	OTHER BENEFITS	TOTAL
D.H. Sangweni	2,535,749	355,150	-	-	2,890,899
S. Malinga	3,162,887	-	-	35,000	3,197,887
J.M. Moholola	2,785,465	-	-	10,000	2,795,465
L. Mahamba	2,011,928	-	-	30,000	2,041,928
L. Mngomezulu (Resigned: 31 December 2021)	1,426,042	-	203,390	-	1,629,432
P.T. Mdebuka	1,991,617	-	-	30,000	2,021,617
T.V. Ndou	2,293,812	-	-	10,000	2,303,812
H.V. Sebona	2,377,556	-	-	-	2,377,556
L. Ngcwabe	1,975,604	-	-	5,756	1,981,360
T.C. Myeza (Resigned: 31 December 2021)	2,015,226	-	-	5,756	2,020,982
J.Z. Matshoba	2,410,279	355,902	-	35,756	2,801,937
M.M. Maqashelana	1,954,463	-	-	-	1,954,463
R.M. Madlala	2,088,505	-	-	15,000	2,103,505
	<b>29,029,133</b>	<b>711,052</b>	<b>203,390</b>	<b>177,268</b>	<b>30,120,843</b>

## Non-Executive Directors

2023

DIRECTORS' EMOLUMENTS	GROSS FEES FOR SERVICES AS DIRECTOR	TOTAL
Z. Majavu*	173,909	173,909
L.N. Ngema* (Reappointed to board)	720,656	720,656
K.S. Boqwana* (Reappointed to board)	729,183	729,183
C.R. Burger* (Reappointed to board)	595,993	595,993
N.C. Kubheka* (Reappointed to board)	611,420	611,420
M.A. Amod*	112,601	112,601
S.G. Kudumela*	111,804	111,804
M.J. Neluheni*	112,597	112,597
P.N. Sibiya*	117,093	117,093
P. Mangoma*	113,391	113,391
S. Thobela^	790,647	790,647
T. Kgokolo^	411,360	411,360
J.C. Trembath^	496,903	496,903
Z.G. Myeza^	610,188	610,188
K.N. Vundla (Resigned: 26 October 2022)	197,240	197,240
S. Badat^	561,508	561,508
	<b>6,466,493</b>	<b>6,466,493</b>

\* The directors were appointed on 13 January 2023.

^ The directors' term of office ended 12 January 2023.

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

2022

DIRECTORS' EMOLUMENTS	GROSS FEES FOR SERVICES AS DIRECTOR	TOTAL
S. Thobela	1,015,144	1,015,144
S. Badat	673,266	673,266
K.N. Vundla	543,537	543,537
K.S. Boqwana	689,723	689,723
Z.G. Myeza	701,298	701,298
L.N.J. Ngema	682,701	682,701
N. Kubheka	532,633	532,633
C.R. Burger	529,666	529,666
J.C. Trembath	579,112	579,112
T. Kgokolo	447,289	447,289
	<b>6,394,369</b>	<b>6,394,369</b>

## Prescribed officers

2023	COST TO COMPANY	ACTING ALLOWANCE	OTHER BENEFITS	TOTAL
C.H.B. Gersbach	1,800,254	103,963	25,366	1,929,583
S.W. Nkabinde	1,771,644	-	50,877	1,822,521
K. Sebopa	1,599,774	-	3,043	1,602,817
N.P. Phakathi	1,556,193	-	25,717	1,581,910
V.L. Mofolo	1,519,910	-	-	1,519,910
L.T. Ndelu	1,246,481	-	24,850	1,271,331
D.P. Lalla	927,898	117,998	14,000	1,059,896
K.T. Ngcobo	1,193,831	183,876	16,089	1,393,796
T.C. Mainganya	430,690	70,722	11,722	513,134
	<b>12,046,675</b>	<b>476,559</b>	<b>171,664</b>	<b>12,694,898</b>

(a) Other benefits, by and large, include a long service payout and cell phone allowance.

(b) Mr C.H.B. Gersbach is the company's Senior Manager Technical Planning &amp; Quality. He is currently acting in the position of Chief Operations Technology from 1 September 2022.

(c) Mr D.P. Lalla is the Manager: Central Airspace Management Unit. During the year under review he acted in the position of Senior Manager : North and South from 1 April 2022 to 31 October 2022.

(d) Mr K.T. Ngcobo is the company's Senior Engineer: Surveillance. During the year under review he acted in the position of Senior Manager: Engineering Projects from 1 May 2022 to 28 February 2023.

(e) Mr.T.C. Mainganya is the company's Pool Manager. During the year under review he acted in the position of Senior Manager North and South from 1 November 2022 to 31 March 2023.



**OTHER NOTES (Note 3 to note 39)**

for the year 31 March 2023

2022	COST TO COMPANY	OTHER BENEFITS	TOTAL
C.H.B. Gersbach	1,720,240	54,000	1,774,240
S.W. Nkabinde	1,690,244	30,000	1,720,244
J.M. Manyakoana (Resigned: 31 October 2021)	1,535,301	-	1,535,301
K. Sebopa	1,527,426	-	1,527,426
N.M. Phakathi	1,484,862	24,000	1,508,862
V.L. Mofolo	1,451,809	-	1,451,809
L.T. Ndelu	1,190,971	24,000	1,214,971
	<b>10,600,853</b>	<b>132,000</b>	<b>10,732,853</b>

Other benefits, by and large include an acting allowance, long service payout and cell phone allowance.

**34. Financial instruments and risk management****Categories of financial instruments****Categories of financial assets**

	NOTE(S)	AMORTISED COST
<b>2023</b>		
Short-term investments	19	19,082,657
Trade and other receivables	20	166,784,570
Cash and cash equivalents	22	617,827,089
		<b>803,694,316</b>
<b>2022</b>		
Short-term investments	19	16,252,754
Trade and other receivables	20	143,229,798
Cash and cash equivalents	22	408,429,221
		<b>567,911,773</b>

**Categories of financial liabilities**

	NOTE(S)	AMORTISED COST
<b>2023</b>		
Trade and other payables	27	137,756,110
Borrowings	24	183,138,490
		<b>320,894,600</b>
<b>2022</b>		
Trade and other payables	27	143,382,883

**OTHER NOTES (Note 3 to 39)**

for the year 31 March 2023

**Capital risk management**

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainability.

The company monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings divided by shareholders' equity. The company's targeted gearing ratio is 45%.

The capital structure at the end of the financial year is considered optimal and the gearing ratio of the company at the reporting date had increased to 16% (2022: 5%) and was calculated as follows:

FIGURES IN RANDS	NOTE(S)	2023	2022
Borrowings	24	183,138,490	-
Lease liabilities	14	126,315,238	89,943,030
<b>Total borrowings</b>		<b>309,453,728</b>	<b>89,943,030</b>
		<b>2023</b>	<b>2022</b>
Equity		1,902,261,730	1,944,078,280
Gearing ratio		16 %	5 %

The gearing ratio increased as a result of the company entering into a new loan agreement with DBSA.

**Loan Covenants**

Under the new loan contract with DBSA, the company is required to comply with the following financial covenants:

- Current assets to Current liabilities must be greater than two times.
- Cash and cash equivalents to Current liabilities must be greater than one time.
- Cumulative debt service coverage ratio (DSCR) must be greater than three times.

The company has complied with these loan covenants since the inception of the loan agreement. As at 31 March 2023, the current assets to current liabilities was 3.1, cash and cash equivalents to current liabilities was 2.5 and DSCR was 41.5.

**Financial risk management overview**

The company is exposed to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk (currency risk, interest rate risk and price risk).

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the Audit and Risk Committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the Board of Directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The company's Audit and Risk Committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the



## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

company. The Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

**Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on short-term investments at amortised costs, trade and other receivables and cash and cash equivalents,

Credit risk for exposures other than those arising on cash and cash equivalents is managed by continuous review of the age analysis, in particular Top 50 accounts. Sufficient bank guarantees and security deposits are obtained when necessary for those clients whose billing exceeds R100 000.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions with high credit ratings.

The company has a contingency (self fund) policy, underwritten and administered by a third party. The investment is a contingency policy, whereby the company covers its own risk. The fund limits are reviewed annually, and the investment may be cancelled at any time, by giving a 30-day written notice.

Credit loss allowances for expected credit losses are recognised for all trade receivables where there are potential defaults. For a detailed credit risk assessment on expected credit allowance refer to note 20.

The maximum exposure to credit risk is presented in the table below:

	2023				2022		
	NOTE(S)	GROSS CARRYING AMOUNT	CREDIT LOSS ALLOWANCE	AMORTISED COST	GROSS CARRYING AMOUNT	CREDIT LOSS ALLOWANCE	AMORTISED COST
Short-term investments	19	19,082,657	-	19,082,657	16,252,754	-	16,252,754
Trade and other receivables	20	191,632,761	(24,848,191)	166,784,570	181,036,663	(37,199,078)	143,837,585
Cash and cash equivalents	22	617,827,089	-	617,827,089	408,429,221	-	408,429,221
		<b>828,542,507</b>	<b>(24,848,191)</b>	<b>803,694,316</b>	<b>605,718,638</b>	<b>(37,199,078)</b>	<b>568,519,560</b>

**Liquidity risk**

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short-term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The company assessed the liquidity risk using the latest forecasts and projections of future cash flows. The company has enough cash reserves to fund its obligations as they become due.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table.

	LESS THAN 1 YEAR	2 TO 5 YEARS	OVER 5 YEARS	TOTAL
<b>2023</b>				
Borrowings	21,724,776	177,030,071	84,484,374	283,239,221
Lease liabilities	-	101,404,029	50,866,892	152,270,921
Trade and other payables	216,693,436	-	-	216,693,436
Lease liabilities	27,815,094	-	-	27,815,094
	<b>266,233,306</b>	<b>278,434,100</b>	<b>135,351,266</b>	<b>680,018,672</b>
<b>2022</b>				
Lease liabilities	-	74,475,065	32,921,642	107,396,707
Trade and other payables	215,412,913	-	-	215,412,913
Lease liabilities	19,043,721	-	-	19,043,721
	<b>234,456,634</b>	<b>74,475,065</b>	<b>32,921,642</b>	<b>341,853,341</b>

The above amounts reflect the contractual undiscounted cash flows, which may differ with the carrying values of the liabilities at the reporting date as disclosed in notes 14, 24 and 27).

**Foreign currency risk exposure in Rand**

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date: US Dollar exposure:

FIGURES IN RANDS	NOTE(S)	2023	2022
<b>Current assets:</b>			
Trade and other receivables	20	23,329,480	20,808,347
Cash and cash equivalents	22	219,933,193	272,337,562
Short term investments		15,228,444	12,540,263
<b>Current liabilities:</b>			
Trade and other payables	27	(4,520,892)	(1,290,542)
<b>Net US Dollar exposure</b>		<b>253,970,225</b>	<b>304,395,630</b>

**Exposure in foreign currency amounts**

Most of the company's transactions are carried out in Rand. Exposures to currency exchange rates arise from the company's overseas sales and purchases, which are primarily denominated in US dollars (USD). The company also holds short-term investments in USD.





## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

To mitigate the company's exposure to foreign currency risk, non-Rand cash flows are monitored, the company holds sufficient US dollars denominated on cash and cash equivalents (refer to note 22), and the cash and cash equivalents of US dollars denominated are being revalued to the Rand on monthly basis using spot rate.

The net carrying amounts in foreign currency of the above exposure was as follows:

### Exchange rates

The following closing exchange rates were applied at the reporting date:

FIGURES IN RANDS	2023	2022
Rand per unit of foreign currency: US dollar	17,800	14,550

### Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared with the previous reporting period.

A 10% strengthening in the Rand against the below currencies at 31 March 2023 would have decreased profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant. The analysis was performed on the same basis for 31 March 2022.

A 10% weakening in the Rand against the above currencies at 31 March 2023 would have had the equal but opposite effect to the amounts shown below, on the basis that all other variables remained constant.

### Increase or decrease in rate Impact on profit or loss:

	2023	2022
US dollar	25,397,022	30,439,563

### Interest rate risk

Fluctuations in interest rates impact on the value of cash and cash equivalents, short-term investments and financing activities, giving rise to interest rate risk.

The debt of the company comprises different instruments, which bear interest at either fixed or variable interest rates. The ratio of fixed rate instruments in the loan portfolio is monitored and managed, by incurring variable rate on bank loans as necessary. Interest rates on all borrowings compare favourably with those rates available in the market.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

### Interest rate profile

The variable interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	NOTE	AVERAGE EFFECTIVE INTEREST RATE		CARRYING AMOUNT	
		2023	2022	2023	2022
<b>Assets</b>					
Short-term investments at amortised cost	19	2.10 %	1.20 %	19,082,657	16,252,754
Cash and cash equivalents	22	6.00 %	6.00 %	267,741,764	59,529,679
				<b>286,824,421</b>	<b>75,782,433</b>
<b>Liabilities</b>					
Borrowings	24	2.00 %	- %	183,138,490	-
Finance lease liabilities	14	8.60 %	10.00 %	126,315,238	89,943,030
				<b>309,453,728</b>	<b>89,943,030</b>

### Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risks which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

### Company

At 31 March 2023, if the interest rate had been 5% per annum (2022: 5%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R1.1m - (2022: R708k) lower and R1.1m - (2022: R708k) higher.

### Tariff risk

Tariff revenue, contributing 84% (March 2022: 84%) of the company's revenue, is regulated by an independent economic regulator using a price cap methodology. The regulated tariff is linked to CPI. A change in CPI has a positive or a negative impact on the revenue earned by the company. However, the company is allowed to adjust the difference between actual and forecast CPI in future tariffs. The tariff is determined for a five-year period.



## OTHER NOTES (Note 3 to note 39)

for the year 31 March 2023

### 35. Prior period errors

Corrections were made and appropriated to the Retained Earnings account during the financial year end 31 March 2023.

The nature of the correction is as follows:

#### Directors Fees

The overpayment of fees relates to an error by management in previous years to 31 March 2021 due to an incorrect VAT interpretation. Where applicable, directors have signed acknowledgement of debt (AoD) with the company. Due to the nature of the error, no interest is charged on the balance outstanding. Payment terms vary per director, however, the maximum period allowed is 36 months.

	AMOUNTS PREVIOUSLY REPORTED	ADJUSTMENTS	AMOUNT AFTER AFTER ADJUSTMENTS
<b>Statement of financial position</b>			
Retained earnings 01 April 2021	2,130,049,918	-	2,130,049,918
Sundry debtors	-	2,234,052	2,234,052
Deferred tax	-	(625,533)	(625,533)
Retained earnings at 31 March 2022	2,130,049,918	1,608,519	2,131,658,437
Loss for the year	(377,921,875)	-	(377,921,875)
Sundry debtor	-	(304,292)	(304,292)
	<b>1,752,128,043</b>	<b>1,304,227</b>	<b>1,753,432,270</b>
<b>Statement of profit and loss</b>			
Directors' fees	5,946,931	447,438	6,394,369
Taxation	94,618,523	143,148	94,761,671
	<b>100,565,454</b>	<b>590,586</b>	<b>101,156,040</b>

### 36. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date.

### 37. Going concern

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

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors are satisfied that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

## OTHER NOTES (Note 3 to 39)

for the year 31 March 2023

### 38. Irregular, fruitless and wasteful expenditure

FIGURES IN RANDS	2023	2022 RESTATED
Irregular expenditure	-	330,858
Fruitless and Wasteful expenditure	504,877	822,733
	<b>504,877</b>	<b>1,153,591</b>

Irregular expenditure under determination in the prior year was confirmed in the current year. Management continued to improve the control environment in the year under review which resulted in no irregular expenditure.

During the year under review, management wrote off a debt of R355k, relating to the Directors' fees which relates to prior years. This has been included in the 2022 financial year fruitless and wasteful expenditure.

Restatement of prior period balances	2022
Previously stated	12,654,879
Restatement due to first time application of National Treasury Instruction No. 4	(11,501,288)
	<b>1,153,591</b>

National Treasury issued Instruction No. 4, effective 1 January 2023, that impacted amount disclosed. Refer to pages 104 to 106 in the integrated report for additional information.

### 39. Material losses through criminal conduct

During the year under review, there were no material losses due to criminal conduct.





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