2024 Annual Financial Statements

Air Traffic and Navigation Services (SOC) Ltd

Access our online reports

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.

Our reporting guide

Our financial overview

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

Our financial statements

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

Notes to the financial statements

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), Generally 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 <IR> 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 AFSs 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.

ATNS at a glance

ATNS is pivotal to the aviation industry in Southern Africa, ensuring safety and efficiency of the country's airspace. The entity is mandated to offer air traffic services across South Africa's airspace and the surrounding oceanic regions. This includes the International Civil Aviation Organisation (ICAO) airspace over the Indian and Atlantic Oceans. ATNS contributes significantly to the South African economy and the broader regional aviation network.

Who we are

Air Traffic and Navigation Services (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 12 regional airports, as well as St Helena Airport (a remote island airport in the South Atlantic Ocean).

Our services comply with ICAO Standards and Recommended Practices (SARPs), South African Civil Aviation Authority (SACAA) regulations and technical standards, and South African legislation.

As a globally competitive employer of choice, ATNS is committed to diversity and has achieved a ranking within the top 10 companies in South Africa with regards to female representation at executive levels. ATNS participated in the Top Employers Certification Programmeme on an annual basis.

Our mandate

Air Traffic and Navigation Services (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, our technology advancements, sound governance, and operational and financial sustainability.

Our values

Our values will enable the achievement of Strategy 2025 and prepares ATNS for the future and 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

What we do

We pride ourselves on delivering exceptional-quality services and resources to our client base as well as the general aviation community.

ATNS core services – our regulated business

ATNS provides comprehensive air traffic management (ATM) services supporting every phase of flight, from taxiing to landing. This end-to-end service is facilitated by advanced ATM systems deployed at major airports and area control centres across South Africa, including Johannesburg, Cape Town, King Shaka, Bloemfontein, Kimberley, Gqeberha, George, Lanseria, and East London. These systems leverage cutting-edge communication, navigation, and surveillance (CNS) technologies.

Smaller airports without surveillance capabilities, such as Wonderboom, Upington, Polokwane, Kruger, Pilanesberg, Umtata, Pietermaritzburg, Virginia, and Grand Central, also contribute to the overall ATM system.

This robust ATM infrastructure enables ATNS to deliver scalable services that meet the varying demands of South African airspace.

How we generate revenue

Our economic regulation, stipulated in Section 11 of the ATNS Company Act 45 of 1993, as amended, requires us to apply to the Regulating Committee for ACSA and ATNS for permission to levy air traffic charges. We must apply for permission to charge airlines for our air traffic management services. This process involves extensive industry consultation within a five-year cycle.

To ensure the long-term sustainability of our business and investment in critical infrastructure, we recently applied for a tariff increase. This increase is necessary to maintain safe and efficient air traffic management services.

Non-regulated business

ATNS offers a range of non-regulated services beyond air traffic management. Our non-regulated business includes providing satellite communication networks across Africa, technical services, and consultancy. We also deliver aviation training through our academy, serving over 27 countries on the African continent. Additionally, we offer services like geodetic surveys, airspace design, and aeronautical information management.

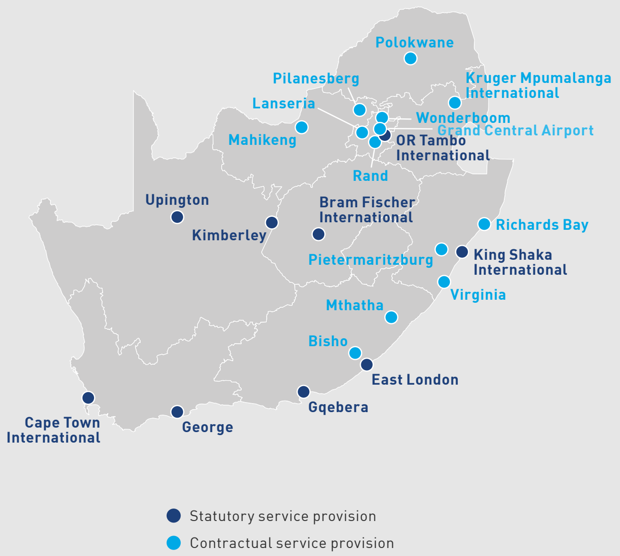
Aviation Training Academy

ATNS operates the Aviation Training Academy (ATA), a world-class training institution accredited to ISO 9001:2015 standards. The ATA offers a comprehensive range of air traffic services (ATS), air traffic safety electronics personnel (ATSEP) and safety-related courses primarily across Africa. Dedicated to global best practices, the ATA equips professionals with the skills and knowledge to excel in air traffic management (ATM), communication, navigation and surveillance (CNS) systems.

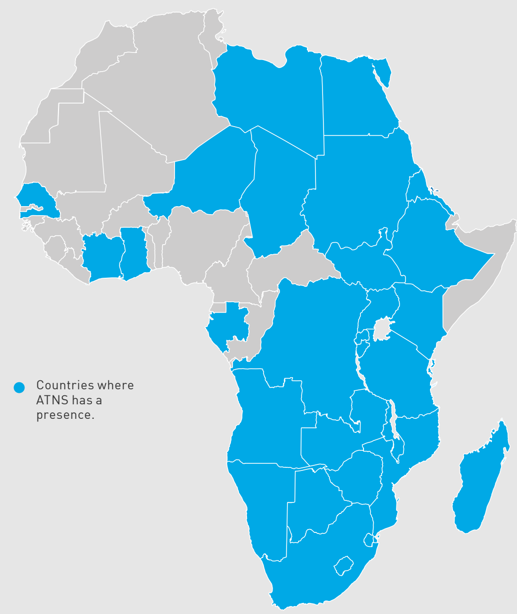
As an ICAO TRAINAIR Plus Platinum member and a regional centre of excellence, the ATA is committed to delivering world class training. The academy's team of expert instructors, coupled with advanced facilities, ensures exceptional training outcomes. Recognised for its excellence, the ATA has been awarded International Air Transport Association's (IATA's) Worldwide Top Regional Training Partner multiple times.

Our geographical footprint

ATNS in South Africa



ATNS VSAT network
NAFISAT and SADC/2 - ATS/DS Connectivity



Directors' Report

Annual Financial Statements as at 31 March 2024

Mr Zola Majavu
Chairman of the board

The Directors have pleasure in submitting their report on the financial statements of Air Traffic and Navigation Services SOC Limited for the year ended 31 March 2024.

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.

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 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 Board and the Shareholder Representative are aligned in their understanding and acceptance of strategic objectives. Progress on performance is regularly reviewed by the Board and reported to the Shareholder Representative quarterly.

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

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 the approach to continuously comply with applicable legal requirements.

4. Economic regulation

As a monopoly, the company is regulated economically by the Regulating Committee (RC) that 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.

Directors' Report

Annual Financial Statements as at 31 March 2024

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 RC. Accordingly, the Act prohibits the company from levying any air traffic charges unless it is in possession of a valid permission.

The Permission application process for FY2023/2024 to FY 2027/2028 was finalised in the current year, however, ATNS objected to the tariffs as proposed by the RC as these would have negatively impacted the financial sustainability of the entity. The matter has been escalated to the Minister of Transport who has since established a tribunal committee for a review. The RC granted the company a temporary Permission to levy charges based on forecasted inflation until the application process is finalised, which the company continues to operate on until the matter has been finalised.

5. Overall performance

During the year under review, the company achieved billable movements of 293 043 compared to 206 134. The increased billable movement led to an increase in revenue by 24% to R1 700m (2023: R1 400m).

Operational costs increased by 19.5% to R1 500m (2023: R1 300m) mainly due to the increase in staff costs, travel expenses, administration expenses and security upgrades, the company will continue to monitor and tighten cost containment measures and keep the costs at minimum.

Capital expenditure increased to R223m (2023: R128m), this is as a results of investing in operational infrastructure in order to continue providing improved safe operations.
The company's liquidity ratio decreased to 2.4:1 (2023: 3.07:1) mainly due to the expected initial capital repayment of the DBSA loan, the first capital repayment is due in December 2024. Our gearing is at 23.3% (2023: 16.3%) mainly due to in increase loans to finance capital expenditure projects. The 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. Furthermore, 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 return of capital employed (ROCE) in line with the approach document issued by the Regulating Committee. The ROCE is 8.9% (Regulated ROCE (2.1%). The ROCE is a measure of the extent to which a company efficiently uses its resources to generate profits. Regulated ROCE is based on the Regulating Committee formula.

Cash generated from operations (before interest and taxation) improved by 168% to R330m (2023: R123m), mainly due to the increase in revenue and improved debt collections. The company's cash reserves improved in the current year to R887m (2023: R618m) 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 (2023: R nil).

7. Share capital

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

8. Capital commitments

The company total capital commitments for the year under review was R213m.

At present the company is in a good position to fund the capital expenditure through the remaining loan facility from DBSA, and its own secured funds. Furthermore the company expects an allocation of R421m from the Department of Transport in the Medium Term Expenditure Framework (MTEF).

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
Z. Majavu	13 January 2023	Chairman	South African
N.P. Mdawe	1 April 2022	Chief Executive Officer	South African
M. Moholola*	1 January 2024	Chief Financial Officer	South African
M.A. Amod	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
S.G Kudumela	13 January 2023	Non-executive	South African
P. Mangoma	13 January 2023	Non-executive	South African
M.J Neluheni	13 January 2023	Non-executive	South African
L.N Ngema	13 January 2023	Non-executive	South African
P.N Sibiya	13 January 2023	Non-executive	South African

For details of Directors' emoluments, refer to note 33.
*Mr. Moholola's employment contract was renewed on 1 January 2024 for a further five years.

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 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 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:R740k).

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 2024 financial year.

16. Secretary

The company secretary is Adv. Ditebogo Khumalo.

Business address:	Block C, Eastgate Office Park South Boulevard Road Bruma 2198
Postal address:	Private Bag X15 Kempton Park 1620

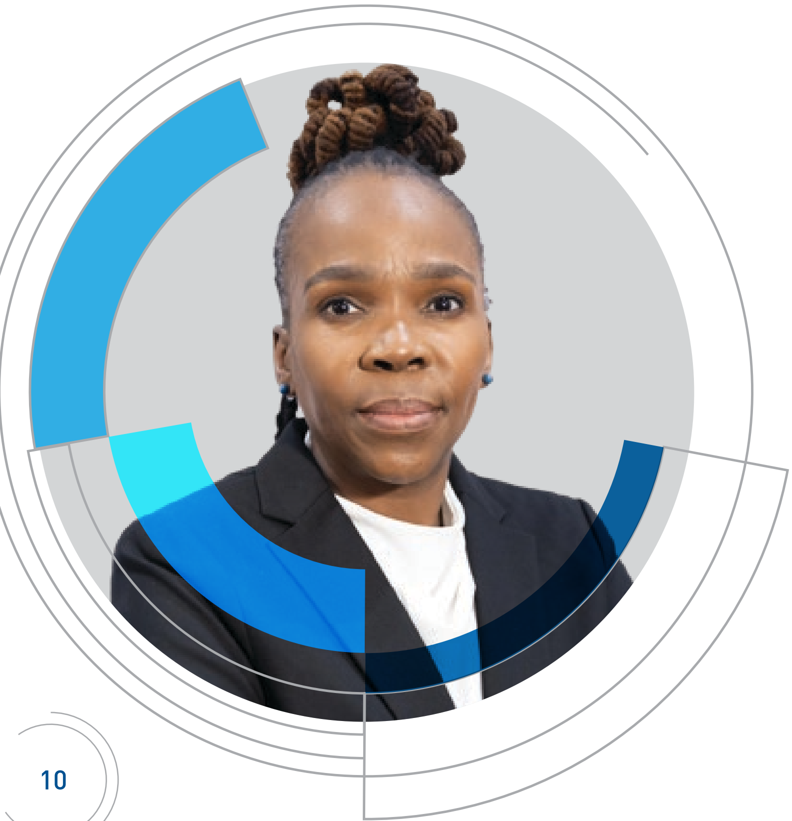
The financial statements set out on pages 21 to 86, which have been prepared on the going concern basis, were approved by the board of Directors on 30 July 2024, and signed on its behalf by,

Approval of annual financial statements

Mr Zola Majavu CD (SA)
Chairman
30 July 2024

Audit and Risk Committee Report

Annual Financial Statements as at 31 March 2024



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 2024.

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 the formal Terms of Reference, which have been approved by the board. The Committee has conducted its affairs and carried out its responsibilities as set out in its Terms of Reference

The report aims to provide details on how the Committee satisfied various statutory requirements during the reporting period.

Roles and responsibilities

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

- Reviewing the effectiveness of the internal controls;
- Overseeing the implementation of enterprise -wide risk management across the organisation including the strategic risks facing the organisation and all risk policies;
- Overseeing the accounting, auditing and financial reporting processes;
- Ensuring that the combined assurance model is implemented to provide a coordinated approach to all assurance activities;
- Assisting the board in discharging its duties related to compliance with good corporate governance;
- Ensuring that the independent assurance is provided on the ICT governance; and
- Reviewing and appraising the performance of the internal audit function and the external auditors.

Composition

The Committee consists of independent Non-Executive Directors (NEDs), in compliance with the Companies Act and King IV. The Committee meets at least four times a year, as per the approved Terms of Reference.

Audit and Risk Committee Report

Annual Financial Statements as at 31 March 2024

The composition of the Committee and the attendance of meetings by its members for the 2024 financial year are set out below:

Committee member name	Number of meetings attended
P. Sibiya (Chairman)	5 out of 5
A. Amod	5 out of 5
K. Boqwana	5 out of 5
P. Mangoma	5 out of 5

Internal audit

Internal Audit performs an independent assurance function and forms part of the organisation's combined assurance model. Internal audit attends the Committee meetings and reports on audits concluded and discussed with management. The implementation of the agreed action plans is monitored at every committee meeting.

The Committee reviewed and approved the Internal audit charter, and evaluated the independence, effectiveness and performance of the Internal Audit.

Based on the assessment of the work done during the year under review, the Committee is Satisfied with the effectiveness and independence of the Internal audit function.

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 system of internal controls was partially effective and thus requiring improvement. The Committee will continue to monitor the implementation of all the findings.

Risk management

The Committee reviewed the strategic risk register on a quarterly basis and is generally satisfied with how the risks are being managed within the organisation.

Quarterly reporting

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

Annual Financial Statements

The Committee has reviewed and recommended to the Board that the annual financial statements for the year ended 31 March 2024, be approved. Based on the information provided, the organisation complies in all material respects with the relevant requirements of the Public Finance Management Act, National Treasury Regulations, Companies Act and the International Financial Reporting Standards (IFRS).

External audit

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

Furthermore, the Committee reviewed the management report and the External auditors report. The Committee concurs and accepts the conclusions of the external auditors as stated on the external auditor's report.

Combined assurance

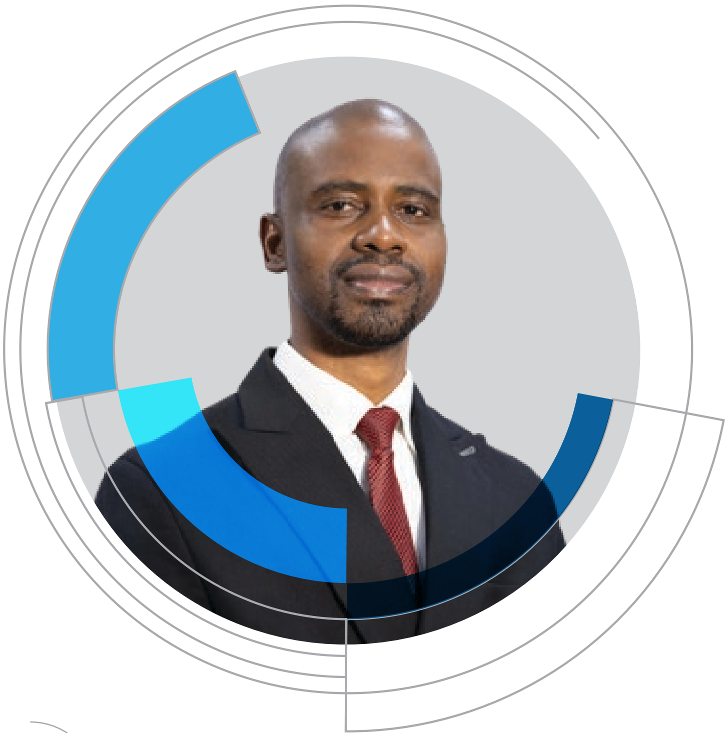
The Committee continues to monitor the implementation of the combined assurance model to ensure that there is a coordinated approach to all assurance activities within the organisation. Reporting on the combined assurance model continued during the year under review at every meeting of the Committee, in line with the approved annual Combined assurance plan, with the objective to obtain and optimise the required level of assurance as outlined in the approved Combined Assurance Framework.

On behalf of the Audit and Risk committee.

P. Sibiya CA(SA)
Chairman
Audit and Risk Committee

Chief Financial Officer's Reflections

Annual Financial Statements as at 31 March 2024



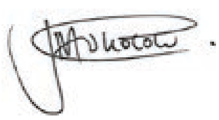
Mr Matome Moholola CA (SA)
Chief financial officer

I am pleased to report that our company has delivered a strong financial performance this year, marked by an increase in revenue of 24% to R1 700 m (2023: R1 400m) which resulted in the company becoming profitable for the first time since the dawn of the pandemic. Operational costs of R1 500m were in line with expectations, the company continues to monitor and tighten cost containment measures and keep the costs to a minimum.

Capital expenditure increased to R223m (2023: R128m), this is as a result of investing in operational infrastructure to continue providing improved safe operations. Our gearing is at 23.3% (2023: 16.3%) and the increase is mainly due to in increase loans to finance capital expenditure projects. Our company's liquidity measured by the current ratio remained strong at 2.4. There has been no breach of our loan covenants and 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 they become due as evidenced by the liquidity ratio.

Our cash reserves improved in the current year to R887m (2023: R618m) mainly due to the loan facility drawdown and improved cash generated from operations.

These achievements are a testament to the hard work and dedication of our team, as well as the support of our stakeholders.



Mr Matome Moholola CA (SA)
Chief Financial Officer
30 July 2024

Certificate of the Company Secretary

Annual Financial Statements as at 31 March 2024

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.

Adv. Ditebogo Khumalo
Company Secretary
30 July 2024

Directors' Responsibilities and Approval

Annual Financial Statements as at 31 March 2024

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 financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 IFRS accounting standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS accounting 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 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 2025 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 financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 15 to 20.

The financial statements set out on pages 21 to 86, which have been prepared on the going concern basis, were approved by the board of Directors on 30 July 2024 and were signed on their behalf by,

Signed on behalf of the Board of Directors By:

Mr Zola Majavu CD (SA)
30 July 2024

Independent Auditor's Report

Annual Financial Statements as at 31 March 2024

Independent auditor's report to Parliament and Shareholders of Air Traffic and Navigation Services SOC Limited

Report on the audit of the financial statements Opinion

1. We have audited the financial statements of the Air Traffic and Navigation Services SOC Limited set out on pages 21 to 86, which comprise the statement of financial position as at 31 March 2024, 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 material accounting policy information.

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of Air Traffic and Navigation Services SOC Limited as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act of South Africa).

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 entity 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.

Emphasis of matter

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

Material impairment

7. As disclosed in note 7 to the financial statements, material losses of R 49m were incurred as a result of contracts cancellations in capital work in progress.

Other

8. 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

9. 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 3 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 (SOC) Limited. 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.

10. 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

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

12. In preparing the financial statements, the accounting authority is responsible for assessing the public entity'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 public 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

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

14. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xxx, forms part of our auditor's report.

Report on the audit of the annual performance report

15. 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 the selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

16. We selected the following objectives presented in the annual performance report for the year ended 31 March 2024 for auditing. We selected objectives that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Purpose
Ensure safety and efficiency of operations	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	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: Developing a skilled and capable workforce to support an inclusive growth path.
Create an adaptive and innovative enterprise	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	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.

17. 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.

18. 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
- all the indicators relevant for measuring the entity’s performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those committed to in the approved initial or revised planning documents
- there is adequate supporting evidence for the achievements reported

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

20. We did not identify any material findings on the reported performance information for the of selected objectives.

Other matter

21. We draw attention to the matter below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.

Report on compliance with legislation

23. 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.

24. 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.

25. 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 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.

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

Other information in the annual report

27. 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 of South Africa. 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.

28. 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.

29. 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.

30. 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

31. 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.

32. We did not identify any significant deficiencies in internal controls.

Other reports

33. 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. The matters noted below are managed by Internal Audit.

34. Allegation of theft was made on the following dates 06 February 2023, 23 June 2023 and 28 July 2023. The investigation started on 31 July 2023. A preliminary report was issued on 13 October 2023 and as at financial year end a detailed investigation was conducted by the Security Department and a report was presented to the CEO.

35. An investigation into alleged fraud pertaining to claims made for meetings not entitled for payment was performed in the year under review. The matter was reported on 12 February 2023 and the preliminary investigation report was issued on 14 June 2023. As at financial year end the matter was still open and has been sent to the Shareholder.

36. Allegations of fraud and unethical conduct relating to relocation cost was reported on 10 March 2023 and a preliminary investigation report was issued on 12 July 2023. As at financial year end the matter, was still open and has been referred to the IEC. The investigation is under finalisation.

37. Investigations relating the fraud allegations due to procurement irregularities were reported concerning a tender on 23 and 25 May 2023 respectively. The preliminary investigation report was issued on 31 October 2023. The recommendations were noted and accepted. The implementation date by management for the recommendations was 1 January 2024.

38. The matter relating to overtime fraud was reported on 8 June 2023 and as at year end the investigation was still in progress.

39. Allegations of remuneration and promotion irregularities were reported on 23 October 2023. As at end for of the current financial period the matter was being finalised and the remuneration irregularity was currently at the High Court.

40. Investigation into allegations of fraud was reported on 29 November 2023. Preliminary investigations were completed and reported to the Board on 27 February 2024. The matter was still open at the end of the financial period and is under the attention of the Board. The matter has been referred to the Human Capital Employee Relations Department.

41. An alleged phishing scam was reported on 30 January 2024. The matter was confirmed and closed.

42. Allegations relating to license breaches and possible fruitless and wasteful expenditure were reported on 23 March 2024. The investigation report was issued 18 July 2024, the allegations were substantiated. The Safety & Regulations department is Monitoring the implementation of corrective actions. As at date of this report the matter was still open.

Auditor tenure

43. 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 (SOC) Limited for six years.

Nexia SAB&T
Ayisha Ramasike
Director
Registered Auditor
31 July 2024

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's responsibility for the audit

Professional judgement and professional scepticism

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

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

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also 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:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 50(3); 50(3)(a); 50(3)(b) Section 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(b); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 52(b) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b) Section 66(3)(a)
Treasury Regulations, 2005	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 No.71 of 2008	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)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Companies Act Regulations, 2011	Regulation 30(2); 43(2)(a)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations, 2004 (CIDB Regulations)	CIDB regulation 17; 25(7A)
Preferential Procurement Regulations, 2011 (PPR 2011)	Paragraph 9.1
Preferential Procurement Regulations, 2017 (PPR 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 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2
Preferential Procurement Regulations, 2022 (PPR 2022)	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
National Treasury SCM Instruction No. 03 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 2020/21	Paragraph 3.1; 3.4(b); 3.9
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework	Paragraph 4.12

Statement of Financial Position

Annual Financial Statements as at 31 March 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Non-Current Assets			
Property, plant and equipment	13	932 954 858	920 473 148
Right-of-use assets	14	66 816 369	95 270 408
Intangible assets	15	102 741 494	83 934 589
Deferred tax	17	222 091 088	248 042 929
Capital work in progress	16	260 982 869	284 033 095
Prepayments	18	121 673	298 607
		1 585 708 351	**1 632 052 776**
Current Assets			
Prepayments	18	20 428 848	15 367 648
Short-term investments at amortised costs	19	20 307 753	19 082 657
Trade and other receivables	20	196 990 681	166 784 570
Current tax receivable	21	-	1 816 389
Cash and cash equivalents	22	887 370 047	617 827 089
		1 125 097 329	**820 878 353**
Total Assets		**2 710 805 680**	**2 452 931 129**
Equity and Liabilities			
Equity			
Share capital	23	190 646 000	190 646 000
Retained income		1 734 909 756	1 711 615 722
		1 925 555 756	**1 902 261 722**
Liabilities			
Non-Current Liabilities			
Interest bearing loans and borrowings	24	249 418 662	183 138 490
Lease liabilities	14	75 199 609	100 194 984
		324 618 271	**283 333 474**
Current Liabilities			
Lease liabilities	14	28 990 811	26 120 254
Current tax payable	21	209 386	-
Interest bearing loans and borrowings	24	95 281 006	-
Contract liabilities	25	8 099 534	1 710 642
Provisions	26	86 312 283	22 811 601
Trade and other payables	27	241 738 633	216 693 436
		460 631 653	**267 335 933**
Total Liabilities		**785 249 924**	**550 669 407**
Total Equity and Liabilities		**2 710 805 680**	**2 452 931 129**

Statement of Profit or Loss and other Comprehensive Income

Annual Financial Statements as at 31 March 2024

Figures in Rand	Note(s)	2024	2023
Revenue	3	1 722 831 878	1 387 900 886
Other operating income	4	7 106 539	12 329 771
Other operating gains	5	2 499 599	18 226 365
Impairment loss on financial assets at amortised cost	6	(9 020 013)	(31 977 526)
Depreciation costs on property, plant and equipment	13	(120 035 637)	(118 672 045)
Depreciation costs on right-of-use assets	14	(16 328 215)	(18 935 824)
Amortisation on intangible assets	15	(21 124 036)	(24 873 438)
Impairment loss on non-financial assets	7	(49 445 441)	(60 034 744)
Staff costs	8	(1 035 386 177)	(859 456 694)
Other operating expenses	9	(447 138 077)	(356 205 165)
Operating profit (loss)		**33 960 420**	**(51 698 414)**
Finance income	10	52 614 877	17 894 333
Finance costs	11	(25 886 092)	(13 297 898)
Profit (loss) before taxation		**60 689 205**	**(47 101 979)**
Taxation	12	(37 395 171)	5 285 431
Total comprehensive profit (loss) for the year		**23 294 034**	**(41 816 548)**

Statement of Change in Equity

Annual Financial Statements as at 31 March 2024

Figures in Rands	Share capital	Retained income	Total equity
Balance at 1 April 2022	**190 646 000**	**1 753 432 270**	**1 944 078 270**
Loss for the year	-	(41 816 548)	(41 816 548)
Total comprehensive Loss for the year	-	**(41 816 548)**	**(41 816 548)**
Balance at 1 April 2023	**190 646 000**	**1 711 615 722**	**1 902 261 722**
Profit for the year	-	23 294 034	23 294 034
Total comprehensive loss for the year	-	**23 294 034**	**23 294 034**
Balance at 31 March 2024	**190 646 000**	**1 734 909 756**	**1 925 555 756**
Note(s)	23		

Statement of Cash Flows

Annual Financial Statements as at 31 March 2024

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Cash generated from operations	28	330 447 265	123 898 132
Interest income		47 677 915	15 290 578
Finance costs	29	(38 207 300)	(14 126 161)
Tax received (paid)	21	(9 417 555)	(2 265 624)
Net cash from operating activities		**330 500 325**	**122 796 925**
Cash flows from investing activities			
Cash payments to acquire property, plant and equipment	13	(38 572 783)	(23 882 333)
Cash receipts from sale of property, plant and equipment	13	260 788	130 333
Cash payments to acquire intangible asset	15	(4 371 843)	(21 136 264)
Cash payments to acquire work in progress	16	(180 314 995)	(82 140 776)
Net cash from investing activities		**(222 998 833)**	**(127 029 040)**
Cash flows from financing activities			
Repayment of lease liability	29	(10 796 121)	(12 429 911)
Proceeds on loan from the bank	29	160 831 628	186 579 414
Loan transaction fees	29	-	(3 552 834)
Net cash from financing activities		**150 035 507**	**170 596 669**
Total cash movement for the year		**257 536 999**	**166 364 554**
Cash and cash equivalents at the beginning of the year		617 827 089	408 429 221
Loss on foreign exchange on cash and cash equivalents		12 005 959	43 033 314
Cash and cash equivalents at the end of the year	22	**887 370 047**	**617 827 089**

Material accounting policies (Note1)

Annual Financial Statements as at 31 March 2024

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 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 30 July 2024.

1. Material accounting policies

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statementsand IFRS Practice Statement 2 Making Materiality Judgements). In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the financial statements of the entity but affect the disclosure of the entity's accounting policies.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis and are prepared in accordance with, IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act, No. 71 of 2008 and the Public Finance Management Act, No. 1 of 1999 as amended.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material 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.

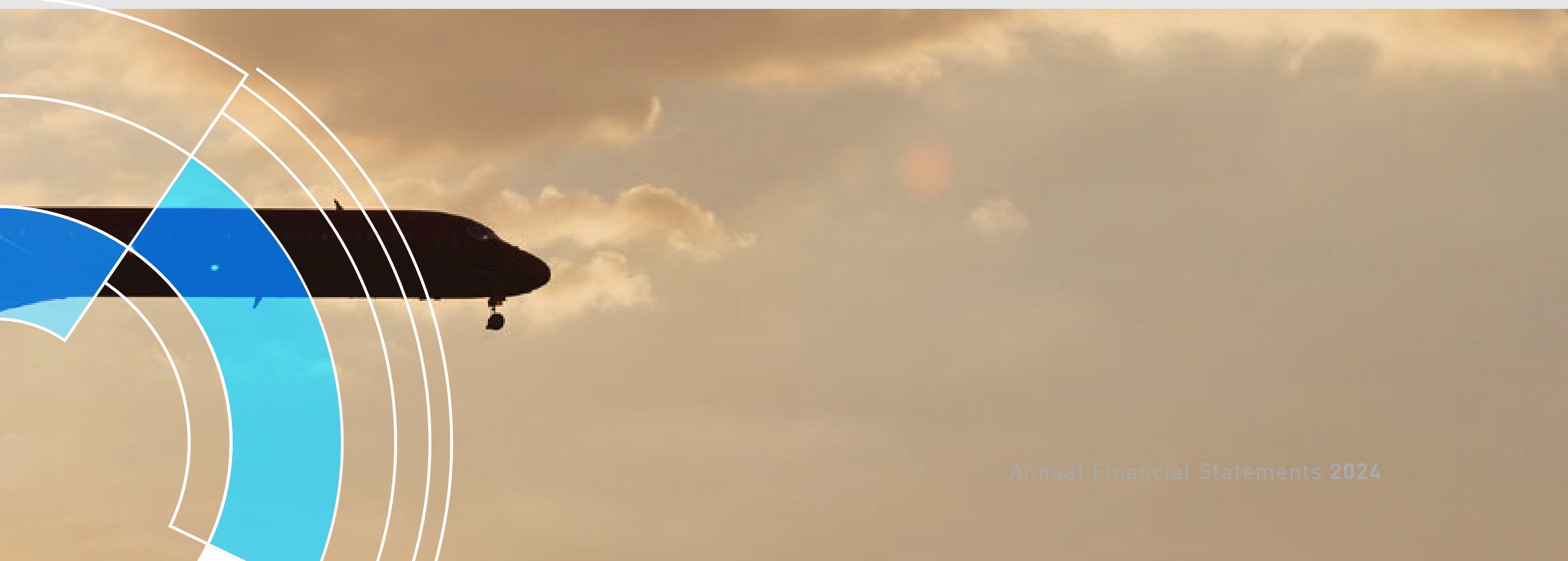
1.2 Property, plant and equipment

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.

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.

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 judgement and engineers' 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 working 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.

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.

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.

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.

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

1.5 Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets are subsequently measured at cost less any accumulated amortisation and impairment losses. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. 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.

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

Item	Amortisation method	Average useful life
Computer software	Straight line	3-7 years

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.

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

Assets that were subject to impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment loss reversals are recognised in profit or loss within impairment.

1.7 Financial instruments

Classification and measurement of financial assets

Note 35 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), these financial assets are subsequently measured at amortised cost.

The classification is determined by both:
- the entity's 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), these financial liabilities are subsequently measured at amortised cost using the effective interest method.

Short-term investments at amortised cost Impairment

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 a investment has not increased significantly since initial recognition, then the loss allowance for that investment is measured at12 month expected credit losses (12 month ECL).

Trade and other receivables

Impairment gains/(losses) on financial assets at amortised cost

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 impairment gains/(losses) on financial assets at amortised cost (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 35).

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)

Recognition and measurement

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

Recognition and measurement

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 35 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 35).

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 are 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.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and applicable tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences.

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 used. 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 they can be used.

When management assess the extent to which is it probable that taxable profit will be available against which potential deferred tax assets can be used, they take into consideration that the utilisation of assessed losses are limited to the greater of 80% of the taxable income or R1 million in the year of assessment.

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 applicable tax laws that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate is applied. The normal tax rate is applied when the expected recovery is through use. A combination of these rates is applied if the recovery is expected to be partly through use and sale.

Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The review by management has not resulted in the reduction of the deferred tax assets.

Tax expenses

The income tax expense consists of current and deferred tax and is recognised in profit or loss.

1.10 Leases

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.

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
Buildings	Straight line	2 to 10 years
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
Radar equipment	Straight line	2 to 10 years

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 sublease 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.

1.11 Share capital and equity

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

1.12 Employee benefits

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.

Defined contribution plans

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 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.

1.13 Provisions and contingencies

The company provides 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. 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.

Refer to note 26 for details.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

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
- ARMA spectrum service fees
- Weather services administration
- Aeronautical information services
- North East African Indian Ocean (NAFISAT) network fees
- Saudi operational fees
- Commission service 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.

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 instrument 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.

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

- Airspace organisation and management services.
- Information management services.
- Alerting services.
- Advisory services.
- Conflict management services.
- Traffic synchronisation services
- Flight information services.
- 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:

- ATS direct speech.
- 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.
- Computer-to-computer data exchange between ATS flights data processing system.
- Operational meteorological data exchanges.
- 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 aerodrome 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 services

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.

Material accounting policies (Note1)

Annual Financial Statements as at 31 March 2024

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 localand 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

The probability of the customer's paying is high because these services are paid for in advance. The performance obligation are training services, venue hire and providing a qualification/certificate, these services are bundled together as one performance obligation.

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 a distinct service 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.

ARMA 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 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.

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:

- ATS direct speech.
- 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.
- Computer-to-computer data exchange between ATS flights data processing system.
- Operational meteorological data exchanges.
- 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 NAFISAT network service is recognised as a receivable once the company has satisfied the performance obligations.

Commission service 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.

Saudi operational fees

Saudi operational fees relate to the supply of Very Small Aperture Terminal (VSAT) to Saudi Air Navigation Services (SANS). The performance obligations include spectrum costs, network management services and indirect cost recovery, these services are bundled together. 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 receivable once the company satisfies the performance obligations.

1.15 Translation of foreign currencies

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.

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.

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.

Unknown cash receipts and deposits from customers that were received more than three years prior and it is unlikely that the receipts or the deposits will be claimed the company applies the Prescription Act and recognise the unknown cash receipts or deposits as other income.

1.17 Significant accounting estimates and judgements

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

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the 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

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 as well as table of useful lives under point 1.2, 1.5 and 1.10 under the accounting policy.

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 13, 15 and 16.

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. The average increment borrowing rate for the leases was 11.562% during the year under review. For details refer to note 14.

Borrowings

The company uses the best rate (variable three months JIBAR) and margin of 4.15%. For details refer to note 24 for details.

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 is listed in Schedules 2 of the PFMA and to incur Irregular Expenditure the non-compliance must be linked to a 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 or revised standards and interpretations (Note 2)

Annual Financial Statements as at 31 March 2024

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:

International tax reform - Pillar two model rules - amendments to IAS 12

The amendments incorporate into IAS 12, taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. As an exception, deferred tax assets and liabilities shall not be recognised, nor information about them disclosed related to Pillar Two income taxes. Disclosures about applying this exception to deferred tax are required. Any current tax income or expense related to Pillar Two income taxes is required to be disclosed separately. In addition, where the legislation is enacted or substantively enacted, but not yet in effect, management are required to disclose known or reasonably estimable information of the entity's exposure to Pillar Two taxes arising from that legislation.

The effective date of the amendment is the 23 May 2023 and the standard was effective immediately.

The company has adopted the amendment for the first time in the 2024 financial statements.

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 amendments apply to transactions such as leases and decommissioning obligations.

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

The company has adopted the amendment for the first time in the 2024 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 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.

The company has adopted the amendment for the first time in the 2024 financial statements.

The amendments have no effect on the measurement or presentation of any items in the financial statements of the entity but affect the disclosure of the entity's accounting policies.

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 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 company has adopted the amendment for the first time in the 2024 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 2024 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 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.

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

Lack of exchangeability - amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 1 January 2025.

The company expects to adopt the amendment for the first time in the 2026 financial statements.

Supplier finance arrangements - amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

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

The company expects to adopt the amendment for the first time in the 2025 financial statements.

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

Non-current liabilities with covenants - amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

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

The company expects to adopt the amendment for the first time in the 2025 financial statements.

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

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 company expects to adopt the amendment for the first time in the 2025 financial statements.

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

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 an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.
If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity 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.

The company expects to adopt the amendment for the first time in the 2025 financial statements.

3. Revenue

Figures in Rand	2024	2023
Revenue from contracts with customers		
Aviation services	1 720 082 671	1 384 220 517
Other revenue		
Operating leases	2 749 207	3 680 369
Total revenue	**1 722 831 878**	**1 387 900 886**
Disaggregation of revenue from contracts with customers		
Timing of revenue recognition		
Over time		
Aerodrome, en-route and approach fees	1 464 922 144	1 169 031 406
Small aerodrome	63 312 010	64 159 728
Very Small Aperture Terminal (VSAT II) network fees	66 853 389	50 044 543
Nort-East African Indian Ocean (NAFISAT) network fees	74 148 527	53 981 932
External training fees	14 124 933	15 523 274
Aeronautical information services	10 103 746	6 296 709
Technical services	13 866 901	13 553 286
ARMA spectrum service fees	1 411 560	2 020 752
Commission service fees	7 327 238	5 732 775
Extended hours	1 878 481	1 557 048
Weather service administration	993 828	973 353
Saudi operational fees	1 139 914	1 345 711
	1 720 082 671	**1 384 220 517**
Other revenue		
Operating leases		
Sites	482 567	693 245
Sublease - buildings	914 813	1 614 033
Squitters	1 351 827	1 373 091
	2 749 207	**3 680 369**

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 (Towers) at Cape Town and Durban for office space which are under lease (head lease) by subleasing a portion of the office space on the buildings (as intermediate lessor) to another third party. The office space that is sub-leased is insignificant. For details of the buildings refer to note 14.

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

Revenue from operating leases

Figures in Rand	2024	2023
Revenue relating to fixed lease payments for operating lease		
Sublease - buildings	914 813	1 614 033
Squitters	1 351 827	1 373 091
Sites	336 330	389 317
	2 602 970	**3 376 441**
Revenue relating to variable lease payments on operating lease		
Sites	146 237	303 928

	Year 1	Year 2	Year 3	Year 4
Maturity analysis of lease payments -2024				
Sublease - buildings	1 047 144	984 504	921 864	-
Sites	486 088	91 483	-	-
Squitters	50 497	15 991	10 099	842
	1 583 729	**1 091 978**	**931 963**	**842**

The lease contracts are escalated on the annual basis and are linked to the Consumer Price Index (CPI).The contractual lease amounts have not been adjusted with any forecast CPI changes.

	Year 1	Year 2	Year 3	Year 4
Maturity analysis of lease payments -2023				
Sublease - buildings	943 452	1 047 144	984 504	921 864
Sites	445 742	486 088	91 483	-
Squitters	180 062	22 451	19 944	-
	1 569 256	**1 555 683**	**1 095 931**	**921 864**

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:

2024	1 year
Transaction price allocated to:	
External training fees	4 153 389
Aeronautical information services	3 946 145
	8 099 534

2023	1 year	2 years	3-5 years
Transaction price allocated to:			
External training fees	1 710 642	-	-
Sublease: buildings	712 342	125 280	177 480
	2 422 984	**125 280**	**177 480**

Other notes (Note 3 to Note 39)

Annual Financial Statements as at 31 March 2024

Revenue by region

Figures in Rand	2024	2023
Local generated revenue		
Aerodrome, en-route and approach fees	1 464 922 144	1 169 031 406
Small aerodrome	63 312 010	64 159 728
External training fees	14 124 933	15 523 274
Aeronautical information services	10 103 746	6 296 709
Technical services	9 018 534	9 760 371
ARMA spectrum service fees	1 385 563	2 299 191
Commission service fees	154 517	101 704
Extended hours	1 878 481	1 557 048
Weather services administration	993 828	973 353
	1 565 893 756	**1 269 702 784**
Internationally generated revenue		
Very Small Aperture Terminal (VSAT II) network fees	66 853 389	50 044 543
North East African Indian Ocean (NAFISAT) network fees	74 148 527	53 981 932
ARMA spectrum service fees	25 997	-
Commission service fees	7 172 721	5 631 071
Technical services	4 848 367	3 792 915
Saudi operational fees	1 139 914	1 067 272
	154 188 915	**114 517 733**

4. Other operating income

Figures in Rand	2024	2023
Bad debts recovered	1 498 601	3 745 491
Sundry income	4 001 458	4 059 576
Reversal of provisions	1 606 480	4 524 704
	7 106 539	**12 329 771**

(a) Bad debts recovered relates to income which the company received from previously written off debt.
(b) Sundry income mainly consists of Transport Education and Training Authority (TETA) mandatory grant of (R1.6m) for providing internship to unemployed graduates and as well as the cash receipts and deposits from customers of (R2.4m) that were received more than three years ago and it is unlikely that the receipts or the deposits will be claimed and the Prescription Act was applied.
(c) 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.

5. Other operating gains (losses)

Figures in Rand	Note(s)	2024	2023
Losses on disposals, scrappings and settlements			
Property, plant and equipment	13	(9 453 217)	(24 558 597)
Intangible assets	15	(53 143)	(248 352)
		(9 506 360)	**(24 806 949)**
Foreign exchange gains			
Net foreign exchange gains		12 005 959	43 033 314
Total other operating gains		**2 499 599**	**18 226 365**

6. Impairment loss on financial assets at amortised cost

Figures in Rand	2024	2023
Trade and other receivables	9 020 013	31 622 442
Bad debts write-off	-	355 084
	9 020 013	**31 977 526**

(a) Trade and other receivables

The company credit loss allowance on trade receivables, significantly decreased during the year under review, due to tight credit management policy and continuous review and monitoring of trade receivables

(b) Trade receivables - related parties

For details of credit loss allowances impacted by related parties, refer to note 33.

7. Impairment loss on non-financial assets

Figures in Rand	Note(s)	2024	2023
Material impairment losses (recognised) reversed			
Property, plant and equipment	13	6 654 336	38 629 451
Impairment reversal on property, plant and equipment	13	(11 714 480)	-
Intangible assets	15	-	12 764 753
Work in progress	16	54 505 585	8 640 540
		49 445 441	**60 034 744**

8. Staff costs

Figures in Rand	2024	2023
Salaries and other related costs	817 419 220	766 747 877
Ex-gratia	36 355 768	-
Housing allowance	4 932 331	-
Early childhood learning benefit	24 000	18 000
Long service awards	2 840 668	3 345 000
Recruitment costs	4 761 500	1 847 513
Relocation costs	7 540 932	4 282 035
Rewards and recognition	5 000	732 663
Training and development	11 633 709	5 786 165
Pensions costs - defined contribution scheme	79 873 049	76 697 441
Performance bonus	70 000 000	-
	1 035 386 177	**859 456 694**

(a) Ex-gratia

During the year under review, the company paid out once off ex-gratia payment to employees as part of collective bargaining agreement. Management also qualified for the ex-gratia payment.

(b) Housing allowance

During the year under review, the company paid housing allowance as part of the collective bargaining agreement.

(c) Performance bonus

The performance bonus is calculated based on the performance of the company as well as the individual performance ratings for the financial year ended 31 March 2024

9. Other operating expenses

Figures in Rand	2024	2023
Administration expenses	15 549 786	7 067 884
Board development fees	-	37 414
Change management	95 490	-
Commitment fees - DBSA	2 655 496	-
Computer software	29 951 901	26 801 806
Contract services	22 264 907	16 627 741
Covid-19 intervention supplies	-	309 301
Directors fees	4 673 891	6 466 493
External audit fees	1 785 579	1 515 495
Insurance	19 265 117	15 908 112
Internal audit	1 061 888	2 884 526
Fees for audit services	928 908	2 800 726
Fees for other services	132 980	83 800
IT equipment repairs	22 229 718	22 792 682
Leases of low value assets	1 731 659	86 420
Legal fees	6 887 098	5 597 057
Marketing expenses	14 198 229	14 323 045
Motor vehicle expenses	2 679 287	6 674 944
Municipal expenses, rates and taxes	37 764 878	23 109 299
Network management fees	36 668 248	27 748 292
Professional fees	15 399 737	15 646 215
Repairs and maintenance	58 374 923	59 882 621
Security	21 226 895	11 648 162
Service fees - ADS-B	20 329 328	-
Short term leases	1 313 726	5 173 079
Subscriptions	4 649 212	2 353 782
Telecommunication expenses	53 546 672	53 319 294
Travel expenses	52 834 412	28 628 321
Work in progress - write-off	-	1 603 180
	447 138 077	**356 205 165**

Administration expenses - increased during the year under review, due to back scanning and digitisation expenses, included in the balance is also membership fees, office equipment, commission paid, and printing and stationery among others.

Computer software - increased during the year under review due to Microsoft system upgrades.

Contract service - increased due to annual increase in rates as well as fluctuating exchange rate on foreign expenses.

Insurance - increased during the year under review due to increase in insurance premiums.

Motor vehicle expenses - increased in the current year due to escalation of the fuel prices as well as the impact of load-shedding leading to more diesel being purchased.

Municipal expenses, rates and taxes - the increase is due to annual increase in rate and taxes.

Network management fees - relates to surplus amounts that are paid back to member airlines of International Air Transport Association for SADC VSAT II and NAFISAT networks, the amount increased in the current year due to increase in revenue and billable movements.

Security - the increase is due to security upgrades and annual rate increases.

Service fees - ADS-B - It is commissioned space-based services, inclusive of the space based ADS-B service, data service for the three South African service volumes and the datalinks, the services are charged in United State Dollars (USD).

Short term leases - decreased in the current year is mainly due to the expiry of month to month contracts to long term contracts which are recognised under right of use assets and lease liability, refer to note 14 for details.

Travel expenses - increased during the year under review, mainly due to conferences and venue-based meetings.

10. Finance income

Figures in Rand	2024	2023
Interest income		
Cash and cash equivalents	49 737 770	16 497 042
Trade and other receivables	1 982 108	991 138
Short term investments	894 999	406 153
Total interest income	**52 614 877**	**17 894 333**

Included in short term investments is interest from the insurance contract.

Other notes (Note 3 to Note 39)

Annual Financial Statements as at 31 March 2024

11. Finance costs

Figures in Rand	2024	2023
Interest bearing loans and borrowings	30 155 753	3 588 184
Lease liabilities	9 517 848	10 856 499
Other interest paid	60 391	(244 936)
Total finance costs	**39 733 992**	**14 199 747**
Less: Capitalised to qualifying work in progress	(13 847 900)	(901 849)
Total finance costs expensed	**25 886 092**	**13 297 898**

12. Taxation

Figures in Rand	2024	2023
Major components of the tax (income) expense		
Current income tax charge	11 443 330	485 702
Deferred		
Current year	24 215 375	(5 771 133)
Arising from previously unrecognised tax loss	1 736 466	-
	25 951 841	**(5 771 133)**
	37 395 171	**(5 285 431)**

Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	27.00 %	27.00 %
Other tax adjustments	(1.00)%	0.45 %
Impairment of work in progress	24.25 %	(4.90)%
Depreciation: leasehold improvements	4.93 %	(6.47)%
Fruitless and wasteful expenditure	1.30 %	(0.28)%
Depreciation: buildings	2.28 %	(2.97)%
Prior year adjustment	2.86 %	(1.72)%
	61.62 %	**11.11 %**
Reconciliation of taxation		
Property, plant and equipment	(3 093 932)	(8 142 886)
Prepayments	1 407 773	505 905
Right of use assets	(7 682 404)	6 859 231
Lease liability	5 973 701	(9 820 497)
Provisions	(20 036 520)	3 591 665
Deferred income	(1 725 001)	1 189 178

Other notes (Note 3 to Note 39)

Annual Financial Statements as at 31 March 2024

Figures in Rand	2024	2023
Impairment of trade receivables allowance	272 305	(1 333 896)
Section 24C allowance	1 690 500	(1 165 394)
Loan transaction fees	(103 122)	929 050
Section 7B - Variable remuneration	(263 715)	(569 797)
Assessed loss	45 773 323	1 942 809
Capitalised interest	3 738 933	243 499
Current income tax charge	11 443 330	485 702
	37 395 171	**(5 285 431)**

Other notes (Note 3 to Note 39)

Annual Financial Statements as at 31 March 2024

13. Property, plant and equipment

	2024	
	Cost	Accumulated depreciation and impairment
ATC display system	182 919 025	(106 234 321)
Buildings	235 225 698	(95 857 927)
Communication equipment	379 137 102	(191 922 182)
Computer equipment	225 687 070	(162 671 720)
Electrical and mechanical equipment	136 967 196	(78 070 810)
Infrastructure	4 277 040	(2 127 438)
Land	12 891 088	-
Lease improvements	123 742 807	(82 828 700)
Motor vehicles	806 965	(764 602)
Navigation aids	147 273 310	(76 799 633)
Office furniture and equipment	30 734 279	(21 011 600)
Radar equipment	584 548 253	(329 870 940)
Simulator equipment	24 600 106	(16 576 698)
Tools and test equipment	15 342 552	(6 461 062)
Total	**2 104 152 491**	**(1 171 197 633)**

Other notes (Note 3 to Note 39)

Annual Financial Statements as at 31 March 2024

	2023		
Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
76 684 704	181 327 146	(99 388 157)	81 938 989
139 367 771	228 814 918	(97 537 297)	131 277 621
187 214 920	374 710 382	(196 901 057)	177 809 325
63 015 350	212 755 549	(161 389 257)	51 366 292
58 896 386	135 387 791	(77 992 579)	57 395 212
2 149 602	3 290 558	(1 952 419)	1 338 139
12 891 088	12 891 088	-	12 891 088
40 914 107	139 944 331	(89 099 375)	50 844 956
42 363	806 966	(752 270)	54 696
70 473 677	131 412 156	(76 307 050)	55 105 106
9 722 679	31 726 891	(19 933 899)	11 792 992
254 677 313	591 931 595	(319 428 166)	272 503 429
8 023 408	22 426 252	(15 363 262)	7 062 990
8 881 490	14 710 878	(5 618 565)	9 092 313
932 954 858	**2 082 136 501**	**(1 161 663 353)**	**920 473 148**

Reconciliation of property, plant and equipment - 2024

Asset class	Opening balance	Additions	Projects capitalised	Provisions capitalised
ATC display system	81 938 989	-	6 741 472	-
Buildings	131 277 621	-	12 820 949	1 346 682
Communication equipment	177 809 325	268 644	21 708 509	2 021 591
Computer equipment	51 366 292	18 067 420	15 637 526	813 421
Electrical & mechanical equipment	57 395 212	2 774 683	7 831 250	536 233
Infrastructure	1 338 139	-	986 482	-
Land	12 891 088	-	-	-
Leasehold improvements	50 844 956	1 695 568	686 202	12 270
Motor vehicles	54 696	-	-	-
Navigational aids	55 105 106	2 012 336	21 235 199	2 348 008
Office furniture and equipment	11 792 992	790 546	-	-
Radar equipment	272 503 429	12 168 149	-	1 421 006
Simulator equipment	7 062 990	-	2 406 633	-
Tools and test equipment	9 092 313	795 437	40 207	4 785
	920 473 148	**38 572 783**	**90 094 429**	**8 503 996**

a) The impairment loss relate to Distance Measuring Equipment (DME-DME) network, The DME-DME network is currently not in use due to operational issues, in addition security issues presented by vandalism are also delaying the operations of the network. DME-DME network is the ground based system that provides the same navigational capability as the Satellite based navigation, for it to be fully functional, GNSS/RNAV procedures for each Terminal Control Area (TMA) must be in place.

To determine the recoverable amount the company considered the higher of fair value less costs to sell and value in use. The company assets are of specialised nature and are built to cater for the specific company's requirements, therefore, there is no market value. The value in use was determined to be Nil based on that there is no expected future cash flows.

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, for details refer to note 26.

c) The new SITTI IP-based Voice Communication Control System (VCCS) has been successfully deployed and attached for operational use at FAOR and SSS to achieve a compatible communication infrastructure. The value of the impairment reversal is the carrying amount of VCCS that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior year.

d) During the current year, the company reviewed the useful lives on assets. The impact of the change in the useful lives is R 4 629 090 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)

Annual Financial Statements as at 31 March 2024

Disposals	Impairment reversal	Depreciation	Impairment loss	Total
(525 474)	-	(11 216 145)	(254 138)	76 684 704
(332 075)	-	(5 227 613)	(517 793)	139 367 771
(2 750 059)	11 714 480	(23 263 449)	(294 121)	187 214 920
(3 721 896)	-	(18 790 378)	(357 035)	63 015 350
(1 007 823)	-	(8 332 418)	(300 751)	58 896 386
-	-	(175 019)	-	2 149 602
-	-	-	-	12 891 088
(731 182)	-	(11 559 578)	(34 129)	40 914 107
-	-	(12 333)	-	42 363
(138 543)	-	(5 449 252)	(4 639 177)	70 473 677
(208 075)	-	(2 548 665)	(104 119)	9 722 679
(270 030)	-	(31 132 585)	(12 656)	254 677 313
(22 838)	-	(1 423 300)	(77)	8 023 408
(6 010)	-	(904 902)	(140 340)	8 881 490
(9 714 005)	**11 714 480**	**(120 035 637)**	**(6 654 336)**	**932 954 858**

Reconciliation of property, plant and equipment - 2023

Asset class	Opening balance	Additions	Projects capitalised	Provisions capitalised
ATC display system	93 694 365	-	3 574 610	-
Buildings	137 132 820	-	893 440	-
Communication equipment	232 045 044	-	-	-
Computer equipment	44 933 176	22 790 460	-	-
Electrical and mechanical equipment	61 666 454	1 039 074	6 149 137	-
Infrastructure	1 455 658	-	-	-
Land	12 891 088	-	-	-
Leasehold improvements	63 039 766	-	-	-
Motor vehicles	95 609	-	-	-
Navigation aids	54 009 854	-	7 997 276	2 307 366
Office furniture and equipment	15 177 979	52 799	-	-
Radar equipment	265 369 265	-	45 233 570	12 702 813
Simulator equipment	4 380 905	-	3 715 026	-
Tools and test equipment	7 039 900	-	3 077 559	-
	992 931 883	**23 882 333**	**70 640 618**	**15 010 179**

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) During FY 2022/'23, the company reviewed the useful lives on assets. The impact of the change in the useful lives is R 17 696 722,39 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.

Disposals	Depreciation	Impairment loss	Total
(3 196 208)	(11 658 693)	(475 085)	81 938 989
(1 476 082)	(5 272 557)	-	131 277 621
(5 853 163)	(25 874 673)	(22 507 883)	177 809 325
(2 539 204)	(12 788 256)	(1 029 884)	51 366 292
(1 670 662)	(8 803 483)	(985 308)	57 395 212
-	(117 519)	-	1 338 139
-	-	-	12 891 088
(320 382)	(11 867 601)	(6 827)	50 844 956
(22 881)	(18 031)	(1)	54 696
(4 311 106)	(4 626 499)	(271 785)	55 105 106
(515 947)	(2 747 923)	(173 916)	11 792 992
(4 548 702)	(33 108 907)	(13 144 610)	272 503 429
(38 599)	(988 434)	(5 908)	7 062 990
(197 433)	(799 469)	(28 244)	9 092 313
(24 690 369)	**(118 672 045)**	**(38 629 451)**	**920 473 148**

Property, plant and equipment encumbered as security

The company has registered a first ranking general notarial bond over movable assets for the amount of R600m to secure the loan facility with DBSA of R500m.

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.

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 30.

14. Leases (company as lessee)

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:

	2024			2023		
Asset class	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	51 325 966	(38 000 771)	13 325 195	74 945 256	(34 418 377)	40 526 879
Communication equipment	35 325 530	(18 466 398)	16 859 132	33 304 409	(13 839 883)	19 464 526
Computer equipment	2 125 274	(232 353)	1 892 921	-	-	-
Infrastructure	6 765 003	(2 681 169)	4 083 834	5 560 427	(2 088 929)	3 471 498
Motor vehicles	19 433 288	(6 899 869)	12 533 419	17 536 322	(2 107 486)	15 428 836
Navigation aid	24 815 918	(7 714 863)	17 101 055	20 570 390	(5 446 782)	15 123 608
Radar equipment	2 545 550	(1 524 737)	1 020 813	2 545 550	(1 290 489)	1 255 061
Total	**142 336 529**	**(75 520 160)**	**66 816 369**	**154 462 354**	**(59 191 946)**	**95 270 408**

Other notes (Note 3 to Note 39)

Annual Financial Statements as at 31 March 2024

Figures in Rand	2024	2023
Remeasurement of right-of-use assets		
Remeasurement: buildings	(23 784 411)	-
Remeasurement: computer equipment	1 839	-
Remeasurement: communication equipment	1 387 337	12 032 253
Remeasurement: infrastructure	1 204 576	3 498 044
Remeasurement: motor vehicles	1 132 948	469 960
Remeasurement: navigation aids	4 245 528	4 461 151
	(15 812 183)	**20 461 408**

The company remeasured the lease liability for the buildings (Bruma Office Park) to reflect changes to the lease agreement since the option to extend the contract was exercised. The extension was in the form of a signed addendum to the existing contract. There was a change in the payments structure of the lease resulting in the decrease of the liability and asset.

Figures in Rand	2024	2023
Additions to right-of-use assets		
Buildings	165 120	-
Communication equipment	633 784	4 767 141
Computer equipment	2 123 435	-
Motor vehicles	764 018	16 756 906
Navigation aids	-	2 347 043
Radar	-	7 887
	3 686 357	**23 878 977**

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 6), as well as depreciation which has been capitalised to the cost of other assets.

Figures in Rand	2024	2023
Buildings	3 582 395	8 646 655
Communication equipment	4 626 516	4 641 418
Computer equipment	232 353	760 869
Infrastructure	592 240	577 217
Motor vehicles	4 792 382	1 971 927
Navigation aids	2 268 081	1 918 560
Radar sensors	234 248	419 178
	16 328 215	**18 935 824**

Other disclosures

Figures in Rand	2024	2023
Interest expense on lease liabilities	9 517 848	10 856 499
Expenses on short-term leases included in operating expenses	1 313 726	5 173 079
Leases of low value assets included in operating expenses	1 731 659	86 420

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Figures in Rand	2024	2023
Within one year	37 489 247	27 815 094
Two to five years	67 920 024	101 404 029
More than five years	46 718 445	50 866 892
	152 127 716	180 086 015
Less finance charges component	(47 937 296)	(53 770 777)
	104 190 420	**126 315 238**
Non-current liabilities	75 199 609	100 194 984
Current liabilities	28 990 811	26 120 254
	104 190 420	**126 315 238**

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 2024 was R19 516 840 (2023: R23 945 500). The total cash outflows for leases of low value and short-term leases are equal to the expense paid, for details refer to the other disclosures table above.

The difference in the projected cash flow from the prior year to what was actually paid is due to late submission of lease invoices for payment, the same is accounted for under lease liabilities.

On 31 March 2024, the company was committed to short-term leases and the total commitments at that date were R1 164 522 (2023: R 751 508).

Exposure to liquidity risk

Refer to note 35 Financial instruments and risk management for the details of liquidity risk exposure and management.

15. Intangible assets

	2024			2023		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Computer software	300 799 399	(198 057 905)	102 741 494	262 882 561	(178 947 972)	83 934 589

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Projects capitalised	Provision capitalised	Disposals	Amortisation	Total
Computer software	83 934 589	4 371 843	35 203 101	409 140	(53 143)	(21 124 036)	102 741 494

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 (rostering tool) that is no longer in use due to the lapse of the software license and shortcomings in certain required functionalities. To determine the recoverable amount the company considered the higher of fair value less costs to sell and value in use. The company assets are of specialised nature and are built to cater for the specific company's requirements, therefore, there is no market value. The value in use was determined to be Nil based on that there is no expected future cash flows. The circumstances and operating environment which the assets operate are also considered.

Individually material intangible assets

Figures in Rand	2024	2023
CAATS (TopSky)	7 202 413	8 103 792
Oracle ERP system	28 894 011	36 925 754
Governance Risk and Compliance	8 975 538	-
Integrated Fast Time Project	22 532 482	-
	67 604 444	**45 029 546**

The CAATS system is an integrated display system used by the Air Traffic Controllers and has a remaining useful life of eight years.

The Oracle ERP software system is used to manage day-to-day business activities such as accounting, procurement and project management, the system has a remaining useful life of four years.

The governance risk and compliance system is used to manage projects in the internal audit department, the system has a remaining useful lives of five years.

The integrated fast time project system used for monitoring and controlling airplanes, has a remaining useful life of five years.

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 Rand	2024	2023
Research and development expenditure expensed during the year	1,398,412	2,305,920

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 30.

16. Capital work in progress

	Cost	Accumulated impairment	Carrying value
2024			
Work in progress	407,727,711	(146,744,842)	260,982,869
2023			
Work in progress	376,272,354	(92,239,259)	284,033,095

Figures in Rand	2024	2023
Reconciliation		
Opening carrying value	284,033,095	284,422,782
Additions	180,314,995	82,140,775
Adjustments	(11,435,888)	2,909,756
PBU provision	(13,805,969)	(4,047,082)
Write-off	-	(1,603,180)
Interest capitalised	13,847,900	940,173
Impairment loss	(54,505,585)	(8,640,540)
Transferred to property, plant, equipment and intangible	(137,465,679)	(72,089,589)
Closing carrying value	**260,982,869**	**284,033,095**

a) The adjustments in the current year is as a result of the reversal of capital expenditure accruals and reallocation of operational expenses.

(b) For PBU provision details, refer to note 26.

c) The impairment loss in the current year is due to contracts cancellations for both Distance Measuring Equipment (DME-DME) for R48.8m and Fiber Optic projects for R5.7m. To determine the recoverable amount, the company considered the higher of fair value less costs to sell and value in use. The company assets are of specialised nature and are built to cater for the specific company's requirements. There is no market value. The value in use was determined to be Nil based on there being no expected future cash flows.

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

Figures in Rand	2024	2023
ATC display system	2 376 888	81 223
Buildings	136 326	3 313 329
Communication equipment	69 282 445	51 262 899
Electrical and mechanical equipment	746 178	3 734 340
Navigation aids	144 602 212	170 782 520
Radar equipment	42 696 694	49 293 532
Simulator	7 967	-
Simulator	-	2 282 021
	259 848 710	**280 749 864**

The balance consist of the following categories of intangible assets;

Figures in Rand	2024	2023
Software	1 134 159	3 283 231
Impairment loss breakdown		
Communication equipment	5 722 751	3 986 201
Software	-	4 654 339
Navigation aids	48 782 834	-
	54 505 585	**8 640 540**

17. Deferred tax

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

Figures in Rand	2024	2023
At beginning of the year	248 042 929	242 271 796
Recognised in statement of profit and loss	(25 951 841)	5 771 133
Total deferred tax asset closing balance	**222 091 088**	**248 042 929**
Deferred income tax asset relates to the following:		
Property, plant and equipment	(136 411 735)	(139 505 667)
Right of use assets	(18 040 419)	(25 722 824)
Lease liability	28 131 413	34 105 115
Provisions	38 793 775	18 757 255
Loss allowance on trade receivables	(2 955 910)	(2 683 605)
Section 24C - income received in advance	(9 570 865)	(7 880 364)
Deferred income	9 614 602	7 889 602
Prepayments	(4 850 446)	(3 442 673)
Section 7B - Variable remuneration	833 513	569 797
Assessed loss	321 355 521	367 128 842
Capitalised interest	(3 982 432)	(243 499)
Loan origination fees	(825 929)	(929 050)
	222 091 088	**248 042 929**

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 no movements. 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

18. Prepayments

Figures in Rand	2024	2023
Non- current prepayments	121 673	298 607

Long term pre-payments relates to meteorological data services, which the company paid for in advance until December 2026.

Figures in Rand	2024	2023
Current prepayments	20 428 848	15 367 648

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 net of loss allowance, as follows:

Figures in Rand	2024	2023
Risk financing insurance policy	20 307 753	19 082 657
Split between non-current and current portions		
Current assets	20 307 753	19 082 657

The policy provides cover for ATNS to limit the excess premiums that are payable on certain insurance risks. The above financial asset is interest bearing and comprises USD denominated and South African Rand bearing assets, which are not quoted in an active market. The carrying amount is regarded as a fair approximation of the fair value, and is accessible within 30 days, therefore 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 2023 and expires on 30 September 2024.

Pledged as security

None of the instruments included in short term investment 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 35 financial instruments and financial risk management, for details of currency risk management for short-term investments at amortised costs.

20. Trade and other receivables

Figures in Rand	2024	2023
Financial instruments:		
Trade receivables	178 163 250	159 156 503
Trade receivables - related parties	33 716 196	26 686 720
Accrued income	2 564 958	641 910
Loss allowance	(27 369 533)	(24 848 191)
Trade receivables at amortised cost	187 074 871	161 636 942
Deposits	2 869 038	2 197 768
Directors fees receivables - related parties	20 945	232 003
Employee costs	2 893 690	-
Other receivables	3 980 328	2 409 904
Non-financial instruments:		
Subsistence and travel allowance	151 809	307 953
Total trade and other receivables	**196 990 681**	**166 784 570**

Trade receivable

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.

Trade receivables - related parties

The debt due under trade receivables - related parties, by and large relates to services rendered by the company for the services of aerodrome, en-route and approach fees, small aerodrome, technical services and weather services administrations.

Trade receivables - related parties, 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.

For details of the amounts of services rendered by the company and amounts owed to the company by related parties refer to note 33.

Director's fees receivables - related parties

The balance due under related parties, relates to amounts owed by Mr L.N Ngema. Based on the acknowledgement of debt agreement, the debt will be fully settled.

During the year under review Mr K.S Boqwana fully settled his debt to the company.

The debt due by former director Mr S Thobela at year end is R11 669 and this debt has been reclassified to other receivable since Mr Thobela is no longer a director.

Deposits

Deposits are advances and amounts held by suppliers and municipalities on behalf of the company.

Employee costs

Employee costs relate to cost recovery from employees who owe moneys to the company for various reasons. The acknowledgement of debt forms are used as a means to recovering the funds from the employees.

Other receivables

Other receivables include in the main late payment interest from the bank, at year end other receivables are not impaired.

Financial instrument and non-financial instrument components of trade and other receivables

Figures in Rand	2024	2023
At amortised cost	196 838 872	166 476 617
Non-financial instruments	151 809	307 953
	196 990 681	**166 784 570**

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 increased revenue and billable movements from our key customers necessitated the need to review and tighten the company's credit terms which led to the revised credit management policy.

The tightening of the credit terms led to the company maximising the cash inflows and reduce the credit risk to an acceptable level and this was achieved by implementing aggressive collections approaches, as well as continues 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.

When evaluating the credit risks the company considered deposits of R21.9 million (2023: R22.2 million) held on behalf of customers, as well as bank guarantees of R69.6 million (2023: R68.3 million) from customers in the name of the company. The quality of the bank guarantees on the credit risk is high and they are receivable on demand by the company should the customer default on their account. During the year under review, there had been 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, 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:
a) Overall default on credit terms.
b) Future cash flow forecast (April 2024).
c) Bank guarantees and security cash deposits
d) Airlines which are refused services.

Based on management's assessment and judgement the credit risk has significantly reduced as at 31 March 2024 due to aggressive collections to maximise cash inflows, the expected credit loss rate was then revised to the following rates;

	2024			2023		
	Estimated gross carrying amount at default	Impaired	Provision matrix	Estimated gross carrying amount at default	Impaired	Provision matrix
The ageing of trade receivables at the reporting date was:						
Not past due:	167 428 272	1 441 537.	1%	154 197 758	2 712 715	2%
Past due by 30 days:	11 694 241	1 664 721	14%	6 452 486	422 244	7%
Past due by 31 to 60 days:	5 742 479	1 350 973	24%	2 531 896	750 000	30%
Past due by more than 60 days:	3 072 164	1 516 863	49%	1 716 160	1 000 000	58%
91 - 120 days past due:	22 643 907	21 395 439	95%	19 963 232	19 963 232	100%
Total	**210 581 063**	**27 369 533**		**184 861 532**	**24 848 191**	

Reconciliation of loss allowances

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

Figures in Rand	2024	2023
Opening balance	(24 848 191)	(37 199 078)
Remeasurement of loss allowance	(9 020 013)	(31 622 442)
Bad debts write-off	6 498 671	43 973 329
Closing balance	**(27 369 533)**	**(24 848 191)**

For details regarding related parties bad debts written off and expected credit loss, refer to note 33.

Exposure to currency risk

Refer to note 35 for details of currency risk management for trade receivables.

21. Tax (paid)/recovered

Figures in Rand	2024	2023
Balance at beginning of the year	1 816 389	36 467
Current tax recognised in profit or loss	(11 443 330)	(485 702)
Balance at end of the year	209 386	(1 816 389)
	(9 417 555)	**(2 265 624)**

22. Cash and cash equivalents

Cash and cash equivalents consist of:

Figures in Rand	2024	2023
Bank balances	64 603 337	129 941 845
Bank balances - US dollar denominated	308 895 891	219 933 193
Short term deposits	513 747 068	267 741 764
Other cash and cash equivalents	123 751	210 287
	887 370 047	**617 827 089**

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 can be reconciled to the related items in the reporting position as shown on the note.

Included in cash and cash equivalent balance is R27.5m relating the DOT MEOSAR project, refer to note 27 and 31 C

Cession in security

In case of default on the loan facility conditions, the company has ceded in security, all of its rights, title and interest 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 Rand	2024	2023
Authorised		
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.

Figures in Rand	2024	2023
Issued		
Ordinary	190 646 000	190 646 000

24. Interest bearing loans and borrowings

Figures in Rand	2024	2023
Held at amortised cost		
Secured		
Development Bank of Southern Africa (DBSA) loan	347 758 663	186 579 414
Unamortisied portion of loan transaction fees	(3 058 995)	(3 440 924)
Unsecured		
	344 699 668	**183 138 490**
Split between non-current and current portions		
Non-current liabilities	249 418 662	183 138 490
Current liabilities	95 281 006	-
	344 699 668	**183 138 490**

During the FY 2022/2023, 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 9 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.

During the period under review, the company accessed a further R160 million from the loan facility. At the end of the financial year R153 million remains in the facility that the company will utilise until the expiry of the fulfillment period dated 12 October 2024.

Refer to note 34 financial instruments under capital risk management for details of the loan covenants.

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 2024 had an outstanding undrawn commitment on the loan facility of R153 million which is expiring by October 2024.

Refer to note 35 financial instruments and financial risk management for the fair value of borrowings.

Exposure to liquidity risk

Refer to note 35 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 35 for details of interest rate risk management for interest bearing loans and borrowings.

25. Contract liabilities

Figures in Rand	2024	2023
Summary of contract liabilities		
Aeronautical information services	3 946 145	-
Training to third parties	4 153 389	1 710 642
	8 099 534	**1 710 642**

Reconciliation of contract liabilities

Figures in Rand	2024	2023
Opening balance	1 710 642	6 115 004
Revenue recognised on delivery of services previously paid for	(10 892 456)	(8 898 646)
Payments received in advance of delivery of performance obligations	13 986 602	8 652 828
Payment reallocations	3 372 189	(4 081 757)
Client refund	(77 443)	(76 787)
	8 099 534	**1 710 642**

Payment reallocations relate to funds that were utilised in the prior year to settle open invoices that the company rendered to the service provider, during the year under review, the service provide did settle the open invoice from prior year to the company, therefore, the company had an obligation to reverse the payments that were previously utilised.

26. Provisions

	Opening balance	Additions	Used during the year	Reversed during the year	Total
Reconciliation of provisions - 2024					
Capital expenditure projects	22 811 601	8 913 135	(13 805 969)	(1 606 484)	16 312 283
Provision for incentive bonus	-	70 000 000	-	-	70 000 000
	22 811 601	**78 913 135**	**(13 805 969)**	**(1 606 484)**	**86 312 283**
Reconciliation of provisions - 2023					
Capital expenditure projects	16 373 206	15 010 178	(4 047 079)	(4 524 704)	22 811 601

(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 projects.

For details of provision reversal refer to note 4.

(b) **Performance bonus**

The performance bonus provision is calculated based on the performance performance of the company as well as the individual ratings for the financial year ended 31 March 2024.

Other notes (Note 3 to Note 39)

Annual Financial Statements as at 31 March 2024

27. Trade and other payables

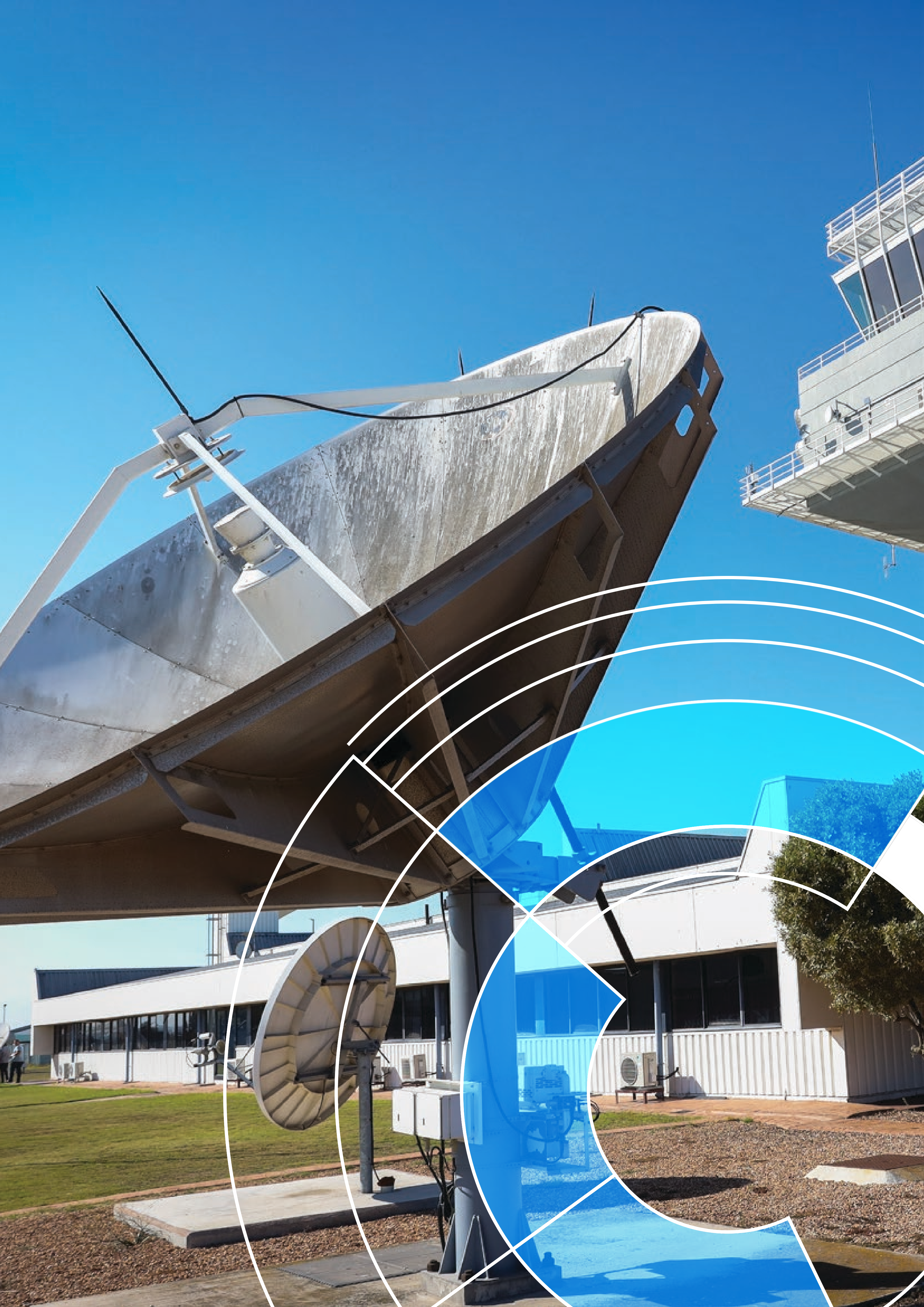
Figures in Rand	2024	2023
Financial Instruments		
Trade payables	115 145 598	61 684 901
Trade payables - related parties	4 583 515	2 474 147
Agency fees payable	5 908 070	12 076 477
Accrued expenses	6 377 711	35 186 350
Deposits received	21 904 081	22 239 785
Other payables	5 207 519	4 094 450
Non-financial instruments:		
DOT MEOSAR Project - related party	27 510 104	27 510 104
Accrued leave pay	44 087 152	43 605 197
VAT payable	11 014 883	7 822 025
	241 738 633	**216 693 436**

Exposure to liquidity risk

Refer to note 35 Financial instruments and financial risk management for details of liquidity risk exposure and management.

28. Cash generated from operations

Figures in Rand	2024	2023
(Loss) profit before taxation	60 689 205	(47 101 979)
Adjustments for non-cash items:		
Depreciation and amortisation	157 487 888	162 481 307
Losses on sale of assets	9 506 360	24 806 949
Gains on exchange differences	(12 005 959)	(43 033 314)
Movements in provisions	68 393 517	(4 524 704)
Movements in credit loss allowance	2 521 342	(12 350 888)
Non-cash adjustments - other	(1 460 894)	-
Impairment reversal	(11 714 480)	-
Impairment loss property, plant and equipment	6 654 336	38 629 451
Impairment loss on intangible assets	-	12 764 754
Impairment loss on work in progress	54 505 585	8 640 539
Write-off of board fees	-	355 084
Work in progress - write off	-	1 603 180
Adjust for items which are presented separately:		
Interest income	(52 614 877)	(17 894 333)
Finance costs	25 886 092	13 185 989
Changes in working capital:		
Trade and other receivables	(27 790 490)	(7 992 343)
Prepayments	(5 061 200)	(849 206)
Trade and other payables	25 045 197	1 280 523
Contract liabilities	6 388 892	(4 404 362)
Work in progress accruals	25 241 857	1 131 388
Changes on loans receivables	(1 225 096)	(2 829 903)
	330 447 265	**123 898 132**



29. Changes in liabilities arising from financing activities

	Opening balance	Proceeds from the bank
Reconciliation of liabilities arising from financing activities - 2024		
Borrowings	183 138 490	160 831 628
Lease liabilities	126 315 238	-
Other interest paid	-	-
	309 453 728	**160 831 628**
Total liabilities from financing activities	**309 453 728**	**160 831 628**

	Opening balance	Proceeds from the bank	Capital repayments
Reconciliation of liabilities arising from financing activities - 2023			
Borrowings	-	186 579 414	-
Lease liabilities	89 943 030	-	(12 429 911)
Other interest recovered	-	-	-
	89 943 030	**186 579 414**	**(12 429 911)**
Total liabilities from financing activities	**89 943 030**	**186 579 414**	**(12 429 911)**

For details of lease liabilities refer to note 14. For details of borrowings refer to note 24.

Capital repayments	Accrued interest	Interest paid	Non-cash movements	Remeasurements	Closing balance
-	30 155 740	(29 426 190)	-	-	344 699 668
(10 796 121)	9 517 848	(8 720 719)	3 686 357	(15 812 183)	104 190 420
-	60 391	(60 391)	-	-	-
(10 796 121)	**39 733 979**	**(38 207 300)**	**3 686 357**	**(15 812 183)**	**448 890 088**
(10 796 121)	**39 733 979**	**(38 207 300)**	**3 686 357**	**(15 812 183)**	**448 890 088**

Accrued interest	Interest paid	Transaction costs	Non-cash movements	Remeasurements	Closing balance
2 686 335	(3 514 598)	(3 552 834)	-	-	183 138 490
10 856 499	(10 856 499)	-	28 340 711	20 461 408	126 315 238
(244 936)	244 936	-	-	-	-
13 185 988	**(14 126 161)**	**(3 552 834)**	**28 340 711**	**20 461 408**	**309 453 728**
13 185 988	**(14 126 161)**	**(3 552 834)**	**28 340 711**	**20 461 408**	**309 453 728**

30. Commitments

Authorised capital & operational expenditure

Figures in Rand	2024	2023
Already contracted for but not provided for		
Property, plant and equipment	211 467 192	371 772 297
Intangible assets	1 912 048	7 017 134
Operating expenditure	212 861 693	212 748 678

31. Guarantees and contingent liabilities

A plaintiff issued a Summons out of the Johannesburg High Court against ATNS for R7 022 106.42 which is made up of: R1 873 919.92 for Claim A, alleging that the company failed to pay for invoices for services rendered; and R5 148 186.50 for Claim B relating to delay of delivery of services alleged to be caused by ATNS. The plaintiff alleges that ATNS entered into a Master Agreement, as well as two further Addendums to the Master Agreement, being First Addendum and Second Addendum ("Amended Master Agreement"). The company has disclaimed liability and is defending the action. Legal advice obtained indicates that it is unlikely that any significant liability will arise. The Directors are of the view that no material losses will arise in respect of the legal claim at the date of these financial statements.

The company entered into an agreement with Department of Transport (DOT) as an implementing agent for the provision of Medium Earth Orbit Search and Rescue (MEOSAR) ground segment capability solution. The company received an advance payment of R52m, however ATNS has not met the completion date of June 2019 as per the agreement. The contingent liability of R21.2m is attributable primarily to potential liabilities arising from matters relating to interest income on holding the advance payment on the companies call account. 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 R3.7m (2023: R1.9m), the significant balances of the guarantee is for lease rental with the landlord and a performance guarantee with client.

32. 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 R79.9m (2023: R76.7m).

The ATNS retirement fund was established on 1 April 1994. The fund has been exempted from valuation with effect from 10 April 2012 and will from that date be subjected to quarterly assessments. The Fund applied for valuation exemption with effect from 31 January 2023 up to 31 January 2026 and the Registrar approved the application on 6 November 2023.

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

Other notes (Note 3 to Note 39)

Annual Financial Statements as at 31 March 2024

33. 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 institution and all public entities is available on the Internet 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.

Year end balances arising from related party activity

Figures in Rand	2024	2023
Amounts owing by Directors		
S.Thobela*	-	14 003
K.S Boqwana	-	137 055
L.N.J Ngema	20 945	80 945

Refer to note 20, for details of amounts due by Directors.

*S Thobela's balance has been reclassified in the FY 2023/2024 as he is no longer a director.

Figures in Rand	2024	2023
Amounts included in trade receivables regarding related parties		
Airports Company of South Africa	4 648 675	10 866 648
South African Airways	12 038 238	8 132 109
City Council of Tshwane	9 041 799	-
North West Province	1 103 378	959 298
Msunduzi Municipality	825 296	782 107
Ethekwini Municipality	367 430	352 018
Gateway Airports Authority Limited	1 986 152	289 409
Department of Roads & Transport - Eastern Cape	2 158 950	2 138 229
City of uMhlathuze	1 211 445	1 551 831
Other	384 532	1 695 285
Amounts included in trade payables regarding related parties		
Airports Company of South Africa	568 774	73 189
Eskom Holdings (SOC) Ltd	185 903	391 451
South African Civil Aviation Authority	1 846 915	2 026 667
Telkom SA (SOC) Ltd	1 981 923	-
National Department of Transport	27 510 104	27 510 104
City Council of Tshwane	-	1 396 468
Other	-	21 269
Related party transactions		
Revenue of services to related party		
Airports Company of South Africa	16 191 719	23 795 579
North West Province	8 373 206	11 493 154
South African Civil Aviation Authority	2 987 706	2 497 680
South African Airways	116 800 916	77 067 970
South African Weather Services	2 104 659	3 090 007
City Council of Tshwane	11 971 580	16 584 132
Department of Roads and Transport - Eastern Cape	3 723 219	3 552 564
Gateway Airport Authority Limited	6 022 631	4 747 500
Msunduzi Municipality	4 859 800	4 601 824

Figures in Rand	2024	2023
Ethekwini Municipality	4 347 956	5 576 146
City of uMhlathuze	4 684 886	5 951 050
Other	-	753 472
Purchases from related parties		
Airports Company of South Africa	19 731 515	15 723 735
Eskom Holdings (SOC) Ltd	10 498 798	11 201 075
South African Civil Aviation Authority	18 649 434	17 968 755
Telkom SA (SOC) Ltd	24 331 392	27 092 958
Sentech (SOC) Ltd	3 539 699	3 162 319
Other	4 252 996	2 924 892
Credit loss allowance due to related parties		
Opening balance	(10 305 655)	(8 858 607)
Bad debts written-off	-	355 084
Movement in expected credit loss	1 143 152	(1 802 132)
	(9 162 503)	**(10 305 655)**

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 licenses.

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

34. Executives, Directors and Prescribed officers emoluments

Executive

2024	Cost to company	Ex-gratia payment	Acting allowance	Leave days payout	Other benefits	Total
N.P. Mdawe	4 767 332	-	-	-	-	4 767 332
M. Moholola	3 212 054	137 500	-	-	-	3 349 554
L. Mahamba	2 441 706	99 209	223 843	-	30 000	2 794 758
P.T. Mdebuka	2 394 126	98 276	82 851	-	30 000	2 605 253
T.V. Ndou	2 753 037	110 608	93 921	-	-	2 957 566
M.M. Maqashelana	2 554 416	96 424	101 925	-	30 000	2 782 765
G.G. Serema (Appointed: 1 April 2023)	2 181 880	-	-	126 547	38 800	2 347 227
J. Manyakoana (Appointed: 19 June 2023)	1 990 214	-	-	-	18 654	2 008 868
K. Cele (Appointed: 1 July 2023)	1 817 573	-	-	-	22 500	1 840 073
S. Hogana (Appointed: 1 July 2023)	1 817 528	-	-	-	22 500	1 840 028
N. Mabaso (Appointed: 1 July 2023)	1 817 420	-	-	-	22 500	1 839 920
D. Khumalo (Appointed: 1 September 2023)	1 278 748	-	-	-	17 500	1 296 248
H.V. Sebona (Reassigned: 30 June 2023)	622 933	-	-	-	-	622 933
J.M. Matshoba (Reassigned: 30 June 2023)	629 760	-	-	-	7 500	637 260
	30 278 727	**542 017**	**502 540**	**126 547**	**239 954**	**31 689 785**

(a) For details of ex-gratia payment, refer to note 8.

(b) Other benefits consist of cellphone and data allowances.

(c) Ms G Serema was on a short term fixed term contract of Chief Human Capital Officer. She was appointed on 1 April 2023 on a five-year fixed-term contract.

(d) Ms L. Mahamba is the company's Chief Audit Executive. During the year under review she acted in the position of Chief Risk Executive until 30 September 2023.

(e) Ms P.T. Mdebuka is the company's Chief Governance Risk and Compliance Officer. During the year under review, she acted in the position of Chief Strategy Research Development & Innovation until 30 June 2023.

(f) Ms T.V. Ndou is the company's Chief Aviation Training Academy Officer. During the year under review, she acted in the position of Chief Customer Solutions Officer until 30 June 2023.

(g) Mr M.M. Maqashelana is the company's Chief Business Services Officer. During the year under review, he acted in the position of Chief Operations Officer until 30 June 2023.

Annual Financial Statements as at 31 March 2024

2023	Cost to company	Acting allowance	Leave days payout	Other benefits	Total
N.P. Mdawe	4 459 520	-	-	-	4 459 520
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
	28 710 661	**1 290 304**	**965 981**	**183 968**	**31 150 914**

Non-executive

2024	Gross fees for services as Director	Total
Z. Majavu	706 648	706 648
M.A. Amod	426 695	426 695
K.S. Boqwana	449 709	449 709
C.R. Burger	471 387	471 387
N.C. Kubheka	399 189	399 189
S.G. Kudumela	440 449	440 449
P. Mangoma	443 623	443 623
M.J. Neluheni	461 079	461 079
L.N. Ngema	442 036	442 036
P.N. Sibiya	433 076	433 076
	4 673 891	**4 673 891**

Other notes (Note 3 to Note 39)

Annual Financial Statements as at 31 March 2024

2023	Gross fees for services as Director	Total
Z. Majavu	173 909	173 909
M.A. Amod	112 601	112 601
K.S. Boqwana	729 183	729 183
C.R. Burger	595 993	595 993
N.C. Kubheka	611 420	611 420
S.G. Kudumela	111 804	111 804
P. Mangoma	113 391	113 391
M.J. Neluheni	112 597	112 597
L.N. Ngema	720 656	720 656
P.N. Sibiya	117 093	117 093
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
	6 466 493	**6 466 493**

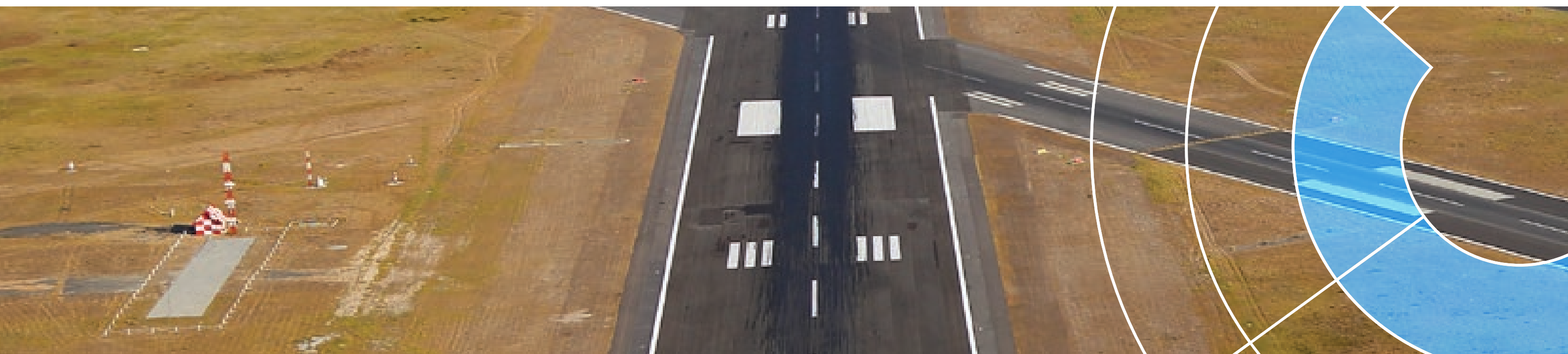
*The Directors term of office ended 12 January 2023.

Prescribed officers

2024	Cost to company	Ex gratia payment	Acting allowance	Other Benefits	Leave days payout	Total
C.H.B. Gersbach	1 924 946	96 247	47 928	24 000	-	2 093 121
V.L. Mofolo (Resigned: 30 September 2023)	813 679	83 074	-	-	43 314	940 067
L.T. Ndelu	1 335 118	71 173	197 856	24 000	-	1 628 147
S.W. Nkabinde (Resigned: 30 April 2023)	148 086	-	-	15 771	46 194	210 051
N.P. Phakathi	1 664 344	84 742	-	24 000	-	1 773 086
K. Sebopa	1 711 005	87 807	-	3 600	-	1 802 412
	7 597 178	**423 043**	**245 784**	**91 371**	**89 508**	**8 446 884**

(a) For details of ex gratia, refer to note 8.

(b) Other benefits consist of cell phone allowance in the main.



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
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
N.P. Phakathi	1 556 193	-	25 717	1 581 910
	12 046 675	**476 559**	**171 664**	**12 694 898**

35. Financial instruments and risk management

Categories of financial instruments

Description	Note(s)	Amortised cost
Categories of financial assets		
2024		
Short-term investments	19	20 307 753
Trade and other receivables	20	196 838 872
Cash and cash equivalents	22	887 370 047
		1 104 516 672
2023		
Short-term investments	19	19 082 657
Trade and other receivables	20	166 476 617
Cash and cash equivalents	22	617 827 089
		803 386 363

Description	Amortised cost
Categories of financial liabilities	
2024	
Trade and other payables	159 126 494
Borrowings	344 699 668
Subtotal	503 826 162
Finance lease	104 190 420
	608 016 582
2023	
Trade and other payables	137 756 110
Borrowings	183 138 490
Subtotal	320 894 600
Finance lease	126 315 238
	447 209 838

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 23% (2023: 13%) and was calculated as follows:

Figures in Rand	Note(s)	2024	2023
Borrowings	24	344 699 668	183 138 490
Lease liabilities	14	104 190 420	126 315 238
Total borrowings		**448 890 088**	**309 453 728**

Figures in Rand	2024	2023
Equity	1 925 555 763	1 902 261 730
Gearing ratio	23 %	13 %

The gerajng ratio increased mainly due to the additional drawdown on the loan facility with DBSA.

Loan Covenants

Under the loan facility agreement with DBSA, the company is required to comply with the following financial covenants;
- Current assets to Current liabilities must be greater than 2 times.
- Cash and cash equivalents to Current liabilities must be greater than 1 times.
- Cumulative debt service coverage ratio (DSCR) must be greater than 3 times.

The company has complied with these loan covenants since the inception of the loan agreement. As at 31 March 2024, the current assets to current liabilities was 2.5:1(2023: 3.1), cash and cash equivalents to current liabilities was 1.9 (2023: 2.5) and DSCR was 24.4 (2023: 41.5) times.

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- 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 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 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.

Trade and other receivables credit risk exposures are managed by continuous review of the age analysis. Management applies different approaches to regulated and non regulated customers. For regulated customers management considers amounts owing from R100 000 to ensure that the amounts are in current and there is either a security deposit or bank guarantee. For non regulated customers the top 50 accounts for each operating entity are analysed to ensure that the amounts owing are in current.

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 banks with only the financial institutions that are approved by National Treasury.

The company has a contingency (self-funding) 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 by at any time, giving 30 days' written notice.

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

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

		2024			2023		
	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Short-term investments	19	20 307 753	-	20 307 753	19 082 657	-	19 082 657
Trade and other receivables	20	224 360 214	(27 369 533)	196 990 681	191 632 761	(24 848 191)	166 784 570
Cash and cash equivalents	22	887 370 047	-	887 370 047	617 827 089	-	617 827 089
		1 132 038 014	**(27 369 533)**	**1 104 668 481**	**828 542 507**	**(24 848 191)**	**803 694 316**

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 latest forecast and projections of future cash flows. The company has enough cash reserves to fund its obligations as they become due. In addition, there is unutilised loan facility, refer to note 24 for details.

There had been no significant changes in the liquidity risk management policies and processes since the prior reporting period. Management assessment of the time bands is based on the contractual terms and conditions.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.

	Note(s)	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
2024						
Total liabilities						
Borrowings		114 689 174	254 365 157	96 107 259	465 161 590	344 699 668
Lease liabilities		37 489 247	67 920 024	46 718 445	152 127 716	104 190 420
Trade and other payables		241 738 633	-	-	241 738 633	241 738 633
2023						
Total liabilities						
Borrowings	24	21 724 776	177 030 071	84 484 374	283 239 221	183 138 490
Lease liabilities		27 815 094	101 404 029	50 866 892	180 086 015	126 315 238
Trade and other payables		216 693 436	-	-	216 693 436	216 693 436

The above amounts reflect the contractual undiscounted cash flows, which may differ the carrying values of the liabilities at the reporting date as disclosed on note 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 havebeen presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

US Dollar exposure:

Figures in Rand	Note(s)	2024	2023
Current assets:			
Trade and other receivables	20	25 339 550	23 329 480
Cash and cash equivalents	22	308 895 891	219 933 193
Short term investments		16 402 009	15 228 444
Current liabilities:			
Trade and other payables	27	(72 354 235)	(4 520 892)
Net US Dollar exposure		**278 283 215**	**253 970 225**

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, are primarily denominated in US dollar (USD). The company also holds short-term investments in US dollar (USD).

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

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

Exchange rates

The following closing exchange rates were applied at reporting date:

Figures in Rand	2024	2023
Rand per unit of foreign currency:		
US Dollar	18 900	17 800

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 2024 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 2023.

A 10% weakening in the Rand against the above currencies at 31 March 2024 would have had the equal but opposite effect to the amounts shown below, on the basis that all other variables remained constant.

Figures in Rand	2024	2023
Increase or decrease in rate		
Impact on profit or loss:		
US Dollar	27 828 322	25 397 022

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 is comprised of different instruments, which bear interest at either fixed or variable interest rate. 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.

Interest rate profile

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

	Note(s)	Average effective interest rate		Carrying amount	
		2024	2023	2024	2023
Assets					
Short-term investments at amortised costs		4.10 %	2.10 %	20 307 753	19 082 657
Cash and cash equivalents	22	10.00 %	6.00 %	513 747 068	267 741 764
				534 054 821	**286 824 421**
Liabilities					
Borrowings	24	9.00 %	2.00 %	344 699 668	183 138 490
Finance lease liabilities	14	9.00 %	8.60 %	104 190 042	126 315 238
				448 889 710	**309 453 728**

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 risk 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.

At 31 March 2024, if the interest rate had been 5% per annum (2023: 5%) higher or lower during the period,with all other variables held constant, profit or loss for the year would have been R6.6m - (2023: R1,1m) lower and R6.6m - (2023: R1,1m) higher.

Tariff risk

Tariff revenue, contributing 85% (March 2023: 84%) of the company's revenue, is regulated by an independent economic regulator using a prie 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.

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 is 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.

38. Irregular, fruitless and wasteful expenditure

Figures in Rand	2024	Restated: 2023
Irregular expenditure	-	739 598
Fruitless and Wasteful expenditure	2 919 193	504 877
	2 919 193	**1 244 475**

Irregular expenditure for the year ended 31 March 2023 was restated due to emergency procurement without approval by the delegated official.

Fruitless and wasteful expenditure during the year under review relates to late payment interest of R25 503 and employee-related costs of R2 893 690. For details, refer to Note 20.

39. Material losses through criminal conduct

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

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2024