2020

ANNUAL FINANCIAL STATEMENTS

AIR TRAFFIC AND NAVIGATION SERVICES SOC LIMITED

31 MARCH 2020

OUR VISION

To be a leading provider of air traffic management solutions on the African continent.

OUR MISSION

To be a safe and efficient provider of 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 SUSTAINABILITY STATEMENT

As a state-owned company and national provider of air traffic management services, ATNS is proud to play a significant role in contributing to South Africa's sustainability and economic development agendas; thereby supporting the United Nations Sustainable Development Goals from a global perspective; the South African National Development Plan 2030 from a national perspective; and the International Civil Aviation Organisation and other industry goals.

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Our reporting suite

We are committed to report openly and honestly to our broad range of stakeholders. Our reporting suite comprise our:

IR Integrated Report

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

AFS Annual Financial Statements

The annual financial statements provide a comprehensive report of ATNS's financial results for the year.

IV King IV Application Register

A schedule of our application of the King IV Report on Corporate Governance for South Africa 2016 is available on our website at **https://atns.com/reports/2020/ATNS_KingIV.pdf**.

GRI GRI Index

Our GRI index summarises our disclosures, many of which are cross-referenced to this AFS, as they relate to our economic, social and environmental impacts. A copy of the GRI is available on our website at **https://atns.com/reports/2020/ATNS_GRI_Report.pdf**.

Basis of preparation

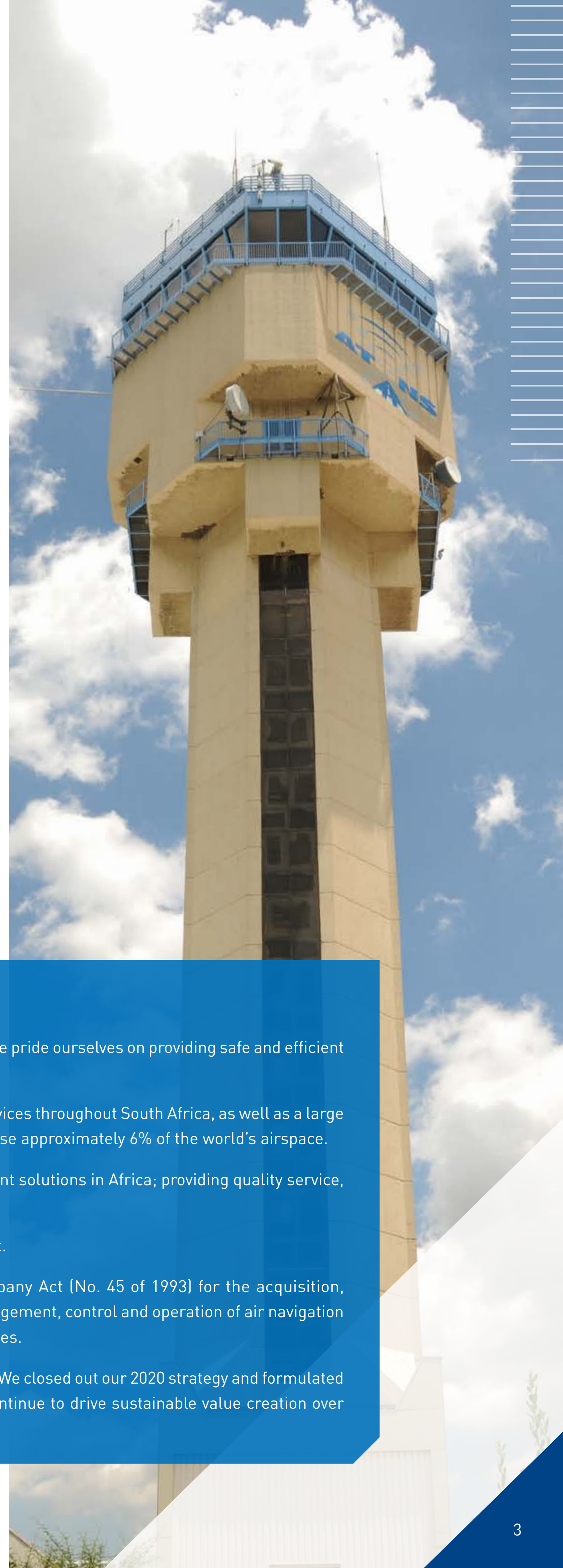
The AFS of ATNS have been audited in compliance with section 30 of the South African Companies Act (No 71 of 2008). Mr Matome Moholola CA(SA), as the Chief Financial Officer, is responsible for this AFS and has supervised the preparation thereof in conjunction with Pinky Phaswana CA(SA), Senior Manager Finance.

The AFS are reviewed by management, ATNS's Audit and Risk Committee and our board and are audited by the external auditors of the company. Internal audit performs specific procedures on certain account balances in the AFS.

Internal control framework

ATNS follows a combined assurance model in assessing internal controls, which is led by our internal audit function, in terms of an assurance plan approved by our Audit and Risk Committee.

The combined assurance process is monitored and evaluated under the direction of internal audit, while external audit teams cover key controls and accounting matters in the course of their audits. Other levels of external assurance are obtained, as and when required. Nexia SAB&T Auditors are our external assurance providers and their independent auditors' report is contained on pages 16 to 20 of this AFS.



Our organisation at a glance

At Air Traffic and Navigation Services SOC Limited (ATNS), we pride ourselves on providing safe and efficient service across the African skies.

We are responsible for the provision of air traffic control services throughout South Africa, as well as a large part of the Indian and Atlantic Ocean regions, which comprise approximately 6% of the world's airspace.

We strive to be the leading provider of air traffic management solutions in Africa; providing quality service, client satisfaction and ethical leadership.

We operate in South Africa and across the African continent.

We were established in 1993 in terms of the ATNS Company Act (No. 45 of 1993) for the acquisition, establishment, development, provision, maintenance, management, control and operation of air navigation infrastructures, air traffic services and air navigation services.

This past financial year was one of transition for us at ATNS. We closed out our 2020 strategy and formulated our 2025 strategy and corporate plan; ensuring that we continue to drive sustainable value creation over the short, medium and long term.

DIRECTORS' REPORT

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 2020.

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

Governance environment

ATNS is a state-owned company incorporated under the Air Traffic and Navigation Services Company Act (No. 45 of 1993) (ATNS Company Act) 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.

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

Safety regulation

The company is regulated by the South African Civil Aviation Authority (SACAA), as mandated under the Civil Aviation Act (Act No.13 of 2009), as amended in 2016. The entity continues to adopt leading practices and complies with applicable legal requirements.

Economic regulation

As a monopoly, the company is regulated economically by the Economic Regulating Committee (Regulating Committee) that is a statutory body formed and appointed by the shareholder, the Department of Transport. The ATNS Company Act requires ATNS to seek permission from the Regulating Committee in order to levy air traffic services charges, provide air navigation infrastructure and conduct air traffic services and air navigation services. The Regulating Committee issued the 2018/19 – 2022/23 permission on 6 August 2018, in accordance with section 11 of the ATNS Company Act, authorising the company to levy air traffic services' charges, provide air navigation infrastructure and conduct air traffic services and air navigation services from 1 April 2018 to 31 March 2023, thus 2019/20 was the second year of the current permission.

In terms of section 11 of the ATNS Company Act, the company is required to submit a request for permission to levy regulated charges to the Regulating Committee. Accordingly, the ATNS Company Act prohibits the company from levying any air traffic charges unless it is in possession of a valid permission.

The ATNS Company Act places an obligation on the company to apply to the Regulating Committee for the issuing of a permission at the beginning of the third financial year of the period of validity of any permission held by the company. Consequently, the company was scheduled to begin the application for a new permission in the current reporting year. This process has been delayed due to the impact of the COVID-19 global pandemic. The permission application process is expected to only be finalised in the 2021/22 financial year. The Regulating Committee has approved the deferral of the permission by one year. Therefore, the current permission will still apply in the 2021/22 financial year.

Overall performance

During the year under review, total revenue increased by 0.36% to R1,673 million (2019: R1,668 million), despite aerodrome, en-route and approach fees, which are core revenue, decreasing by 1% to R1,463 million (2019: R1,479 million). This is mainly attributable to the decrease in billable movements by 4.4% to 306 000 (2019: 320 000) and a 0.5% (2019: 7.5%) tariff charge increase in the current year, as well as the impact of the COVID-19 global pandemic.

During the year under review, the company continued with efforts to keep costs low. However, operating costs increased by 10.4% to R1,569 million (2019: R1,421 million), mainly due to increased staff costs, bad debts and the impact of IFRS 16.

Capital expenditure was at R149 million (2019: R252 million) given delays in the execution of projects.

Our balance sheet maintained its strength with a liquidity ratio of 5.6:1 (2019: 4.6:1) and our gearing is at 3.4% (2019: 0.3%). This puts the company in a better position to raise funding for imminent capital expenditure.

The return on capital employed (ROCE) is 5.3% (regulated ROCE 0.5%). The ROCE is a measure of the extent to which a company utilises its resources efficiently to generate profits.

Cash generated from operations decreased by 71% to R115 million (2019: R395 million). The company continues to review its collection processes to improve cash received from debtors.

Dividends

No dividends were declared or paid to the shareholder during the year (2019: R nil).

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 ATNS 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.

Capital commitments

The company's total capital commitments for the year under review was R550 million (2019: R373 million).

Due to the impact of COVID-19, the company will review and renegotiate some of its commitments with a view to defer non-critical expenditure. The remaining commitments will be funded through the cash reserves.

Accounting policies

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

Directorate

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

DIRECTORS	DATE APPOINTED	CAPACITY	NATIONALITY
S. Badat	13 April 2018	Non-executive	South African
K.S. Boqwana	13 April 2018	Non-executive	South African
C.R. Burger	01 February 2019	Non-executive	South African
T.Kgokolo*	13 April 2018	Chief Executive Officer (Interim)	South African
N. Kubheka	22 August 2018	Non-executive	South African
M. Moholola	01 August 2019	Chief Financial Officer	South African
Z.G. Myeza	13 April 2018	Non-executive	South African
L.N. Ngema	13 April 2018	Non-executive	South African
S. Thobela	21 May 2018	Chairperson	South African
J.C. Trembath	01 February 2019	Non-executive	South African
K.N. Vundla	13 April 2018	Non-executive	South African

* T. Kgokolo's term of office ended 31 March 2020 as the interim Chief Executive Officer whereafter he resumed his role as non-executive director

Events after the reporting period

The COVID-19 global pandemic evolved rapidly in 2020 and has materially impacted the company's operations which led to:

- a decrease in revenue; and
- a reduction in debt collection for debtors that existed at year-end, as most airlines are experiencing challenges in settling their debt on time.

Certain airlines experienced financial difficulties even before the outbreak of the pandemic and were, as a consequence, already placed under business rescue. With the institution of level 5 lockdown measures in South Africa, an additional key customer was placed under business rescue. One of these customers has since received a provisional liquidation order.

Management has therefore adjusted the expected credit loss at year-end, as the pandemic has increased the credit risk, which casts doubt on the recoverability of debt, with most customers requesting payment holidays.

The company's assets are still in operation and the maintenance for the assets has been continuing as per the Original Equipment Manufacturer (OEM) schedule. There is no indication of impairment and the systems are operating as designed.

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

Going concern

The directors consider that the company has adequate resources to continue operating for the foreseeable future and therefore consider it appropriate to adopt the going concern basis in preparing the company's financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash requirements, despite the negative impact of the COVID-19 global pandemic. In drawing its conclusion, the directors evaluated the following factors and conditions:

- Liquidity ratios as well as funds available;
- Placing key customers on payment holidays to assist with the industry recovery;
- Plans are in place to reduce capital and operational expenditures for the company, resulting in savings in cash outflow and;
- None of the key employees have left the company since the outbreak of the COVID-19 global pandemic.

Irregular expenditure

The board noted the irregular expenditure incurred and that it was due to control weaknesses in supply chain management (SCM) and poor contract management. Considerable efforts have been expended in improving the SCM and consequence management processes. The root causes are being addressed and the board is committed to ensure that adequate control measures are being put in place to prevent recurrence.

Directors' interests in contracts

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

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (the committee) is pleased to present its report for the financial year ended 31 March 2020.

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

About the committee

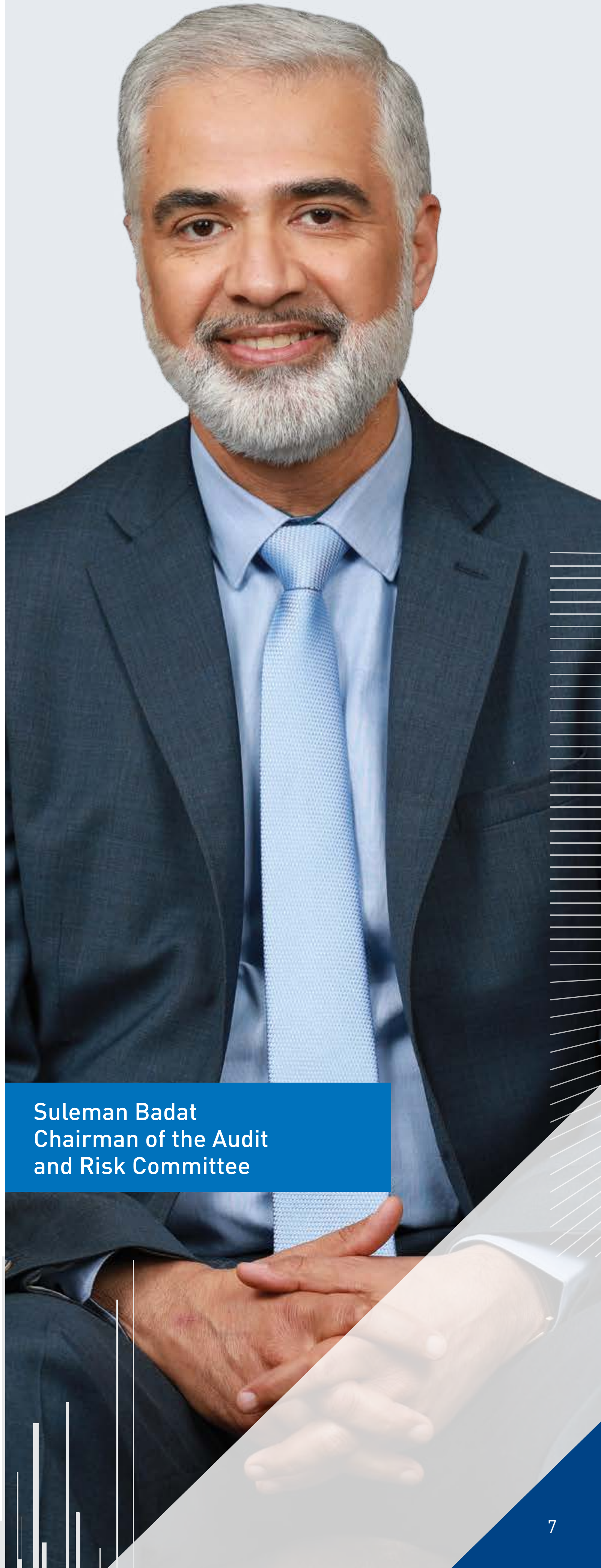
The committee operates under a formal terms of reference which has been approved by the board. The committee has conducted its affairs and discharged its responsibilities in compliance with these terms of reference.

Members of the Audit and Risk Committee

The committee should comprise at least three directors who are considered independent non-executive directors in terms of both the Companies Act and King IV. Membership of the committee during the year under review was as follows:

NAME	DATE APPOINTED
S. Badat (Chairperson)	25 April 2018
K. Boqwana	25 April 2018
Z. Myeza	10 December 2018
J. Trembath	05 April 2019
K. Vundla	25 April 2018

The committee met eight (8) times during the year under review. The table on page 72 of the IR references the attendance at these meetings. The Chief Executive Officer, Chief Financial Officer, Chief Audit Executive and external auditors regularly attend meetings by invitation.



Suleman Badat
Chairman of the Audit and Risk Committee

Execution of statutory and delegated duties

In executing its duties as set out in its terms of reference, the committee has, inter alia, performed oversight as set out in the below sections:

External auditor

The committee considered the following:

- Appointment of the external auditor in terms of the Companies Act and other applicable requirements;
- External audit plan;
- The audit fee;
- Terms of engagement of the external auditors;
- The independence and objectivity of the external auditors;
- Accounting and auditing concerns identified by the external auditors.

No non-audit fees were paid to the external auditors for the year under review. The company has a policy for appointing external auditors to carry out non-audit services.

Role and responsibilities

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

- Reviewing the effectiveness of the internal control systems regarding finance, accounting, legal compliance and ethics that management and the board have established;
- Overseeing the risk management process, including the consideration of the risk management policy and plans of the company, and the significant risks facing the company;
- Overseeing the auditing, accounting and financial reporting processes;
- Reviewing and appraising the performance of external auditors and the internal audit function;
- Overseeing internal audit and integrated reporting;
- Reporting on the quality of the management and monthly or quarterly reports submitted in terms of the PFMA and/or any applicable legislation;
- Ensuring that a combined assurance model is applied to provide a coordinated approach to all assurance activities;
- Assisting the board in discharging its duties relating to compliance with good corporate governance, the company's Code of Conduct, the safeguarding of assets and the operation of adequate internal systems and control processes;
- Ensuring that independent assurance is provided on the IT governance and controls supporting the company's IT services.

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

Based on the results of the internal and external audit reports, and information and explanations given by management, the committee is of the view that the systems of internal control, risk governance and legal and regulatory compliance requires improvement. Furthermore, certain operational safety targets for the year under review were not achieved.

The necessary measures are being taken to remediate the deficiencies identified relating to governance, risk management, safety management and compliance.

Integrated reporting

The committee considered the following:

- The annual financial statements for fair presentation with the relevant requirements of the PFMA, Companies Act and IFRS;
- The reliability and accuracy of financial and non-financial information provided by management;
- Risks that may impact the integrity of the IR; and
- Disclosure of sustainability information in the IR to ensure that it is reliable and does not conflict with the financial results.

Internal audit

The committee considered the following:

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

An external quality assessment review of the internal audit function was completed during the previous year. The review raised significant findings relating to, inter alia, non-conformity with the Institute of Internal Auditors (IIA) standards and the capacity of the internal audit function. The majority of the quality assessment review findings have been addressed.

Combined assurance

In line with the objectives of the combined assurance framework, assurance-coverage focused on key risks identified in the strategic risk register. The annual combined assurance plan was developed utilising the principles of the combined assurance model, to obtain and optimise the required level of assurance as outlined in the combined assurance framework.

A combined assurance steering committee was formed to implement the combined assurance framework. Progress was made by assurance providers in providing assurance on the key risks identified.

To enable an effective control environment, improvement is still required to ensure the appropriate quality of assurance in the relevant areas.

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

The committee has conducted an evaluation of the finance function and CFO. The committee is satisfied that the experience, expertise and resources of the finance function, and that of the CFO are satisfactory.

COVID-19 global pandemic

The COVID-19 pandemic has materially impacted the company's operations, mainly post year-end, resulting in a decrease in revenue, profitability and cash flows. The committee satisfied itself that adequate allowance has been made for expected credit losses and other impairments at year-end.

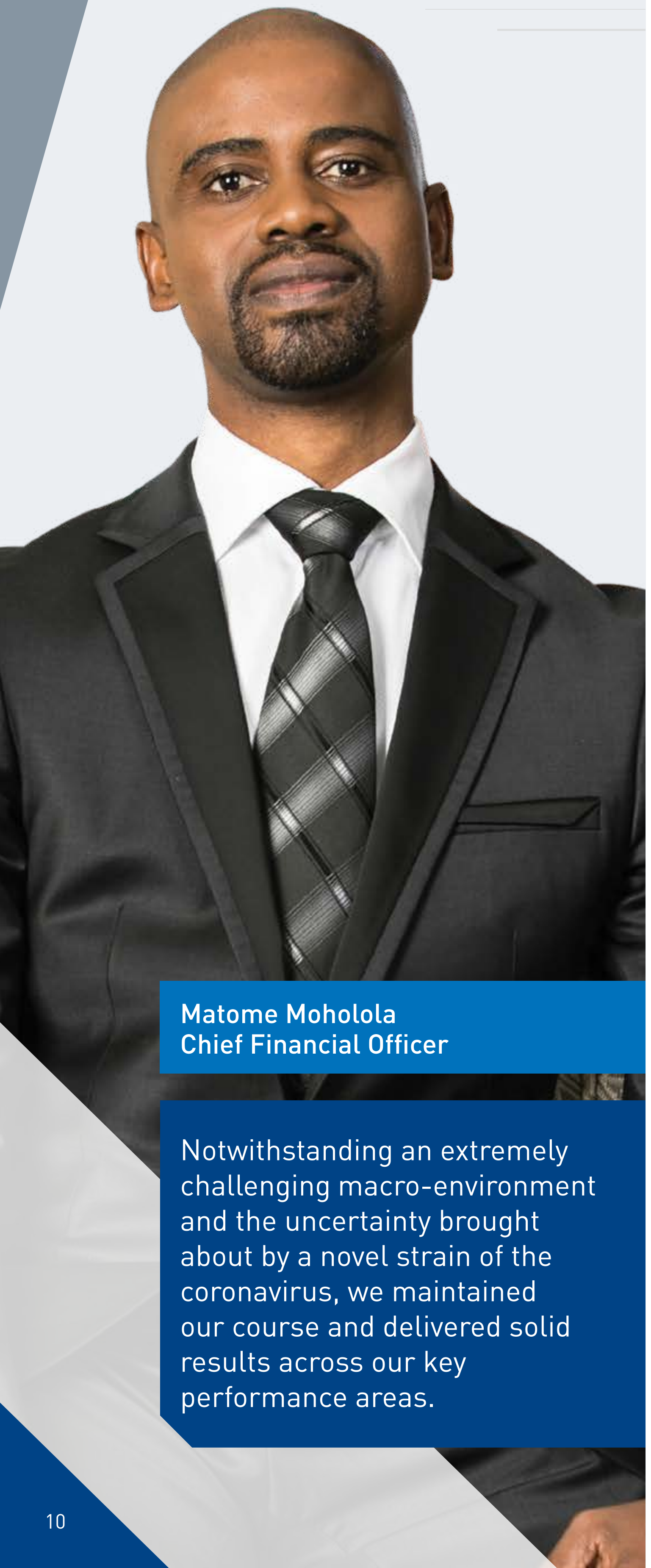
Going concern

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

On behalf of the Audit and Risk Committee.

Suleman Badat
Chairperson
Audit and Risk Committee

18 September 2020



Matome Moholola
Chief Financial Officer

Notwithstanding an extremely challenging macro-environment and the uncertainty brought about by a novel strain of the coronavirus, we maintained our course and delivered solid results across our key performance areas.

CHIEF FINANCIAL OFFICER'S OVERVIEW

Sharpening our focus and managing controllable factors

During the year, we revised our vision, mission and strategic focus areas, to better support our mandate as a state-owned company and our common objectives to be operationally and financially resilient, while continuing to play a significant role in contributing to South Africa's sustainability and economic development agendas.

Our updated vision reconfirms our commitment to being a leading provider of air traffic management solutions on the African continent. We are proud of our African heritage and the strong reputation we created during our 26-year history; offering leading air traffic management services, fostering trusted stakeholder relationships and supporting the African developmental agenda.

In addition, we closed out our 2020 strategy and formulated our 2025 strategy and corporate plan; sharpening our focus on our core strengths, while investigating longer term business growth opportunities in South Africa and further afield, as part of our non-regulated business expansion efforts.

Our AFS together with our IR reflect our business and financial performance from 1 April 2019 until 31 March 2020. The global coronavirus pandemic first impacted South Africa and our business in March 2020, the final month of the reporting period and, as a result, we did not reach all of our projections during this time. Notwithstanding an extremely challenging macro-environment and the uncertainty brought about by a novel strain of the coronavirus, we maintained our course and delivered solid results across our key performance areas.

Our financial performance

For the reporting period, our total revenue increased by 0.36% to R1,673 million (2019: R1,668 million) and this notwithstanding our core revenue arising from aerodrome, en-route and approach fees decreasing by 1% to R1,463 million (2019: R1,479 million).

Our regulated business relies on revenue generated from service-based tariffs, with revenue dependent on air traffic movements which decreased by 4.4% to 306 000 (2019: 320 000). Revenue generated was also impacted by a tariff increase of just 0.5% compared to 7.5% in 2018/19, as well as the COVID-19 pandemic toward the end of the financial year.

Our operating costs increased by 10.4% to R1,569 million (2019: R1,421 million) mainly due to increased staff costs and bad debts, while our capital spend was down to R149 million (2019: R252 million), given delays in the execution of projects.

Our balance sheet maintained its strength with a liquidity ratio of 5.6:1 (2019: 4.6:1) and gearing at 3.4% (2019:0.3%). This puts the company in a better position to raise funding for imminent capital expenditure and to weather the after-effects of the COVID-19 pandemic.

The return on capital employed (ROCE) was 5.3% (with the regulated ROCE at 0.5%). Cash generated from operations decreased by 71% to R115 million (2019: R395 million) and we continue to monitor our collections processes to improve cash received from debtors.

Our company's total capital commitments for the year under review was R550 million (2019: R373 million). Due to the impact of the COVID-19 pandemic on the civil aviation sector and our business as a whole, we will review and renegotiate some of our commitments; looking to defer non-critical expenditure. We plan to fund our remaining commitments through our cash reserves.

Looking ahead

Our operational and financial performance for the year has been adversely impacted by the already-challenging macro-environment, exacerbated by the outbreak of a novel strain of the coronavirus in December 2019. The COVID-19 pandemic has negatively affected all sectors of the global and local economies. Although the direct consequences of the pandemic were only visible in the last month of our results, we are preparing ourselves for further turbulent and uncertain times, as we enter the next financial year. Despite various scientific and forecasting models, the real long-term impact of these events on economic growth will only emerge over time.

While the year under review was a challenging one for our company and the future outlook may be somewhat uncertain, we are committed to delivering long-term value to our stakeholders, by managing the factors within our control.

Matome Moholola
Chief Financial Officer

18 September 2020

Lindelwa Mngomezulu
Company Secretary

Audited financial statements presented to the shareholders:

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act (No. 71 of 2008) (the Companies Act), that for the year ended 31 March 2020, ATNS has lodged with the Companies and Intellectual Property Commission, all such returns and notices as are required of a public company in terms of the Companies Act, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up-to-date.

Lindelwa Mngomezulu
Company Secretary

18 September 2020

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required, in terms of the Companies Act, and the Public Finance Management Act, 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control 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.

Simphiwe Thobela
Chairperson

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 March 31, 2021 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 pages 16 to 20.

The financial statements set out on pages 21 to 74, which have been prepared on the going concern basis, were approved by the board of directors on 18 September 2020 and were signed on their behalf by

Signed on behalf of the board of directors by:
Simphiwe Thobela
Chairperson and non-executive director

18 September 2020

Independent auditor's report to Parliament and Shareholder 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 75 which comprise the statement of financial position as at 31 March 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Air Traffic and Navigation Services SOC Limited as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa, 2008 (Act No. 71 of 2008) and the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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

4. We are independent of the company in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of professional conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants and the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) respectively.

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

Emphasis of matters

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

Material impairments of trade and other receivables

7. As disclosed in note 17 to the financial statements, material losses to the value of R226.2m (2019: R63.7m) were incurred because of the impairment of trade and other receivables.

Events after reporting date

8. As disclosed in note 33 of the financial statements, the entity has seen a significant decrease in billable air traffic movements and revenue as well as a significant decline in cash inflows from outstanding debtors' collections. This is because most airlines are experiencing challenges in settling their debt on time due to their major operations being suspended due to the COVID-19 global pandemic. Furthermore, some key airline customers experienced financial difficulties and either applied or were placed under business rescue.

Right of use assets and lease liabilities

9. As disclosed in note 13 of the financial statements, the entity adopted IFRS 16 using the modified retrospective approach during the current year, resulting in a right of use asset amounting to R91.4m (2019: Rnil) and a corresponding lease liability of R97.7m (2019: R8.4m) being capitalised to the statement of financial position.

Responsibilities of accounting authority for the financial statements

10. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act of South Africa , 2008 (Act No. 71 of 2008) 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.

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

Auditor's responsibilities for the audit of the financial statements

12. 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.

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

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.

15. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the company. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures did not examine whether the actions taken by the entity enabled service delivery. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings did not extend to these matters.

16. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the company for the year ended 31 March 2020.

OBJECTIVES	PAGES IN ANNUAL PERFORMANCE REPORT
Accidents: No accidents attributed to ATNS	129
Risk Assessment Tool (RAT): Less than 25% of safety events will have a high risk bearing rating (Cat A,B)	129
Safety Service Provision: Actual number of safety incidents of 2 or less events per 100 000 air traffic movements	129
SMS Maturity: ATNS will maintain a safety maturity survey rating of C (at least 50% above C)	129
Operational Efficiency: Average delay per delayed flights (off block time)	129
Operational Efficiency: Average CNS System Availability	129
PBN Operational Enhancement: 20 Design Reports for submission to SACAA	129

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

18. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

Operational efficiency: Achievement of CNS Systems availability

19. We were unable to obtain sufficient appropriate audit evidence for the reported achievement of Average CNS systems availability. The performance information reported on the average CNS availability objective was not reliable.

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

- Accidents: No accidents attributed to ATNS
- Risk Assessment Tool (RAT): Less than 25% of safety events will have a high risk bearing rating (Cat A, B)
- Safety Service Provision: Actual number of safety incidents of 2 or less events per 100 000 air traffic movements
- SMS Maturity: ATNS will maintain a safety maturity survey rating of C (at least 50% above C)
- Operational Efficiency – Average delay per delayed flights (off block time)
- PBN Operational Enhancement: 20 Design Reports for submission to SACAA

Other matters

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

Achievement of planned targets

22. Refer to the annual performance report on pages 129 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 18 and 19 of this report.

Report on the audit of compliance with legislation

Introduction and scope

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

24. The material finding on compliance with specific matters in key legislations is as follows:

Expenditure management

25. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R22.9m disclosed in note 35 to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure incurred was caused by non-compliance with laws and regulations governing procurement and contract management.

Other information

26. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act of South Africa 2008 (Act No. 71 of 2008) (Companies Act). The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

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

28. 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.

29. If based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Internal control deficiencies

30. We considered internal controls relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that were identified on the performance report and on compliance with legislation.

31. Management did not ensure compliance monitoring to prevent irregular expenditure.

32. Management did not adequately exercise appropriate oversight over performance reporting, compliance with laws and regulations and related internal controls.

33. The performance management information reported on the average CNS availability objective was not reliable.

Other reports

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

35. Internal audit investigated an alleged misconduct with respect of an irregular appointment of a certain employee. The matter was reported on 7 September 2018 and the investigation was concluded on 14 November 2018. The allegation was found to be unsubstantiated.

36. Internal audit investigated an alleged misconduct with respect of the irregular appointment of three personnel appointments without advertising the positions. The matter was reported on 12 August 2019 and the investigation concluded on 11 November 2019. The allegation was found to be unsubstantiated.

Auditor tenure

37. We report that Nexia SAB&T has been the auditor of Air Traffic and Navigation Services SOC Limited for two years.

Nexia SAB&T

Nexia SAB&T
C. Chigora
Registered Auditor
30 September 2020

119 Witch-Hazel Avenue
Highveld Technopark
Centurion

Annexure – Auditor's responsibility for the audit

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

Financial statements

2. In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:
   - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
   - conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of Air Traffic and Navigation Services SOC Limited 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 my opinion on the financial statements. Our conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a company to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

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

Statement of Financial Position for the year ended 31 March 2020

	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	12	995,830,426	1,084,896,095
Right-of-use assets	13	91,358,534	-
Intangible assets	14	84,058,666	95,162,464
Capital work in progress	15	365,805,603	318,900,521
Prepayments	16	84,386	345,279
		1,537,137,615	**1,499,304,359**
Current Assets			
Trade and other receivables	17	150,216,011	199,513,111
Loans and receivables	18	20,108,347	16,652,588
Prepayments	16	16,375,359	16,357,362
Current tax receivable	19	10,866,557	26,831,534
Cash and cash equivalents	20	1,601,786,955	1,520,495,995
		1,799,353,229	**1,779,850,590**
Total Assets		**3,336,490,844**	**3,279,154,949**
Equity and Liabilities			
Equity			
Share capital	21	190,646,000	190,646,000
Retained income		2,708,278,390	2,640,980,272
		2,898,924,390	**2,831,626,272**
Liabilities			
Non-Current Liabilities			
Lease liabilities	13	84,844,704	4,430,849
Deferred tax	22	29,137,351	58,728,392
		113,982,055	**63,159,241**
Current Liabilities			
Trade and other payables	23	213,046,759	275,108,567
Lease liabilities	13	12,846,409	3,916,238
Contract liabilities	25	8,143,262	10,118,260
Provisions	26	89,547,969	95,226,371
		323,584,399	**384,369,436**
Total Liabilities		**437,566,454**	**447,528,677**
Total Equity and Liabilities		**3,336,490,844**	**3,279,154,949**

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2020

	Note(s)	2020	2019
Revenue	3	1,673,405,977	1,667,952,744
Other income	4	9,594,718	6,226,892
Other operating gains	5	64,693,176	23,105,675
Credit loss allowances	6	(165,573,708)	(45,324,164)
Depreciation costs on property, plant and equipment	12	(129,603,926)	(154,048,382)
Impairment loss	12	(13,270,522)	(4,326,579)
Depreciation costs on right of use assets	13	(16,576,091)	-
Amortisation on intangible assets	14	(11,103,798)	(16,162,659)
Staff costs	7	(1,011,987,676)	(949,409,470)
Other operating expenses	8	(391,558,583)	(364,795,312)
Operating profit		**8,019,567**	**163,218,745**
Finance income	9	95,942,908	88,561,243
Finance costs	10	(9,292,708)	(1,117,780)
Profit before taxation		**94,669,767**	**250,662,208**
Taxation	11	(27,371,649)	(62,374,055)
Profit for the year		**67,298,118**	**188,288,153**
Other comprehensive income		-	-
Total comprehensive income for the year		**67,298,118**	**188,288,153**

Statement of Changes in Equity for the year ended 31 March 2020

	Note(s)	SHARE CAPITAL	RETAINED INCOME	TOTAL EQUITY
Balance at April 1, 2018		**190,646,000**	**2,450,909,768**	**2,641,555,768**
Profit for the year		-	188,288,153	188,288,153
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**188,288,153**	**188,288,153**
Adjustment from adoption of IFRS 16 - Note 24		-	1,782,351	1,782,351
Total contributions by and distributions to owners of company recognised directly in equity		**-**	**1,782,351**	**1,782,351**
Balance at April 1, 2019		**190,646,000**	**2,640,980,272**	**2,831,626,272**
Profit for the year		-	67,298,118	67,298,118
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**67,298,118**	**67,298,118**
Balance at March 31, 2020	21	**190,646,000**	**2,708,278,390**	**2,898,924,390**

Statement of Cash Flows
for the year ended 31 March 2020

	Note(s)	2020	2019
Cash flows from operating activities			
Cash receipts from customers		1,674,817,271	1,624,719,079
Cash paid to suppliers and employees		(1,559,891,649)	(1,229,274,808)
Cash generated from operations	27	114,925,622	395,444,271
Finance income	9	95,942,908	88,561,243
Finance costs	10	(9,292,708)	(1,117,780)
Tax paid	19	(40,997,703)	(97,469,505)
Cash from operating activities		**160,578,119**	**385,418,229**
Cash flows from investing activities			
Cash payments to acquire property, plant and equipment		(149,227,124)	(249,065,060)
Cash receipts from sales of property, plant and equipment, intangibles		276,073	102,823
Cash payments to acquire intangibles		-	(2,685,370)
Movement of prepayments		260,693	86,155
Cash from investing activities		**(148,690,358)**	**(251,561,452)**
Cash flows from financing activities			
Repayment of lease liabilities		(9,047,499)	(4,475,018)
Total cash movement for the year		**2,840,262**	**129,381,759**
Cash at the beginning of the year		1,520,495,995	1,342,664,164
Effect of exchange rate movement on cash balances		78,450,698	48,450,072
Total cash at end of the year	20	**1,601,786,955**	**1,520,495,995**

Accounting Policies
for the year ended 31 March 2020

Corporate information

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

The financial statements of the company for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 18 September 2020.

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

Statement of compliance

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

1.2 Property, plant and equipment

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

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

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

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

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

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

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

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

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
Building	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
Intangibles	Straight line	7 years
Leasehold property	Straight line	6 years
Motor vehicles	Straight line	5 years
Navigation aids	Straight line	15 years
Office equipment	Straight line	6 years
Radar equipment	Straight line	15 years
Simulator equipment	Straight line	10 years
Infrastructure	Straight line	5-15 years
Tools and test equipment	Straight line	8-20 years

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

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

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

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. 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.

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

1.4 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

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

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

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

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

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

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

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

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

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

ITEM	USEFUL LIFE
Computer software	3-7 years

1.5 Impairment of tangible and intangible assets

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

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

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

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

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

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

1.6 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

Financial liabilities:

- Amortised cost

Note 32 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

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

Loans receivable at amortised cost

Classification

Loans to the entity (note 18) are classified as financial assets subsequently measured at amortised cost.

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

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. At initial recognition, the loans are measured at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount initially recognised on the loan, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 17).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

The amortised cost is the amount initially recognised on the receivable, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

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

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 32).

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. 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 in totality. Details of the provision matrix are presented in note 17.

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 separate in profit or loss as credit loss allowance (note 6).

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 17) and the financial instruments and risk management note (note 32).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item (note 6).

Trade and other payables

Classification

Trade and other payables (note 23), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 10).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 32 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 are 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 losses (note 5).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables (note 23).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

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

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. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

Reclassification

Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.7 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

The company has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported in accordance with IAS 17 as per below;

Policy applicable before 1 April 2019.

Company as a lessee

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

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

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term. At balance sheet date no finance lease existed.

Company as the lessor

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating Leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted. Any contingent rents are expensed in the period they are incurred.

Accounting policy applicable from 1 April 2019 - Adoption of IFRS 16

From 01 April 2019, the accounted for leases in accordance with IFRS 16- Leases, using the modified retrospective approach, i.e the cumulative impact of adopting the new standard is recognised in retained income on 01 April 2019.

For any new contracts entered into on or after 01 April 2019, the company considers whether a contract is, or contains a lease.

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

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Company has the right to direct the use of the identified asset throughout the period of use.

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 for leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 8) 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 13 Right of use asset.

Low-value assets comprises of assets includes cellphones, watercoolers, tablet, telephones and small items of office furniture.

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 by using incremental borrowing rate in the lease.

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;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 13).

The lease liability is presented as a separate line item on the Statement of Financial Position.

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 10).

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 term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an 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);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

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.
- 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.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Buildings	Straight line	2 to 8 years
Communication Equipment	Straight line	2 to 4 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	2- 5 years
Infrastructure	Straight line	2 to 9 years
Navigational Aids	Straight line	2 to 10 years
Radar Sensors	Straight line	2 to 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

1.9 Share capital and equity

Ordinary shares are classified as equity.

1.10 Retirement benefit costs

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

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

1.11 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

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

1.13 Revenue from contracts with customers

Revenue arises mainly from services rendered from the following major sources:

- En-route, aerodromes and approach fees
- VSAT networks
- Small aerodromes fees
- Technical maintenance
- Aviation training fees
- Extended hours services
- Rental fees
- Sundry revenue
- Weather services administration

To determine whether to recognise revenue, the company follows a 5-step process:

1) Identifying the contract with a customer
2) Identifying the performance obligations
3) Determining the transaction price
4) Allocating the transaction price to the performance obligations
5) Recognising revenue when/as performance obligation(s) are satisfied

The company often enters into transactions involving a range of services, for example en-route, aerodrome and approach fees, small aerodrome services, technical maintenance services, VSAT networks and Aviation training fees. In all cases, the total transaction price for contract 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 either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers.

The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other 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 a 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 on the government gazette. The government gazette serves as the legal binding contract between the company and the all customers making use of the South African airspace as per legislation, each party rights and obligation is clearly stipulated in the gazette. The probability of the customer paying service 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 services:

- airspace organisation and management services;
- information management services;
- alerting services;
- advisory services
- conflict management services;
- traffic synchronisation services;
- flight information services; and
- 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 receivables once the company has satisfied the performance obligations.

VSAT networks

The company operates VSAT networks satellite communication system to address communication deficiencies in the North East African Indian Ocean (NAFISAT) and 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 a 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 distinct services offered by the company to the network users.

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

Small aerodromes fees

The company supplies air traffic management in a form of aerodromes services to privately owned airports around the Republic of 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 is charged. Revenue is recognised over time. The transaction price allocated to small aerodromes is recognised as a receivable once the company satisfies the performance obligations.

Technical maintenance

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

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

Aviation training fees

The company offers aviation training courses to both local and overseas customers. Before the commencement of the course 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 entity 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 paying is high because of advance payment. The performance obligation are:

- Venue
- Course instructor
- Course Material
- Qualification/certificate
- Graduation ceremony

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

For each course offered the company charges a fixed duration fee. Revenue from aviation training services is recognised over time as the course is offered. The company recognises contract liabilities for consideration received in respected of unsatisfied training services, similarly if the company has offered the training before it receives the consideration the entity recognises a receivables once the entity 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 are 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 paying for the commission amount is high because the they are financially sound. The promised services to be rendered to and on behalf of South African Weather Services among others includes provision of air traffic volume statistics, providing of operators information and billing of meteological services. These services are bundled together as a distinct service promised by the company.

The price charged for the commission by the company is the variable consideration not less than the agreed fixed consideration for the specific period. Revenue from weather services commission is recognised over time for each commission movement. The transaction price allocated to weather services are recognised as a receivable once the company satisfies the performance obligations.

Sundry revenue

Sundry revenue is mainly made up of commission received for services rendered on behalf of third parties as well as other aeronautical services offered by the company. The performance obligations is mainly billing and collections as well as issuing invoices and statement to customers on behalf of third parties as well as providing monthly statistics. The consideration charged for these services by the company are a fixed consideration and in some instances a variable consideration is charged. Revenue is recognised over time. The transaction price allocated to these services are recognised as a receivable once the company satisfies the performance obligations.

Rentals

The company rents out office spaces, beacons/squitters and billboard advertisement to customers and each contract is assessed for probability of the customer paying for the services. The performance obligation includes the availability of space and navigation aids devices. The consideration charged for these services by the company are a fixed consideration and in some instances a variable consideration is charged. Revenue is recognised over time. The transaction price allocated to these services are 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 among others survey and procedure design for routing and safe navigation of aircraft. The aeronautical information services comprise of both dynamic and static data enabling safe navigation of aircraft between the pilot and the air traffic controller.

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

1.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the 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 that are measured in terms of historical cost in a foreign currency are translated using the 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 financial statements are recognised in profit or loss in the period in which they arise.

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

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

1.15 Significant accounting estimates and judgements

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

Estimates

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

Provisions

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

Property, plant and equipment and Intangible assets

Management has made certain estimates with regards to the determination of estimated useful lives and residual values of items of property, plant and equipment and intangible assets. In estimating the useful lives of the assets, management considered the industry standards, the present status of the assets and the expected future benefits associated with the continued use of the assets. Management has made certain estimates with regards to determining the value of R1 assets where their prices of the assets were not readily available on internet or no recent purchases were made of such assets.

1.16 Irregular, fruitless and wasteful expenditure

Fruitless and wasteful expenditure

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

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

1) this Act; or
2) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
3) any provincial legislation providing for procurement procedures in that provincial government. National Treasury Instruction note 1 of 2018/19 which was issued in terms of sections 76(2)(e) to 76(4)(a) of the PFMA requires the following (effective from 1 December 2018):

Public entity listed in Schedules 2 to the PFMA applying International Financial Reporting Standards (IFRS), to incur Irregular Expenditure, the non-compliance must be linked to financial transaction. Although a transaction may trigger irregular expenditure, the public entity will only record irregular expenditure when transaction is recognized as expenditure in the Statement of Financial Performance in accordance with IFRS.

The accounting authority must ensure that only confirmed irregular expenditure is disclosed in the main note to the annual financial statements. Irregular expenditure not confirmed or in the process of determination or investigation must be disclosed in the *sub-note* to the annual financial statements related to irregular expenditure.

All debts incurred from losses emanating from the incurrence of irregular expenditure shall be interest bearing at the uniform interest rate prescribed in terms of section 80(1)(b) of the PFMA and shall be calculated using the simple interest method

Provision is made for the accounting authority to submit requests to the relevant authority to seek condonation of the irregular expenditure. Condonation of irregular expenditure relating to the contravention of other applicable legislation must be forwarded to the National Treasury for attention of the Accountant General. The requests may only be submitted to the relevant authority if the accounting authority confirms that the public entity did not suffer a loss and that value for money was achieved.

2. New or revised Standards or Interpretations

2.1 New Standards adopted as at 1 April 2019

The company has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determination whether an Arrangement contain a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease')

The adoption of this new Standard has resulted in the company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior year periods have not been restated.

The company has elected not to include direct costs in the measurement of the right-of-use asset for operational leases existence at the date of initial application of IFRS 16, being 1 April 2019. At this date, the company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for lease previously accounted for as operating leases with a remaining lease term of less than 12 months and for lease of low-vale assets the company has applied the optional exemptions to not recognise right -of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liability recognised under IFRS 16 was between 8.8% to 13.37% depending on period of the lease term and the type of underlying asset.

The company benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases

The details of reconciliation of the financial statement line item from IAS 17 to IFRS 16 is disclosed on note 13.

2.2 Standards, amendments and Interpretations to existing Standard that are not yet effective and have not been early adopted by the company

Standard and amendments that are not yet effective and have not been early adopted by the company include:

- Conceptual Framework for Financial Reporting
- IAS 37 Provision, Contingent Liabilities and Contingent Assets
- IAS 16 Property, Plant and Equipment
- IAS 1 Presentation of Financial Statements

Management anticipates that all relevant pronouncement will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the company's financial statements.

3. Revenue

	2020	2019
Revenue from contracts with customers		
Revenue	1,673,405,977	1,667,952,744
Disaggregation of revenue from contracts with customers		
Revenue		
Aerodrome, en-route and approach fees	1,462,924,091	1,476,256,740
Small aerodrome	55,026,885	54,849,611
SADC VSAT II	51,729,652	49,285,188
NAFISAT Revenue	51,547,226	38,716,495
Training to third parties	20,800,366	20,211,313
Aeronautical information services	5,595,574	3,017,688
Technical maintenance	13,910,997	13,526,981
Sundry revenue	8,788,378	6,860,260
Extended hours	1,963,037	2,222,724
Rental received - sites	-	1,018,045
Weather services administration	1,119,771	1,987,699
	1,673,405,977	**1,667,952,744**
Timing of revenue recognition		
At a point in time		
Sale of goods	-	30,290
Sundry revenue is mainly from the sales of the company's branded items.		
Over time		
Aerodrome,en-route and approach fees	1,462,924,091	1,476,256,740
Small aerodrome	55,026,885	54,849,611
SADC VSAT II	51,729,652	49,285,188
NAFISAT Revenue	51,547,226	38,716,495
Training to third parties	20,800,366	20,211,313
Aeronautical information services	5,595,574	3,017,688
Technical maintenance	13,910,997	13,526,981
Sundry revenue	8,788,378	6,829,970
Extended hours	1,963,037	2,222,724
Rental received - sites	-	1,018,045
Weather services administration	1,119,771	1,987,699
	1,673,405,977	**1,667,922,454**
Total revenue from contracts with customers	**1,673,405,977**	**1,667,952,744**

Included in sundry revenue is commission received for services rendered on behalf of third parties as well as other aeronautical services offered by the company.

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 wholly or partially unsatisfied at the reporting date are presented below. All unsatisfied performance obligations are expected to be completed within one to four years from date of reporting:

	2020	2019
Transaction price allocated to:		
Aeronautical information services	6,395,752	8,733,636
Training to third parties	8,143,262	10,118,260
	14,539,014	**18,851,896**

4. Other income

	2020	2019
Bad debts recovered	974,468	2,889,275
Compensation from insurance claims	1,621,654	529,277
Sundry income	6,249,424	2,055,571
Discount received	749,172	752,769
	9,594,718	**6,226,892**

- Bad debts recovered relate to income which the company received from previously written off debt which was still pursued in the current financial year.
- Sundry income mainly consists of Transport Education and Training Authority (TETA) discretionary fund for providing internship to unemployed graduates.

5. Other operating losses

	2020	2019
Losses on disposals, scrappings and settlements		
Property, plant and equipment	(13,757,522)	(25,344,397)
Foreign exchange gains		
Net foreign exchange gains	78,450,698	48,450,072
Total other operating gains	**64,693,176**	**23,105,675**

6. Credit loss allowances

	2020	2019
Movement in credit loss allowances		
Trade and other receivables	165,573,708	45,324,164

The credit loss allowance increased significantly during the year under review due to key customers applying for liquidation and/or business rescue. Furthermore, the impact of COVID-19 global pandemic resulted in customers delaying the payment of amounts due to the company increasing the credit risk profile.

7. Staff costs

	2020	2019
Employee costs		
Salaries, wages and other related costs	812,784,580	771,797,944
Incentive Bonus	81,276,346	73,670,324
Rewards and Recognition	3,756,630	5,102,270
Training and development	8,407,244	9,629,035
Early childhood learning benefit	13,762,749	-
Bursar costs	434,128	1,000,288
Recruitment costs	1,688,505	4,002,736
Relocation costs	4,253,456	5,211,901
Pensions costs - defined contribution scheme	82,789,389	76,584,972
Long Service Awards	2,834,649	2,410,000
	1,011,987,676	**949,409,470**

8. Other operating expenses

	2020	2019
Administration expenses	10,462,136	9,702,662
Computer software	30,395,614	22,618,319
Network management fees	18,280,406	11,318,594
Directors fees	8,067,181	7,550,877
IT equipment repairs	7,393,408	5,571,443
Subscriptions	3,618,938	1,618,902
External audit fees	1,618,083	2,647,658
Internal audit	2,453,210	1,248,419
Fees for audit services	2,195,785	1,248,419
Fees for other services	257,425	-
Insurance	10,882,191	10,839,094
Contract services	27,597,367	24,887,512
Marketing expenses	26,467,846	30,822,435
Motor vehicle expenses	2,113,870	2,180,513
Municipal expenses, rates and taxes	22,089,113	16,991,074
Leases of low value assets	3,861,403	-
Short term leases	11,426,866	-
Rental of land and building	-	14,638,040
Straight-line lease payments	-	9,164,856
Rent	-	5,473,184
Equipment rental	-	1,866,821
Professional fees	23,278,822	16,215,707
Repairs and maintenance	65,271,736	73,789,181
Security	8,574,357	6,338,025
Telecommunication expenses	48,974,357	56,371,554
Travel expenses	58,731,679	47,578,482
	391,558,583	**364,795,312**

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

9. Finance income

	2020	2019
Interest income		
Investments in financial assets:		
Bank and other cash	83,596,832	81,024,964
Trade and other receivables	11,250,246	7,190,075
Other financial assets	1,095,830	346,204
Total interest income	**95,942,908**	**88,561,243**

10. Finance costs

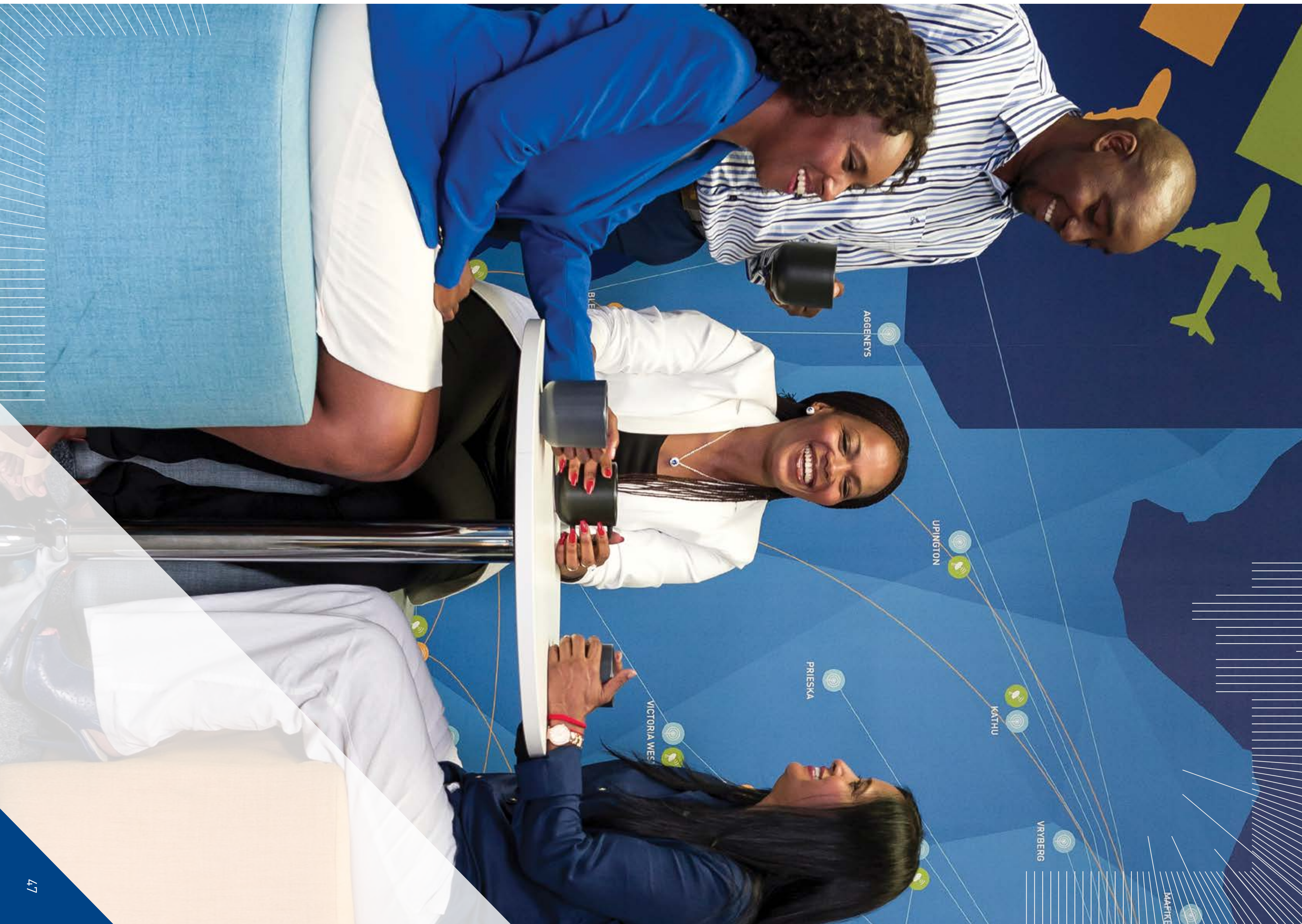
	2020	2019
Right of use assets	9,124,218	959,797
Other Interest paid	168,490	157,983
Total finance costs	**9,292,708**	**1,117,780**

11. Taxation

	2020	2019
Major components of the tax expense		
Current		
Prior year under - provision	-	21,919,932
Current income tax charge	56,962,680	73,289,310
	56,962,680	**95,209,242**
Deferred		
Current year	(27,960,930)	(32,835,188)
Prior year under provision	(1,131,053)	-
Operating leases	(499,048)	-
	(29,591,031)	**(32,835,188)**
	27,371,649	**62,374,054**
Movement on deferred tax		
Property, plant and equipment	(478,965)	(26,427,947)
Prepayments	1,747,472	(489,655)
Right of use assets	25,580,389	-
Lease liability	(27,353,512)	-
Provisions	(47,976,874)	(11,544,189)
Finance lease obligation	(1,234,123)	1,165,930
Deferred income	(403,526)	(617,875)
Operating leases	499,058	(332,423)
Impairment of trade receivables allowance	20,873,296	2,577,859
Section 24C	(348,758)	2,833,112
Section 7B – Variable remuneration	(495,488)	-
	(29,591,031)	**(32,835,188)**
Effective tax rate		
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	28.00%	28.00%
Impairment expenses	1.63%	-%
Operating leases	(0.53)%	-%
Lower foreign tax rates	-%	8.70%
Disallowable charges	-%	(11.90)%
Fruitless and wasteful expenditures	0.05%	-%
Depreciation on buildings	0.96%	-%
Prior year deferred tax overprovision	(1.19)%	-%
	28.92%	**24.80%**

12. Property, plant and equipment

	2020			2019		
	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	CARRYING VALUE
Land	12,891,088	-	12,891,088	13,060,088	-	13,060,088
Buildings	230,585,643	(82,492,523)	148,093,120	224,906,003	(76,670,982)	148,235,021
Communication equipment	302,904,384	(101,963,785)	200,940,599	302,372,650	(79,682,081)	222,690,569
Office furniture and equipment	28,776,892	(16,201,046)	12,575,846	31,754,064	(19,840,006)	11,914,058
Motor vehicles	1,027,159	(855,735)	171,424	15,905,969	(6,543,796)	9,362,173
Electrical and mechanical equipment	119,585,854	(62,825,403)	56,760,451	82,094,770	(47,333,563)	34,761,207
Computer equipment	229,889,184	(151,248,908)	78,640,276	194,638,604	(106,059,070)	88,579,534
Navigation aids	93,743,091	(71,779,203)	21,963,888	97,491,580	(70,819,609)	26,671,971
Tools and test equipment	11,473,553	(4,017,172)	7,456,381	12,111,901	(2,557,144)	9,554,757
Infrastructure	3,290,558	(1,314,246)	1,976,312	3,290,558	(1,053,329)	2,237,229
ATC display system	196,982,386	(80,819,222)	116,163,164	206,743,513	(67,206,563)	139,536,950
Simulator equipment	20,031,291	(13,630,628)	6,400,663	28,458,366	(17,734,151)	10,724,215
Radar equipment	537,332,284	(237,399,446)	299,932,838	549,984,139	(208,281,250)	341,702,889
Leasehold improvements	89,426,295	(57,561,919)	31,864,376	86,584,755	(60,719,321)	25,865,434
Total	**1,877,939,662**	**(882,109,236)**	**995,830,426**	**1,849,396,960**	**(764,500,865)**	**1,084,896,095**



Reconciliation of property, plant and equipment - 2020

	OPENING BALANCE	ADDITIONS	PROJECTS CAPITALISED	RECLASSIFICATION BETWEEN CLASSES	RECLASSIFICATION TO RIGHT OF USE ASSETS	DEPRECIATION	IMPAIRMENT LOSS	WRITE OFF	TOTAL
Land	13,060,088	-	-	-	-	-	-	(169,000)	12,891,088
Buildings	148,235,021	-	6,163,267	(473,159)	-	(5,831,985)	-	(24)	148,093,120
Leasehold improvements	25,865,434	724,498	13,661,115	(2,424,266)	-	(5,911,527)	(12,488)	(38,390)	31,864,376
Communication equipment	222,690,569	-	7,658,912	(3,158,800)	-	(21,954,022)	(3,187,749)	(1,108,311)	200,940,599
Office furniture and equipment	11,914,058	1,664,491	774,938	1,340,165	-	(2,800,053)	(53,083)	(264,670)	12,575,846
Motor vehicles	9,362,173	39,801	-	-	(9,173,737)	(56,813)	-	-	171,424
Electrical and mechanical equipment	34,761,207	2,055,103	23,069,866	5,974,819	-	(7,023,929)	(1,186,517)	(890,098)	56,760,451
Computer equipment	88,579,534	4,034,354	40,794	16,885,690	-	(27,128,757)	(2,517,804)	(1,253,535)	78,640,276
Navigation aids	26,671,971	-	944,036	(2,519,523)	-	(2,332,482)	(482,702)	(317,412)	21,963,888
Tools and test equipment	9,554,757	237,089	5,662	(903,882)	-	(669,810)	(47,512)	(719,923)	7,456,381
Infrastructure	2,237,229	-	-	-	-	(260,917)	-	-	1,976,312
ATC display system	139,536,950	26,776	3,371,432	(7,778,410)	-	(12,946,483)	(4,808,233)	(1,238,868)	116,163,164
Simulator equipment	10,724,215	-	-	(1,246,184)	-	(1,695,102)	(73,031)	(1,309,235)	6,400,663
Radar equipment	341,702,889	-	6,654,715	(5,696,450)	-	(40,992,046)	(901,403)	(834,867)	299,932,838
	1,084,896,095	**8,782,112**	**62,344,737**	**-**	**(9,173,737)**	**(129,603,926)**	**(13,270,522)**	**(8,144,333)**	**995,830,426**

Reconciliation of property, plant and equipment - 2019

	OPENING BALANCE	ADDITIONS	DISPOSALS	IMPAIRMENT REVERSAL	DEPRECIATION	IMPAIRMENT LOSS	WRITE OFF	TOTAL
Land	13,431,805	-	-	-	-	(258,737)	(112,980)	13,060,088
Buildings	143,524,965	11,045,269	(1,102,738)	814,411	(6,046,886)	-	-	148,235,021
Leasehold improvements	16,781,075	15,538,487	-	-	(6,454,128)	-	-	25,865,434
Communication equipment	218,074,943	35,234,372	(7,509,535)	-	(22,154,812)	(954,399)	-	222,690,569
Office furniture and equipment	15,429,437	1,749,615	(163,903)	-	(4,908,530)	(192,561)	-	11,914,058
Motor vehicles	12,543,170	-	-	-	(3,180,997)	-	-	9,362,173
Electrical and mechanical equipment	32,843,283	11,518,750	(300,364)	-	(7,746,387)	(292,574)	(1,261,501)	34,761,207
Computer equipment	108,051,732	18,016,906	(1,686,165)	-	(34,741,006)	(1,061,933)	-	88,579,534
Navigation aids	33,693,901	637,395	(23,589)	-	(6,633,021)	(365,319)	(637,396)	26,671,971
Tools and test equipment	9,327,563	2,039,434	(780,824)	-	(715,452)	(315,964)	-	9,554,757
Infrastructure	-	3,290,557	-	-	(1,053,328)	-	-	2,237,229
ATC display system	83,539,911	75,272,757	(1,246,686)	-	(17,349,680)	(679,352)	-	139,536,950
Simulator equipment	13,080,187	1,873,471	(520,234)	-	(3,709,209)	-	-	10,724,215
Radar equipment	254,402,333	133,884,618	(7,023,376)	-	(39,354,946)	(205,740)	-	341,702,889
	954,724,305	**310,101,631**	**(20,357,414)**	**814,411**	**(154,048,382)**	**(4,326,579)**	**(2,011,877)**	**1,084,896,095**

Property, plant and equipment encumbered as security

During the year under review, the company had no assets pledged as security. In addition, there are no assets whose title was restricted.

	2020	2019
Carrying amounts of leased assets		
Motor vehicles	-	9,009,374
IT equipment	-	39,400
	-	**9,048,774**

Effective from 01 April 2019 the leased motor vehicles were classified to right of use assets under note 13.

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.

During the year under review there were no existence of restrictions on titles as well as property, plant and equipment pledged as security.

13. Leases (company as lessee)

The company entered into a three-year lease agreement for the supply and delivery of printers. The lease payments include no escalation and are payable monthly in advance. The contract expires at the end of December 2022.

The company leases several motor vehicles, the average lease term was five years and this equal to the useful lives of the motor vehicles.

The company leases several portions of land on which they install, house and operate equipment necessary for executing its mandate. The lease terms for these portions of land range between 19 months and 14 years. The annual escalations range between 0% and 15% for those leases which include a fixed escalation. The lease agreements with variable escalations are linked to the consumer price index.

ATNS and ACSA entered into a lease agreement whereby ATNS leases various land and buildings from ACSA at a nominal rate of R1,00 per year. Per the agreement, it will be binding and effective for such a time as the state remains the controlling shareholder for both parties.

The company leases several communication facilities and radio sites necessary for executing its mandate. The lease terms for these assets range between nineteen months and five years. The annual escalations are 10% for those leases which 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, the average term is 10 years, instalments are payable monthly in advance and escalate annually at 7.50%

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 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 of the underlying assets and the significant leasehold improvements undertaken. Consequently the company has included all the options to extend in 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:

The company adopted IFRS 16 for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS 17 and accordingly, any assets recognised under finance leases in accordance with IAS 17 for the comparative have been recognised as part of property, plant and equipment. The information presented in this note for right-of-use assets therefore only includes the current period.

	2020	2019
Carrying amounts of right-of-use assets		
The carrying amounts of right-of-use assets are included in the following line items:		
Buildings	65,638,551	-
Infrastructure	1,284,683	-
Office equipment	2,779,938	-
Motor vehicles	6,137,665	-
Navigational Aids	7,867,339	-
Radar Sensors	1,874,745	-
Communication equipment	5,775,613	-
	91,358,534	**-**
Additions to right-of-use assets		
Buildings	73,999,542	-
Infrastructure	1,857,573	-
Office equipment	3,792,798	-
Motor vehicles	9,148,186	-
Navigational Aids	8,751,748	-
Radar Sensors	2,103,164	-
Communication equipment	8,281,614	-
	107,934,625	**-**

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 and shown separate in profit or loss.

	2020	2019
Buildings	8,360,991	-
Infrastructure	572,890	-
Furniture and fixtures	1,012,860	-
Motor vehicles	3,010,521	-
Navigational Aids	884,408	-
Radar Sensors	228,419	-
Communication equipment	2,506,002	-
	16,576,091	**-**
Other disclosures		
Interest expense on lease liabilities	9,124,218	959,797
Expenses on short term leases included in operating expenses	11,426,866	-
Leases of low value assets included in operating expenses	3,861,403	-

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2020	2019
Within one year	21,953,223	4,673,829
Two to five years	82,249,626	4,719,152
More than five years	37,665,956	-
	141,868,805	9,392,981
Less finance charges component	(44,177,692)	(1,045,894)
	97,691,113	**8,347,087**
Non-current liabilities	84,844,704	4,430,849
Current liabilities	12,846,409	3,916,238
	97,691,113	**8,347,087**

Comparative information for lease liabilities under IAS 17

The information presented for lease liabilities for the comparative period has been prepared on the basis of IAS 17, and therefore only represents the liability as at that date for finance leases and not for operating leases. In addition to the information presented in the table above, IAS 17 required an entity to present a reconciliation of the present value of lease payments for finance leases. This information is presented in the table which follows:

	2020	2019
Present value of minimum lease payments due		
- within 1 year	-	4,673,829
- in second to fifth year inclusive	-	4,719,152
Less: finance charges	-	(1,045,894)
		8,347,087

Initial adoption of IFRS 16 Leases

The company has adopted IFRS 16 Leases for the financial year starting on 1 April 2019. The company has applied IFRS 16 in accordance with the transitional provisions set out in the Standards and therefore cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 April 2019.

The company determined if an agreement contains a lease in terms of IAS 17 and IFRIC 14. On the transition of IFRS 16 the company elected to apply the practical expedient to not reassess if an existing agreement on 1 April 2019 contains a lease. Therefore agreements that did not contain leases in terms of IAS 17 and IFRIC 14 were not reassessed. The company did assess if agreements contain a lease in terms of IFRS 16 for all agreements entered into from 1 April 2019.

Lessee

The company previously classified leases as either operating leases or finance leases depending on the assessment if significant risk and rewards incidental to ownership has been transferred to the company. Under IFRS 16 the company recognise, for most leases, a right-of-use asset and a lease liability which is recognised in the statement of financial position.

The company did elect to apply the practical expedient to short-term leases and low-value assets.

Leases previously classified as operating leases under IAS 17.

The company recognised lease liabilities at initial application for leases previously classified as an operating lease applying IAS 17. The company measured the lease liability at the present value of the remaining lease payments, discounted using the company's incremental borrowing rate at the date of initial application.

The company recognised a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17. The company elected to measure the right-of-use assets as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The company used the following practical expedients

- It applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- It relied on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review. The company adjusted the right-of-use asset at the date of initial application by the amount of the provision for onerous leases recognised in the statement of financial position immediately before the date of initial application.
- The company excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.
- On low- value assets and short term leases.

Leases previously classified as finance leases under IAS17.

For leases that were classified as finance leases applying IAS 17, the carrying amount of the right- of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17. For those leases, the company accounts for the right-of-use asset and the lease liability applying this Standard from the date of initial application

For leases that were classified as finance leases applying IAS 17, the carrying amount of the right -of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17. For those leases, the company accounts for the right-of-use asset and the lease liability applying this Standard from the date of initial application.

Impact on the financial statements

On transition to IFRS 16, the entity accounted for additional right-of-use assets and lease liabilities as below, and with the difference being accounted for in retained earnings.

	2020
Transition to IFRS 16	
Operating lease commitments – discounted using incremental borrowing rate at 1 April 2019	34,023,557
Operating lease commitments not disclosed – discounted using incremental borrowing rate at 1 April 2019	11,670,079
Finance lease liabilities at 31 March 2019	8,347,087
Impact of the change interest and discounting over the option period to extend lease	42,888,337
Lease liability recognised at 1 April 2019	**96,929,060**

Future cash outflows not reflected in lease liabilities

Exposure to liquidity risk

Refer to note 32 Financial instruments and risk management for the details of liquidity risk exposure and management.

Lease payments not recognised as a liability

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 lease of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expenses relating to payments not included in the measurement of the lease liability is as follows:

	2020	2019
31 March 2020		
Short-term leases	11,426,866	-
Leases of low value assets	3,861,403	-
	15,288,269	**-**

Total cash outflow for leases for the year ended 31 March 2020 was R17, 627,739 (2019: R4,475,018)

At 31 March 2020 the company was committed to short-term leases and the total commitments at that date was R1,676,485.53

14. Intangible assets

	2020			2019		
	COST	ACCUMULATED AMORTISATION	CARRYING VALUE	COST	ACCUMULATED AMORTISATION	CARRYING VALUE
Computer software	202,475,022	(118,416,356)	84,058,666	202,475,022	(107,312,558)	95,162,464

Reconciliation of intangible assets - 2020

	OPENING BALANCE	AMORTISATION	CLOSING BALANCE
Computer software	95,162,464	(11,103,798)	84,058,666

Reconciliation of intangible assets - 2019

	OPENING BALANCE	ADDITIONS	DISPOSALS	AMORTISATION	CLOSING BALANCE
Computer software	107,533,382	7,418,301	(3,626,560)	(16,162,659)	95,162,464

Pledge as security

During the year under review the entity had no intangible asset pledged as security also there were no intangible assets whose title was restricted.

Research & Development

	2020	2019
Research and development expenditure expensed during the year	798,013	107,453

15. Capital work in progress

	2020	2019
Opening carrying value	318,900,521	408,383,966
Additions	136,924,068	255,102,500
Adjustments	(24,936,770)	(54,288,919)
Write off	(5,337,116)	-
Project support activities	3,520,945	-
Transferred to property, plant, equipment and intangible	(63,266,045)	(290,297,026)
Closing carrying value	**365,805,603**	**318,900,521**
The balance consist of the following categories of Property, plant and equipment and intangible assets		
Radar equipment	41,910,664	33,536,367
Communication equipment	109,001,877	78,670,764
Navigation aids	60,663,109	55,187,856
Simulator	-	1,193,697
Leasehold improvements	23,402,361	-
Electrical and mechanical equipment	8,564,094	17,924,320
Software	14,519,446	4,333,340
ATC display system	-	9,783,905
Buildings	82,338,009	89,508,512
Computer equipment	3,959,113	3,554,837
Other	21,446,930	25,206,923
	365,805,603	**318,900,521**

1) Other is mainly made up of general assets, WIP accruals and consultants services.

16. Prepayments

	2020	2019
Non-current prepayments	84,386	345,279

Included in long term prepayments are maintenance, licenses, and other operating expenses paid in advance.

The company expects to receive credits for the related expenditure in the 2023-2024 financial year.

	2020	2019
Current prepayments	16,375,359	16,357,362

Included in prepayments, are rental expenses and other operating expenses paid in advance. The Company expects to receive credits for the related expenditure in the 2020/21 financial year.

The carrying value of prepayments approximates their fair values.

17. Trade and other receivables

	2020	2019
Financial instruments:		
Trade receivables	368,654,781	254,030,395
Less: Allowance for expected credit loss	(226,178,289)	(63,695,467)
Trade receivables - net	142,476,492	190,334,928
Other receivable	7,739,519	9,178,183
Total trade and other receivables	**150,216,011**	**199,513,111**

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

	2020	2019
Categorisation of trade and other receivables		
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:		
At amortised cost	**150,216,011**	**199,513,111**

Trade and other receivables pledged as security

During the year under review there were no trade and other receivables pledged as security for the overdraft facilities.

Exposure to credit risk

The aviation industry is essential to the viability of the South African socio-economic development, during the year under review the industry was faced with many challenges such as key airlines going under business rescue or being liquidated. Towards the latter part of the year under review the impact of COVID-19 global pandemic also exacerbated the already struggling industry. The impact of COVID-19 has lead to the National Government of South Africa placing a ban on air travel for both domestic and international travel with the exception of cargo.

These events impacted the company's cash flow negatively resulting in significant increased credit risk. When evaluating the credit risk the company considered deposits of R11.3 million (2019: R5.8 million) held on behalf of customers, as well as bank guarantees of R122 million (2019: R111 million) from customers in the name of the company. The deposits are included in cash and cash equivalents (note 21) as unrestricted cash, with the related liability included in other payables (note 24). 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. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. 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, history experience of past default debtors and also incorporates forward looking information as results of the COVID-19 global pandemic.

The company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due. The following indicators are used:

- Forward looking expected credit loss (ECL) model.
- The company analysed the payment patterns for the past 12 months.
- The company analysed the total amount of sales that were made during the past 12 months.
- The cash flow forecast for the month of April 2020 was considered.
- A broader range of information was considered – historic and current information such as the following indicators:
  - withholding of services (grounding);
  - business rescue proceedings;
  - liquidity factors;
  - extended payment terms granted to the customer;
  - defaults on extended payment terms; and
  - final notice to withhold services sent to the customer.

The expected credit loss rate is representative of the company's credit loss for the year under review. The following is in place to address credit risk;

- ATNS Credit Policy guides the treatment of defaulting debtors;
- Regular credit evaluations are performed on the financial position of defaulting customers; and
- Security deposits and bank guarantees for top clients and new operators.

The loss allowance provision is determined as follows:

The ageing of trade receivables at the reporting date was:

	2020			2019		
	ESTIMATED GROSS CARRYING AMOUNT AT DEFAULT	IMPAIRED	PROVISION MATRIX	ESTIMATED GROSS CARRYING AMOUNT AT DEFAULT	IMPAIRED	PROVISION MATRIX
Not past due:	125,367,582	33,085,035	26%	171,375,569	9,182,391	5%
Past due by 30 days:	114,281,379	64,943,931	57%	26,307,480	4,421,948	17%
Past due by 31 to 60 days:	25,468,293	24,581,740	97%	10,353,759	4,097,541	40%
Past due by more than 60 days:	10,591,510	10,557,915	100%	8,667,752	8,667,752	100%
91 - 120 days past due:	93,230,675	93,009,668	100%	37,325,835	37,325,835	100%
Total	**368,939,439**	**226,178,289**		**254,030,395**	**63,695,467**	

Reconciliation of loss allowances

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

	2020	2019
Opening balance	(63,695,467)	(32,410,169)
Credit loss allowance	(165,573,708)	(45,324,164)
Bad debts write off	3,090,886	14,038,866
Closing balance	**(226,178,289)**	**(63,695,467)**

Exposure to currency risk

Refer to note 32 for details of currency risk management for trade receivables.

Fair value

The carrying value of trade and other receivables approximates their fair values. Refer to note 31 for related party information

18. Loans and receivables

	2020	2019
Risk financing insurance policy		
The insurance policy is not cell captive asset	20,108,347	16,652,588
Current assets		
Loans and receivables	20,108,347	16,652,588

Nature of the policy

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

Collateral held

The instruments are unsecured and therefore no collateral is held.

Pledged as security

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

19. Tax paid

	2020	2019
Balance at beginning of the year	26,831,534	24,571,271
Current tax for the year recognised in profit or loss	(56,962,680)	(95,209,242)
Balance at end of the year	(10,866,557)	(26,831,534)
	(40,997,703)	**(97,469,505)**

20. Cash and cash equivalents

	2020	2019
Cash and cash equivalents consist of:		
Bank balances - US Dollar denominated	388,912,196	313,249,585
Bank balances	77,840,442	56,714,678
Short-term deposits	1,134,892,593	1,150,456,026
Other cash and cash equivalents	141,724	75,706
	1,601,786,955	**1,520,495,995**

Pledged as security

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

Exposure to currency risk

Refer to note 32 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

21. Share capital

	2020	2019
Authorised		
500 million Ordinary shares	500,000,000	500,000,000
Issued		
190 646 000 Ordinary shares	190,646,000	190,646,000
Reconciliation of number of shares issued:	**NUMBER OF ORDINARY SHARES**	**RAND VALUE OF SHARES**
Reported as at 1 April 2017	190,646,000	190,646,000
New issue	-	-
Outstanding shares at 31 March 2018	190,646,000	190,646,000
New issue	-	-
Outstanding shares at 31 March 2019	190,646,000	190,646,000
New issue	-	-
Outstanding shares at 31 March 2020	**190,646,000**	**190,646,000**

22. Deferred tax

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

	2020	2019
At beginning of the year	(58,728,392)	(91,563,580)
Recognised in statement of profit and loss and other comprehensive income	29,591,041	32,835,188
Total deferred tax liability closing balance	**(29,137,351)**	**(58,728,392)**
Deferred income tax liability relates to the following:		
Property, plant and equipment	(102,064,986)	(102,543,951)
Right of use assets	(25,580,389)	-
Lease liability	27,353,512	(1,234,123)
Provisions	97,925,911	49,949,036
Loss allowance on trade receivables	(25,331,968)	(4,458,683)
Operating lease	-	499,058
24C Allowance	(17,089,154)	(17,437,913)
Income received in advance	18,237,328	17,833,804
Prepayments	(3,083,093)	(1,335,620)
Section 7B - Variable remuneration	495,488	-
	(29,137,351)	**(58,728,392)**

23. Trade and other payables

	2020	2019
Financial instruments:		
Trade payables	47,548,692	90,968,507
Accrued expenses	48,575,079	74,908,689
Leave pay accrual	39,538,166	35,527,016
Other payables	74,904,281	69,302,288
Non-financial instruments:		
VAT payable	2,480,541	4,402,067
	213,046,759	**275,108,567**

Fair value of trade and other payables

All trade and other payables are due within 30 days.

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

The company breached on municipal rates and charged with late payment interest and the details are disclosed under note 10

The carrying values of trade payables and short-term bank overdrafts are considered to be a reasonable approximation of fair value.

Refer to note 30 for related party information.

Exposure to currency risk

Refer to note 32 Financial instruments and financial risk management for details of currency risk management for trade payables.

24. Commitments

Authorised capital & operational expenditure

	2020	2019
Already contracted for but not provided for		
- Property, plant and equipment	549,844,375	373,150,142
- Operational expenditure	132,625,252	221,283,650
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	-	9,910,973
- in second to fifth year inclusive	-	30,459,662
- later than five years	-	777,794
	-	**41,148,429**
Opening balance	-	595,125
Current year adjustment	-	1,187,226
	-	**1,782,351**

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

For the year under review, operating leases were accounted for in line with IFRS 16.

25. Contract liabilities

	2020	2019
Summary of contract liabilities		
Training to third parties	8,143,262	10,118,260
Reconciliation of contract liabilities		
Opening balance	10,118,260	-
Revenue recognised on delivery of services previously paid for	(13,827,403)	-
Payments received in advance of delivery of performance obligations	12,845,301	10,118,260
Other movements	(992,896)	-
Closing balance	**8,143,262**	**10,118,260**
Split between non-current and current portions		
Current liabilities	**8,143,262**	**10,118,260**

A contract liability arises in respect of payments received from customers in advance before the company could satisfy the performance obligations. A contract liability is recognised for revenue relating to third party training at the time of the start of the training course.

26. Provisions

	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	OVER/ (UNDER) UTILISED	TOTAL
Reconciliation of provisions - 2020					
Performance bonus	77,380,000	81,500,000	(77,156,346)	(223,654)	81,500,000
Capital expenditure projects	17,846,371	3,136,162	(13,500,362)	-	7,482,171
Provision for credit notes	-	565,798	-	-	565,798
	95,226,371	**85,201,960**	**(90,656,708)**	**(223,654)**	**89,547,969**
Reconciliation of provisions - 2019					
Performance bonus	73,398,504	77,380,000	(69,688,828)	(3,709,676)	77,380,000
Capital expenditure projects	27,982,804	17,265,326	(27,401,759)	-	17,846,371
	101,381,308	**94,645,326**	**(97,090,587)**	**(3,709,676)**	**95,226,371**

a) Performance bonus

The performance bonus provision is calculated based on the performance of the company as well as the individual performance ratings for the financial year ended 31 March 2020.

b) Capital expenditure projects

Capital expenditure projects relates 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.

27. Cash generated from operations

	2020	2019
Profit before taxation	94,669,767	250,662,208
Adjustments for:		
Depreciation and amortisation	157,283,811	170,211,038
Losses on disposals and scrappings of assets	13,757,522	25,344,397
Net foreign exchange difference	(78,450,698)	(48,450,072)
Interest income	(95,942,908)	(88,561,243)
Finance costs	9,292,708	1,117,780
Movements in credit loss allowances	-	5,541,264
Movements in operating lease assets and accruals	-	1,187,226
Movements in provisions	(5,678,399)	(29,026,236)
Impairment loss	13,270,522	4,326,579
Work in progress accruals	24,936,760	54,288,919
Changes of loans receivables	(3,455,759)	(2,496,804)
Impairment reversal	-	(814,411)
Increase in prepayments	(17,997)	(5,754,424)
Changes in working capital:		
Decrease in Trade and other receivables	49,297,100	43,236,358
Increase/ (Decrease) trade and other payables	(62,061,809)	4,513,432
Contract liabilities	(1,974,998)	10,118,260
	114,925,622	**395,444,271**

The entity currently does not have a borrowing facility for future operating activities.

28. Guarantees and contingent liabilities

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

The Company has guarantee that it would pay to the suppliers an amount of R2 million (2019: R9 million).

29. 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 3 years.

The ATNS retirement fund was established on 1 April 1994. The fund has been exempted from valuation with effect from 10 April 2012 and will from that date be subjected to quarterly assessments. The Fund applied for valuation exemption with effect from 31 January 2018 up to 31 January 2021 and the Registrar approved the application on 09 April 2019.

The latest actuarial assessment of the ATNS Retirement Fund was at 31January 2014. At that time, the ATNS retirement fund was certified by the reporting actuaries to be in a sound financial position. The company contributions to the ATNS Retirement Fund amounted to R83 million (2019: R77 million).

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

30. Related parties

Relationships

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

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

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

	2020	2019
Year end balances arising from related party activity		
Amounts included in Trade receivable regarding related parties		
Airports Company of South Africa	2,709,300	8,705,848
South African Airways	52,224,128	25,015,863
South African Express	69,891,944	39,630,311
Tulca (Pty) Ltd Mango Airlines	44,709,493	17,593,846
City of Tshwane	1,056,702	1,014,717
North West Province	3,034,978	3,307,831
Msunduzi Municipality	1,150,308	2,076,991
Ethekwini Municipality	2,373,056	951,423
Gateway Airports Authority Limited	1,949,483	961,358
Department of Roads & Transport - Eastern Cape	2,520,620	1,190,430
Other	817,765	1,745,041
Amounts included in Trade payables regarding related parties		
Airports Company of South Africa	2,193,404	1,312,482
Eskom Holdings (SOC) Ltd	598,031	577,076
South African Civil Aviation Authority	39,530	44,980
South African Revenue Services	4,573,276	7,291,519
Telkom SA (SOC) Ltd	2,279,958	2,267,160
Department of Transport	52,160,000	52,160,000
Other	4,576	-

30. Related parties continued

	2020	2019
Related party transactions		
Revenue of services to related parties		
Airports Company of South Africa	16,278,999	16,066,731
North West Province	10,633,812	10,013,006
South African Civil Aviation Authority	4,480,749	4,809,380
South African Air Force Capital	865,549	2,083,354
South African Airways	256,031,767	278,018,561
South African Express	42,832,937	40,287,579
Tulca (Pty) Ltd Mango Airlines	191,770,364	201,846,685
South African Weather Services	1,386,473	2,289,182
City Council of Tshwane	12,176,605	11,651,553
Department of Roads and Transport - Eastern Cape	5,291,918	5,106,670
Gateway Airports Authority Limited	5,842,828	5,598,815
Msunduzi Municipality	3,923,412	4,245,850
Ethekwini Municipality	3,794,854	3,794,861
Other	554,170	396,154
Purchases from related parties		
Airports Company of South Africa	19,369,226	13,158,498
Eskom Holdings (SOC) Ltd	11,889,231	7,692,648
South African Civil Aviation Authority	10,068,167	14,241,072
South African Revenue Services	211,109,162	255,113,937
Telkom SA (SOC) Ltd	29,651,119	27,113,540
Sentech (SOC) Ltd	2,570,454	2,573,403
Other	2,606,715	1,955,400

31. Directors' and prescribed officer's emoluments

All non-executive directors are South Africans.

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

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

Executives – 2020

	EMOLUMENTS	INCENTIVE BONUS	OTHER EMOLUMENTS	TOTAL
T. Kgokolo*	4,693,517	539,750	-	5,233,267
D.H. Sangweni	2,581,374	427,103	-	3,008,477
S. Malinga	3,252,971	565,900	-	3,818,871
J.M. Moholola**	2,596,144	367,278	-	2,963,422
L. Mahamba	2,034,265	402,468	-	2,436,733
L. Mngomezulu: (Appointed: 01 January 2020)	447,194	-	-	447,194
P.T. Mdebuka	2,128,585	356,522	-	2,485,107
H.J. Marais	2,322,604	365,044	-	2,687,648
T.V. Ndou	2,322,120	481,859	-	2,803,979
H.V. Sebona (Appointed: 08 January 2020)***	658,777	-	339,202	997,979
L. Ngcwabe	2,003,663	-	-	2,003,663
T. Myeza	2,786,059	544,668	-	3,330,727
J. Matshoba	2,453,983	384,263	-	2,838,246
M.M. Maqashelana	2,018,599	298,117	-	2,316,716
Z.P.M. Boshielo (Resigned: 20 May 2019)	571,559	-	-	571,559
S. Mngomezulu (Resigned: 18 April 2019)	672,338	-	-	672,338
C.J. Thomas (Resigned: 31 August 2019)	957,508	184,553	-	1,142,061
	34,501,260	**4,930,061**	**339,202**	**39,757,987**

* T. Kgokolo's term of office ended 31 March 2020 as the interim Chief Executive Officer.
** J.M. Moholola was appointed as the Chief Financial Officer on the 1 August 2019.
*** H.V Sebona received a sign-on bonus during the year under review.

Executives – 2019

	EMOLUMENTS	INCENTIVE BONUS	TOTAL
T. Kgokolo	2,185,119	-	2,185,119
T. Mthiyane (Term of office expired on: 30 September 2018)	2,347,966	-	2,347,966
S. Malinga	2,975,460	-	2,975,460
S. Mngomezulu	2,177,374	-	2,177,374
W. Ndlovu (Resigned: 28 May 2018)	827,707	-	827,707
T.V. Ndou	2,231,342	-	2,231,342
D.H. Sangweni	2,519,541	-	2,519,541
D.P. Majozi (Resigned: 28 February 2019)	1,723,837	-	1,723,837
T. Myeza	2,554,390	-	2,554,390
P. Boshielo	2,031,589	-	2,031,589
J. Matshoba	2,270,977	-	2,270,977
M. Maqashelana	944,841	201,414	1,146,255
C.J. Thomas	973,952	-	973,952
L. Ngcwabe	328,287	-	328,287
L. Mahamba	2,013,163	-	2,013,163
P.T. Mdebuka	1,880,292	237,715	2,118,007
H.J. Marais	2,183,972	-	2,183,972
	32,169,809	**439,129**	**32,608,938**

Non-executive directors – 2020

	DIRECTORS' FEES	TOTAL
S. Thobela	1,385,789	1,385,789
S. Badat	942,683	942,683
K.N. Vundla	775,035	775,035
K.S. Boqwana	994,691	994,691
Z.G. Myeza	805,139	805,139
N.L.J. Ngema	899,423	899,423
N. Kubheka	749,359	749,359
C.R. Burger	750,685	750,685
J.C. Trembath	764,377	764,377
	8,067,181	**8,067,181**

Non-executive directors – 2019

	DIRECTORS' FEES	TOTAL
S. Thobela	1,126,558	1,126,558
S. Badat	1,014,144	1,014,144
K.N. Vundla	693,078	693,078
K.S. Boqwana	1,072,846	1,072,846
Z.G. Myeza	971,436	971,436
N.L.J. Ngema	935,449	935,449
M. Khubeka	410,911	410,911
C.R. Burger	27,722	27,722
J.C. Trembath	27,722	27,722
D.G. Mwanza (Retired: 31 August 2018)	480,060	480,060
E.M. Mphahlele (Resigned: 08 August 2018)	403,521	403,521
T. Kgokolo	412,371	412,371
	7,575,818	**7,575,818**

Prescribed officers – 2020

	EMOLUMENTS	INCENTIVE BONUS	TOTAL
J.M. Manyakoana	2,074,817	303,455	2,378,272
S.W. Nkabinde	1,772,067	157,522	1,929,589
C.H. Gersbach	1,728,729	216,997	1,945,726
R. Madlala	1,862,929	337,708	2,200,637
H. Reid	2,019,342	287,678	2,307,020
K. Sebopa	1,521,991	173,946	1,695,937
N. Phakathi	1,632,075	243,799	1,875,874
L.T. Ndelu	1,204,185	138,081	1,342,266
V.L. Mofolo	1,297,876	-	1,297,876
	15,114,011	**1,859,186**	**16,973,197**

Prescribed officers – 2019

	EMOLUMENTS	INCENTIVE BONUS	TOTAL
J.M. Manyakoana	1,847,707	314,648	2,162,355
S.W. Nkabinde	1,539,570	159,133	1,698,703
C.H. Gersbach	1,603,068	220,242	1,823,310
R. Madlala	1,794,583	260,496	2,055,079
H. Reid	1,939,001	343,733	2,282,734
K. Sebopa	1,421,304	177,570	1,598,874
J.M. Moholola	1,867,607	303,573	2,171,180
V.L. Mofolo	558,854	-	558,854
L.T. Ndelu	1,109,487	117,542	1,227,029
N. Phakathi	1,392,479	197,956	1,590,435
	15,073,660	**2,094,893**	**17,168,553**

32. Financial instruments and risk management

Categories of financial instruments

	AMORTISED COST	TOTAL
2020		
Trade and other receivables	150,216,011	150,216,011
Cash and cash equivalents	1,601,786,955	1,601,786,955
	1,752,002,966	**1,752,002,966**
2019		
Trade and other receivables	199,513,111	199,513,111
Cash and cash equivalents	1,520,495,995	1,520,495,995
	1,720,009,106	**1,720,009,106**

Categories of financial liabilities

	AMORTISED COST	LEASES	TOTAL
2020			
Trade and other payables	213,046,759	-	213,046,759
Lease liabilities	-	141,868,805	141,868,805
	213,046,759	**141,868,805**	**354,915,564**
2019			
Trade and other payables	275,108,567	-	275,108,567
Lease liabilities	-	8,347,087	8,347,087
	275,108,567	**8,347,087**	**283,455,654**

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's audit and risk committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the 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 loans receivable, trade and other receivables, cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient guarantees and security deposits are also obtained when necessary for those clients whose billing exceed R100,000. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

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

Credit loss allowances for expected credit losses are recognised for all trade receivables were there are potential defaults.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus, the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses.

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

	GROSS CARRYING AMOUNT	CREDIT LOSS ALLOWANCE	AMORTISED COST
2020			
Trade and other receivables	376,394,300	(226,178,289)	150,216,011
Cash and cash equivalents	1,601,786,955	-	1,601,786,955
	1,978,181,255	**(226,178,289)**	**1,752,002,966**
2019			
Trade and other receivables	263,208,578	(63,695,467)	199,513,111
Cash and cash equivalents	1,520,495,995	-	1,520,495,995
	1,783,704,573	**(63,695,467)**	**1,720,009,106**

Amounts are presented at amortised cost. The fair value is equal to the gross carrying amount.

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 cash generated from operations.

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

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

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. The cash flows are undiscounted contractual amounts.

	CARRYING AMOUNT
2020	
Non-current liabilities	
Lease liabilities	84,844,704
Current liabilities	
Trade and other payables	213,331,417
Lease liabilities	12,846,409
	311,022,530
2019	
Non-current liabilities	
Lease liabilities	4,430,849
Current liabilities	
Trade and other payables	275,108,567
Lease liabilities	3,916,238
	283,455,654

Financial risk factors

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

Market risk - Foreign exchange risk

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

	2020	2019
US Dollar exposure:		
Current assets:		
Trade and other receivables	20,143,003	16,336,097
Cash and cash equivalents	388,912,196	313,249,585
Loans and receivables	16,410,167	13,135,107
Current liabilities:		
Trade and other payables	(4,600,325)	(6,298,863)
Net US Dollar exposure	**420,865,041**	**336,421,926**
Exchange rates		
The following closing exchange rates were applied at reporting date:		
Rand per unit of foreign currency:		
US Dollar	18.100	14.625

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 to the previous reporting period.

A 10% strengthening in the Rand against the below currencies at 31 March 2020 would have decreased profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 31 March 2019.

A 10% weakening in the Rand against the above currencies at 31 March 2020 would have had the equal but opposite effect to the amounts shown below, on the basis that all other variables remain constant.

	2020		2019	
	INCREASE	DECREASE	INCREASE	DECREASE
Increase or decrease in rate				
Impact on profit or loss:				
US Dollar	42,086,504	-	33,653,695	-
Impact on equity:				
US Dollar	42,086,504	-	33,653,695	-
	84,173,008	**-**	**67,307,390**	**-**

33. Events after the reporting period

The COVID-19 global pandemic evolved rapidly in 2020 and has materially impacted the company's operations which led to;

- A decrease in revenue and
- A reduction in debt collection for debtors that existed at year end as most airlines are experiencing challenges in settling their debt on time.

Some key airlines experienced financial difficulties before the pandemic and were already placed on business rescue before the start of COVID 19. Post the lockdown implemented in the country, an additional key customer was placed under business rescue. One of these customers has since received a provisional liquidation order.

Management has therefore adjusted the expected credit loss at year end as the pandemic has increased the credit risk which casts doubt on the recoverability of debt with most customers requesting payment holidays.

The company's assets are still in operation and the maintenance for the assets has been continuing as per the Original Equipment Manufacturer (OEM) schedule. There is no indication of impairment and the systems are operating as designed.

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

34. Going concern

The directors consider that the Company has adequate resources to continue operating for the foreseeable future and therefore consider it appropriate to adopt the going concern basis in preparing the Company's financial statements. The directors have satisfied themselves that the Company is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash requirements, despite the negative impact of COVID-19 global pandemic. In drawing its conclusion, the directors evaluated the following factors and conditions;

- Liquidity ratios as well as funds available;
- Placing key customers on payment holidays to assist with industry recovery;
- Plans are in place to reduce capital and operational expenditures for the company and thus savings in cash outflow and;
- None of the key employees have left the company since the outbreak of the COVID-19 global pandemic.

35. Irregular Expenditure

	OPENING BALANCE	ADDITIONS	CONDONATION BY NATIONAL TREASURY AS AT 31 MARCH 2020	TOTAL
Reconciliation of irregular expenditure as at 31 March 2020				
Opening balance	118,866,065	-	(20,138,455)	98,727,610
Amount recognised in current year	-	22,880,808	-	22,880,808
	118,866,065	**22,880,808**	**(20,138,455)**	**121,608,418**
Details of irregular expenditure as at 31 March 2020				
Insufficient number of quotations	1,449,546	-	-	1,449,546
Quotations awarded in excess of procurement threshold	5,945,257	-	-	5,945,257
Splitting of quotations	700,780	-	-	700,780
Payments exceeds contract value	3,650,308	-	-	3,650,308
Credit card expenses	4,060,655	-	-	4,060,655
Suppliers paid without contract	30,077,316	4,089,130	-	34,166,446
Incorrect procurement process	633,762	633,762	-	1,267,524
Supplier appointed without following normal procurement process.	72,348,441	18,157,916	(20,138,455)	70,367,902
	118,866,065	**22,880,808**	**(20,138,455)**	**121,608,418**

During the year under review, management has undertaken significant effort to improve and establish adequate controls to address areas of irregular expenditure. The vast majority of the irregular expenditure reported in the current year relates to contracts entered into in prior years, which is indicative of the improvement in the procurement control environment that is now preventing new incidences of non-compliance

As at 31 March 2020, a total of R66 million was submitted to National Treasury for condonation.

Consequence Management

During the year under review, the following were undertaken:

- Various cases were referred for internal disciplinary processes;
- One (1) case was referred to Internal Audit for further investigation; and
- All cases of irregular expenditure continue to receive adequate attention.

36. Fruitless and wasteful expenditure

	OPENING BALANCE	2019/20 ADDITIONS	TOTAL
Reconciliation of Fruitless and wasteful expenditure 2020			
Opening balance	765,521	-	765,521
Amount recognised in current year	-	168,490	168,490
	765,521	**168,490**	**934,011**
		2020	**2019**
Interest and penalties		384,053	215,563
Web application firewall services		462,533	462,533
Appointment of special advisors		87,425	87,425
		934,011	**765,521**

The company experienced incidents of fruitless and wasteful expenditure during the financial year which mainly relate to interest on late payments on suppliers invoices. Management continues to institute preventative and corrective measures as required by the PFMA Act.

37. Material losses through criminal conduct

	2020	2019
Criminal conduct		
Fraud	1,163,353	-
Losses recovered	(1,163,067)	-
Net Loss	**286**	**-**

During the year under review, there was one instance of a fraudulent case conducted by external parties against the company by submitting fraudulent banking details to which ATNS acted. The incident was reported to the SAPS and the investigation is underway. The beneficiary account was frozen when it became evident that the bank change was fraudulent which enabled the company to recover the amount with minimum loss.

In the prior year there were no material losses that were noted or recorded through criminal conduct.

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