



AIR TRAFFIC & NAVIGATION
SERVICES SOC LIMITED

FINANCIAL REPORT **2017**



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INDEPENDENT AUDITORS REPORT

Independent auditors report to Parliament and Shareholder on Air Traffic and Navigation Services SOC Limited

Qualified opinion

1. We have audited the financial statements of the Air Traffic and Navigation Services SOC Limited set out on pages 15 to 70, which comprise the statement of financial position as at 31 March 2017, and 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, except for the possible effects of the matters described in the basis for qualified opinion section of our report, 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 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Public Finance Management Act of South Africa and the Companies Act South Africa.

Basis for qualified opinion

Property, plant and equipment

3. The financial statements of ATNS may be materially misstated as items of property, plant and equipment with a cost that is significant in relation to the total cost of the item were not depreciated separately as required by IAS 16, *Property, plant and equipment*. We were not able to determine the impact on the net carrying amount of property, plant and equipment as it was impracticable to do so.
4. Assets could not be physically verified. We were not able to determine the impact on the net carrying amount of property, plant and equipment as it was impracticable to do so.

5. We were unable to obtain sufficient appropriate audit evidence regarding tangible assets, as we were shown assets that we could not agree to the asset numbers as per the fixed assets register. We were unable to confirm these physical assets by alternative means.
6. We were unable to obtain sufficient appropriate audit evidence regarding impairment of tangible assets, as we identified assets that were broken/physically damaged but management did not process impairment losses.
7. We were unable to obtain sufficient appropriate audit evidence that all tangible assets are recorded on the fixed assets register, as we identified assets during our physical verification that were not recorded on the fixed assets register.
8. We were unable to obtain sufficient appropriate audit evidence regarding the recording of depreciation as required by IAS 16 (*property plant and equipment*), as we identified assets that were transferred from work-in-progress to property plant and equipment at incorrect dates.
9. The public entity did not review the residual values and useful lives of property, plant and equipment at reporting date in accordance with IAS 16 *Property, plant and equipment*. As a result, property, plant and equipment with a gross carrying amount of R360,3 million had a zero net carrying amount while still being in use. We were not able to determine the impact on the net carrying amount of property, plant and equipment, as it was impracticable to do so.
10. Consequently, as a result of the above we were unable to determine whether any adjustments to property, plant and equipment stated at R593,5 million in note 10, work-in-progress stated at R517,5 million in note 12 and depreciation stated at R91,6 million in note 10 to the financial statements was necessary.

Capital work-in-progress

11. Assets which were available and being used as at 31 March 2017 have been incorrectly classified as capital work-in-progress instead of Property, plant and equipment as required by IAS 16, *Property, plant and equipment*. We were not able to determine the impact on the net carrying amount of property, plant and equipment as it was impracticable to quantify the depreciation impact on the assets. Consequently, we were unable to determine whether any adjustments to work-in-progress stated at R517,5 million in note 12 to the financial statements was necessary.

Irregular expenditure

12. We were unable to obtain sufficient appropriate audit evidence to confirm that all irregular expenditure incurred was disclosed in the notes to the financial statements as the public entity did not have adequate processes in place to identify and record irregular expenditure incurred. We were unable to confirm this by alternative means. Consequently, we were unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R9,2 million in note 33 of the financial statements.
13. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
14. We are independent of the public entity in accordance with the Independent Regulatory Board for Auditors' Code of professional conduct for registered auditors (IRBA code) and other independence requirements applicable to performing audits of the financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (parts A and B).

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

Emphasis of matter

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

Material impairments – trade receivables

16. As disclosed in note 14 to the financial statements, material losses to the amount of R24,2 million were incurred as a result of a write-off and impairment of trade receivables.

Responsibilities of accounting authority

17. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the PFMA and the Companies Act 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.

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

Auditor's responsibilities for the audit of the financial statements

19. 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

21. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance.

22. Our procedures address the reported performance information which must be based on the approved performance planning documents of the public entity. We have not evaluated the completeness and appropriateness of the performance indicators established and included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information relating to future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

23. 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 public entity for the year ended 31 March 2017:

Objectives	Pages in the annual performance report
1.1 Risk Safety Index - Reduce risk associated with the safety events	128
1.2 Safety service provision – Increase the successful safe operation	128
1.3 Operational efficiency – Reduce overall traffic delays	128
1.4 Operational efficiency – Achievement of CNS Systems availability	128
1.6a Performance Based Navigation ACSA airports – Implement ICAO PBN concepts in South Africa	128
1.6b Performance Based Navigation Non-ACSA airports – Implement ICAO PBN concepts in South Africa	128
2.1 Development of optimized and efficient aviation infrastructure in a cost-effective manner – Adoption and approval of CAPEX implementation of CAPEX 2015/16 Strategic plan Roadmap Operational plan	128
2.2 Operation of satellite communication networks SADC VSAT 2 – Optimise revenue and ensure network availability	129
2.3 Operation of satellite communication networks NAFISAT – Optimise revenue and ensure network availability	129
4.1 Implementation of environmental plan – Measure ATNS Carbon footprint	129

24. We performed procedures to determine whether the reported performance information was properly presented and whether performance 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.

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

- 1.1 Risk Safety Index - Reduce risk associated with the safety events;
- 1.2 Safety service provision – Increase the successful safe operation;
- 1.3 Operational efficiency – Reduce overall traffic delays;
- 1.4 Operational efficiency – Achievement of CNS Systems availability;
- 1.6a Performance Based Navigation ACSA airports – Implement ICAO PBN concepts in South Africa;
- 1.6b Performance Based Navigation Non-ACSA airports – Implement ICAO PBN concepts in South Africa;
- 2.1 Development of optimized and efficient aviation infrastructure in a cost effective manner – Adoption and approval of CAPEX implementation of CAPEX 2015/16 Strategic plan Roadmap Operational plan;

- 2.2 Operation of satellite communication networks SADC VSAT 2 – Optimise revenue and ensure network availability;
- 2.3 Operation of satellite communication networks NAFISAT – Optimise revenue and ensure network availability; and
- 4.1 Implementation of environmental plan – Measure ATNS Carbon footprint

Other matters

We draw attention to the matters below. Our opinions are not modified in respect of these matters.

Achievement of planned targets

- 26. Refer to the annual performance report on pages 128-130 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets.

Unaudited supplementary information

- 27. The supplementary information set out on pages 113 to 127 does not form part of the annual performance report and is presented as additional information. We have not audited this information and, accordingly, we do not express a conclusion on them.

Report on the audit of compliance with legislation

Introduction and scope

- 28. 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 public entity with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
- 29. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Annual financial statements

- 30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1)(a) and (b) of the PFMA and section 29(1)(a) of the Companies Act.
- 31. Material misstatements of non-current assets, current liabilities and some disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

- 32. Effective steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred, full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.

- 33. Effective steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The value of R9.2 million, as disclosed in note 33, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure.

Asset management

- 34. Proper control systems to safeguard and maintain assets were not implemented, as required by sections 50(1)(a) and 51(1)(c) of the PFMA.

Liability management

- 35. Credit cards were not used for permitted purposes, as set out in treasury regulation 31.2.7.

Other information

- 36. The Air Traffic and Navigation Services SOC Limited accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
- 37. Our opinion the financial statements and 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.
- 38. 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. If, based on the work we have performed, on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.
- 39. We have nothing to report in this regard.

Internal control deficiencies

- 40. We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with legislation, however, the objective is not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion and the findings on compliance with legislation included in this report.

Leadership

- There was a lack of adequate oversight responsibility regarding financial reporting, regulatory compliance and related controls resulting in incomplete expenses and payables being recorded in the financial statements and subsequent material adjustments being processed.

Financial and performance management

- There were significant control deficiencies around the recording, safeguarding and accounting of property, plant and equipment and capital work in progress in compliance with IFRS and thus

resulting in misstatements in the financial statements. We further identified instances of non-compliance with supply chain management processes which resulted in irregular expenditure and the basis of our qualified opinion.

Other reports

41. We draw attention to the following engagements conducted by various parties that have or could potentially have an impact on the matters reported on the public entity's financial, performance and compliance related matters. The reports noted do not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

Investigations

42. The entity received a whistle blowing matter concerning an allegation of tender irregularities, improper appointment of employees as well as the violation of PFMA regulations, which led to the investigation by the Board. The Public Protector subsequently requested a report on the same matter. The investigation was concluded on 21 October 2016 and the appropriate disciplinary actions were taken against the relevant employees.
43. There is a current forensic investigation that emanated from a whistle blowing allegation received in September 2016 being undertaken. The finalisation process is underway and the outcome of the investigation is expected in the next financial year.

Audit related services

44. Agreed upon procedures engagements were performed to review the conversion adjustments from International Financial Reporting Standards (IFRS) to Generally Recognised Accounting Practice (GRAP) on the Treasury pack to ensure conversion adjustments are captured correctly for consolidation purposes. No material misstatements were identified. The report covered the period ending 31 March 2017.
45. Agreed upon procedures engagements were performed for the Correction Factor (CF) and the Revenue Weighted Percentage Tariff Increase (RWPTI) for the period 2016/17. The procedures performed required us to audit the CF and RWPTI to ensure compliance with the permission letters issued by the Regulating Committee.

Auditor tenure

46. In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Rakoma and Associates Incorporated has been the auditor of Air Traffic and Navigation Services SOC Limited for 2 years.



Edger Rakoma

Partner
Registered Auditor

31 July 2017

Ground Floor Building B
Monte Circle Office Park
178 Montecasino Boulevard
Fourways
Johannesburg 2191

Annexure – Auditor's responsibility for the audit

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

Financial statements

In addition to our responsibility for the audit of the financial statements as described in the 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
- conclude on the appropriateness of 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 related to events or conditions that may cast significant doubt on the Air Traffic and Navigation Services SOC Limited's ability 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 the opinion on the financial statements. Our conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a public entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

Communication with those charged with governance

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

We also 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, related safeguards.

CERTIFICATE BY COMPANY SECRETARY



SOLOMON MNGOMEZULU
Company Secretary

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

In my capacity as company secretary, I hereby confirm, in terms of Section 88(2)e, of the Companies Act, (No. 71 of 2008) that for the year ended 31 March 2017, the company has lodged with the Registrar of Companies, all such returns that are required by the public company in terms of this Act and that such returns are true, correct and up to date.

Solomon Mngomezulu
Company Secretary

29 August 2017

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors hereby present their report and the audited financial statements for the year ended March 31, 2017.

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

The audited financial statements presented on pages 15 to 70 have been prepared in accordance with International Financial Reporting Standards, the Companies Act, No. 71 of 2008 and the Public Finance Management Act, No. 1 of 1999. The guidelines of the King III Report on Corporate Governance 2009 have also been taken into account. These financial statements have been prepared in accordance with appropriate accounting policies and include amounts based on judgments and estimates made by management. The directors have supervised the preparation of information included in the annual report and are responsible for both its accuracy and consistency.

The directors considered the cash position of the company at March 31, 2017, the cash requirements for at least twelve months from that date and incremental borrowings facilities available.

The directors have every reason to believe that the company has adequate resources in place to be able to continue in operation for the foreseeable future.

Therefore, the directors are satisfied that Air Traffic and Navigation Services SOC Limited is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The external auditors are responsible for independently reviewing and reporting on Air Traffic and Navigation Services SOC Limited's audited financial statements. The audited financial statements have been examined by the company's external auditors and their report is presented on pages 2 to 9.

The Internal Audit activities are in accordance with the pre-approved Internal Audit Plan. The Internal Audit Plan is reviewed and approved by the Audit and Risk Committee annually. Internal Audit has executed the Internal Audit Plan during the year and has provided assurance to the Board of Directors as to the state of the internal controls of the Company. Their assessment of the internal controls of the Company is included in the Audit and Risk Committee Report. The Audit and Risk Committee has reviewed the adequacy of the internal controls and considers the systems appropriate for the effective operation of the Company. However, that being said, the ineffectiveness of IT systems and internal controls remains a concern.

During the year under review, the Board of directors retained full and effective control over Air Traffic and Navigation Services SOC Limited and monitored management in implementing Board plans and strategies.

The directors are of the opinion, based on the information available to date that, except for possible effects of the matters describe in the basis for qualified opinion by the auditors, the annual financial statement present fairly, in all material respects, the financial position of the Air Traffic and Navigation Services SOC Limited as at 31 March 2017.

Chairman
Johannesburg

29 August 2017

Chief Executive Officer
Johannesburg

29 August 2017

DIRECTORS REPORT

The directors have pleasure in submitting the financial statements of the company for the year ended March 31, 2017.

1. Nature of business

Main business and operations

The company is principally engaged in the supply of air traffic and navigation services and the maintenance of the air traffic and navigation infrastructure. Other operations of the company include the supply of aeronautical information services, technical and aerodrome services, aeronautical communication VSAT network and the training of air traffic control and technical staff for a larger market extending outside of South Africa.

2. Governance environment

ATNS is a state-owned company incorporated under the Air Traffic and Navigation Services Company Act of 1993 (Act 45, 1993) as a limited liability company. The Government of South Africa, through the Minister of Transport, is the sole shareholder. ATNS falls under the governance umbrella created by the Public Finance Management Act (Act 1,1999) and related regulations and guidelines issued by National Treasury.

In compliance with the requirements of the Public Finance Management Act (PFMA), ATNS concludes an annual Shareholder's Compact with the Shareholder Representative. The Shareholder's Compact contains Shareholder expectations in the form of predetermined objectives and key performance information, and ensures that the Board and the Shareholder Representative are aligned in their understanding and acceptance of strategic objectives. Progress on performance is regularly reviewed by the Board and reported to the Shareholder Representative quarterly.

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

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

3. Safety regulation

ATNS is regulated by the South African Civil Aviation Authority (SACAA) as mandated under the Aviation Act 74 of 1962 and associated regulations and technical standards. The Act has been amended and the closing date for comments was on 02 November 2016 for draft Civil Aviation Amendment Bill, 2016 and awaiting final approval. The main amendment is the inclusion of Environmental oversight and promotion of safety and security standards, this is in support of the Global Aviation objectives of safety, security and environmental protection. ATNS will continue to adopt leading practices and be agile in the approach to continuously comply with applicable legal requirements.

4. Economic regulation

The Air Traffic and Navigation Services Company Act of 1993 (Act 45, 1993), subjects the company to independent economic regulation overseen by the Regulating Committee. The Committee promulgates tariffs to be levied by ATNS to the clients during a five year regulatory Permission cycle, based on a single till price cap regulatory regime. The Committee also prescribes minimum service standards for each Permission period.

ATNS is currently in the process of submitting the Permission application for the period 2018/19 to 2022/23. This process involves consulting with the Industry on all matters related to the permission including; but not limited to the capital expenditure programme, traffic forecast, human capital plan as well as tariffs to be levied.

5. Overall performance

For the year under review the company had a zero-tariff increase in air traffic charges which had a negative impact on the overall company's profits; however, the increase in air traffic movements and the strength of the Rand against the Dollar contributed to an increase in the revenue.

Cash generated from operation decreased by 3% to R431 million (2016: R 445 million) mainly due to increase in operational costs.

Turnover increased by 3% to R1,557 billion (2016: R1,509 billion) mainly due to slight increase in air traffic movements. The operating costs increased by 4% to R1,300 billion (2016: R1,254 billion) mainly due to increased staff costs, telecommunication expenses as well as the impact of the fluctuating foreign exchange rates on our administration and contract maintenance costs.

During the year under review, the capital expenditure increased by 38% to R318 million (2016: R230 million) this is as a result of investing in operational infrastructure in order to continue providing safe operations.

Our balance sheet maintained its strength with liquidity ratio being at 5.2:1 (2016: 6.3:1) and our gearing ratio is at 0% (2016: 0%), this puts the company in a better position to raise funding for the imminent capital expenditure.

6. Dividends

No dividends were declared or paid to shareholders during the year (2016: R nil).

7. Share capital

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

8. Capital commitments

The company's total capital commitments for the year under review was R460 million.

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

9. Changes in accounting policies

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

10. Adoption of International Financial Reporting Standards (IFRS)

The company's financial statements are presented in accordance with the International Financial Reporting Standards which is contrary to chapter 28 of the Treasury Regulations which specifies that the Statements of Generally Accepted Accounting Practice (SA GAAP) should be used.

This departure was subsequently approved in terms of section 79 of the PFMA by the Accountant General of National Treasury and remain in effect until further notice or amendment to the Treasury Regulations.

11. Key Performance Indicators

Key Performance Indicators were agreed with the Minister of Transport as required in terms of the Shareholder's Compact. The achievements of the key performance indicators are included on pages 128 to 130 of the Integrated Report.

12. Directors

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

Name	Nationality	Capacity	Appointed
P. Riba	South African	Chairperson	1 September 2015
D.S.T. Mthiyane	South African	Chief Executive Officer	5 July 2013
M.W. Ndlovu	South African	Chief Financial Officer	1 April 2013
N. Mtshali	South African	Non Executive	1 September 2015
B. Ssmula	South African	Non Executive	1 September 2015
S. Hari	South African	Non Executive	1 September 2015
E.M. Mphahlele	South African	Non Executive	1 September 2015
I. Nkama	South African	Non Executive	1 September 2015
P.Q. Dhlamini	South African	Non Executive	1 September 2015
D.G. Mwanza	South African	Non Executive	1 September 2015

13. Performance evaluation of the Board

An annual Board Evaluation is conducted to assess the effectiveness of the Board. The process is managed by an independent service provider.

14. Directors interest in contracts

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

15. Going concern

The directors consider that the Company has adequate resources to continue operating for the foreseeable future and therefore consider it appropriate to adopt the going concern basis in preparing the Company's financial statements. The directors have satisfied themselves that the Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

16. Events after the reporting period

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

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	Notes	2017 R	2016 R
Assets			
Non-Current Assets			
Property, plant and equipment	10	593,543,963	616,658,761
Intangible assets	11	67,718,417	49,385,601
Capital work in progress	12	517,514,233	306,446,409
		1,178,776,613	972,490,771
Current Assets			
Loans and receivables	13	16,151,353	17,741,895
Income tax receivable	19	-	8,049,997
Trade and other receivables	14	193,794,166	203,029,188
Prepayments	15	4,893,997	7,359,995
Cash and cash equivalents	16	1,326,732,100	1,228,000,080
		1,541,571,616	1,464,181,155
Total Assets		2,720,348,229	2,436,671,926
Equity and Liabilities			
Equity			
Share capital	17	190,646,000	190,646,000
Retained earnings		2,190,620,312	1,962,315,487
		2,381,266,312	2,152,961,487
Liabilities			
Non-Current Liabilities			
Finance lease obligation	20	6,938,821	-
Deferred income tax liabilities	18	38,570,187	52,510,815
		45,509,008	52,510,815
Current Liabilities			
Current tax payable	19	1,208,137	-
Short term finance lease obligation	20	2,907,545	-
Operating lease liability	21	1,533,295	3,323,108
Trade and other payables	22	188,660,761	124,352,965
Provisions for other liabilities and charges	23	99,263,171	103,523,551
		293,572,909	231,199,624
Total Liabilities		339,081,917	283,710,439
Total Equity and Liabilities		2,720,348,229	2,436,671,926

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2017 R	2016 R
Revenue	3	1,556,447,125	1,508,631,339
Foreign exchange gains/(losses)	4	(13,705,614)	42,533,841
Depreciation costs	10	(91,627,471)	(91,668,747)
Amortisation on intangible assets	11	(22,363,875)	(16,241,646)
Staff costs	5	(816,546,505)	(754,329,324)
Other expenses	6	(377,584,839)	(394,269,315)
Operating profit		234,618,821	294,656,148
Finance revenue	7	83,383,250	54,638,632
Finance costs	8	(221,954)	(711,544)
Profit before taxation		317,780,117	348,583,236
Income tax expense	9	(89,475,292)	(105,441,229)
Profit for the year		228,304,825	243,142,007
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		228,304,825	243,142,007

STATEMENT OF CHANGES IN EQUITY

	R	R	R
	Share Capital	Retained earnings	Total equity
Balance at April 1, 2015	190,646,000	1,719,173,480	1,909,819,480
Profit for the year	-	243,142,007	243,142,007
Total Comprehensive Income for the year	-	-	-
Total Comprehensive Income for the year	-	243,142,007	243,142,007
Balance at April 1, 2016	190,646,000	1,962,315,487	2,152,961,487
Profit for the year	-	228,304,825	228,304,825
Total Comprehensive Income for the year	-	-	-
Total Comprehensive Income for the year	-	228,304,825	228,304,825
Balance at March 31, 2017	190,646,000	2,190,620,312	2,381,266,312

Note(s) 17

STATEMENT OF CASH FLOWS

	Notes	2017 R	2016 R
Operating activities			
Cash receipts from customers		1,631,438,338	1,522,389,087
Cash paid to suppliers and employees		(1,200,287,125)	(1,077,620,519)
Cash generated from operations	25	431,151,213	444,768,568
Finance revenue	7	83,383,250	54,638,632
Finance costs	8	(221,954)	(711,544)
Income tax paid	19	(94,157,786)	(140,646,279)
Net cash flows from operating activities		420,154,723	358,049,377
Investing activities			
Purchase of property, plant and equipment	24	(317,330,777)	(226,654,755)
Proceeds from sale of property, plant, equipment and intangibles	26	78,306	50,426
Purchase of intangible assets	11	(310,984)	(3,130,507)
Net cash flows from investing activities		(317,563,455)	(229,734,836)
Financing activities			
Finance lease		9,846,366	-
Net increase in cash and cash equivalents		112,437,634	128,314,541
Cash and cash equivalents at beginning of year		1,228,000,080	1,063,349,833
Net foreign exchange difference		(13,705,614)	36,335,706
Cash and cash equivalents at end of year	16	1,326,732,100	1,228,000,080

ACCOUNTING POLICIES

1. Corporate Information

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

The financial statements of the company for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 29 August 2017.

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 PFMA.

1.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.3 Foreign currency translation

A foreign currency transaction is recorded, on initial recognition in South African 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous audited financial statements are recognised in profit or loss in the period in which they arise.

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

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

1.4 Property, plant and equipment

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

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

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

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

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

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

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

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

Depreciation on assets is calculated using the straight-line method to allocate their cost over its estimated useful life, as follows:

Item	Estimated useful life
ATC display system	12 years
Buildings	50 years
Communication equipment	10 years
Computer equipment	7 years
Electrical and mechanical equipment	10 years
Intangibles	7 years
Leasehold property	6 years
Motor vehicles	5 years
Navigation aids	15 years
Office equipment	6 years
Radar equipment	15 years
Simulator equipment	10 years
Tools and test equipment	20 years

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

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

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

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

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each 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 or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the year the asset is derecognised.

1.5 Capital work in progress

Capital work in progress is measured at cost.

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

1.6 Borrowing costs

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

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

For the year ended 31 March 2017 the company had no interest-bearing loans and borrowings.

1.7 Intangible assets

An intangible asset is recognised when:

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

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

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

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

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

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 - 7 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

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

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

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

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

1.8 Impairment of tangible and intangible assets

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

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

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

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

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

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

1.9 Financial instruments

Financial assets

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' (excluding prepayments) and 'cash and cash equivalents' in current assets and as 'loans and receivables' in non-current assets in the statement of financial position. Loans and receivables are initially recognised at fair value and subsequently amortised using the effective interest method less any allowance for impairment.

Gains and losses arising from derecognition, impairment or the amortisation process are recognised in the profit and loss.

Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

Reversal of impairment losses on amortised cost financial assets is limited to what the carrying value would have been at the reversal date, if no impairment losses were recognised in the past.

For trade receivables, an allowance for impairment is recognised when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the company will not be able to collect all of the amounts due under the original terms of invoice. The carrying amount is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible, and is written off against either the allowance account or directly through profit or loss if no allowance was recognised for the impairment.

Cash and cash equivalents

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

Trade and other payables

Financial liabilities are recognised on the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Trade and other payables are initially recognised at fair value and subsequently amortised using the effective interest method.

Trade and other payables are generally paid 30 days from statement or invoice date. Gains or losses are recognised in profit and loss.

Derecognition of financial assets and liabilities

a. Financial assets

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognised when:

- 1) the rights to receive cash flows from the asset have expired, or
- 2) the company has transferred its rights to receive cash flows from the asset and either,
 - (a) has transferred substantially all the risks and reward of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

b. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Derivatives

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

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

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

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

Held to maturity

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

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

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

1.10 Share capital

Ordinary shares are classified as equity. Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs.

1.11 Borrowings

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

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

1.12 Provisions

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

If the company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.13 Retirement benefit costs

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

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

1.14 Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date or whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- 1) There is a change in contractual terms, other than a renewal or extension of the arrangement; or
- 2) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; or
- 3) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- 4) There is a substantial change to the asset.

Where a reassessment is made, lease accounting commences or ceases from the date when the change in circumstances gave rise to the reassessment for scenarios (1), (3) or (4) and at the date of renewal or extension period for scenario (2).

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Company as a lessee

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

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

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

At balance sheet date, no finance lease existed.

Company as a lessor

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

1.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity, risk and rewards are passed to the customer and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT or duty. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue includes en-route, aerodrome and approach fees, small aerodrome services, technical maintenance services, aeronautical information services, VSAT networks and Aviation training fees. Services fees are recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Finance revenue

Finance revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in profit and loss.

1.16 Significant accounting estimates and judgements

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

Estimates

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

Provisions

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

Property, plant and equipment and intangible assets

Management has made certain estimates with regards to the determination of estimated useful lives and residual values of items of property, plant and equipment and intangible assets.

In estimating the useful lives of the assets, management considered the industry standards, the present status of the assets and the expected future benefits associated with the continued use of the assets.

Judgements

Impairment of trade receivables

Management has applied judgement in estimating the extent of any impairment deemed necessary on the gross carrying value of trade receivables and have impaired all accounts in arrears for a period longer than normal expected trading terms.

Management considered the payment history and the financial ability of the customers when estimating the impairment of trade receivables.

1.17 Taxes

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

Value Added Tax

Revenue, expenses and assets are recognised net of the amount of Value Added Tax (VAT) except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.18 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within twelve months after the service is rendered, such as paid vacation leave and sick leave, bonuses, retention and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.19 Irregular, fruitless and wasteful expenditure

Irregular expenditure means expenditure other than unauthorised expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the PFMA and/or policies.

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

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

1.20 Related party transactions

The company operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. All national departments of government and state controlled entities are regarded as related parties in accordance with IAS 24.



2. New standards and interpretations

2.1 Standards and interpretations not yet effective or relevant

Standards issued but not yet effective up to the date of issuance of the company's financial statements are listed below. This listing is of standards and interpretations issued, which the company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective.

IFRS 16 Leases

IFRS 16 Leases supersedes IAS 17 Leases, *IFRIC 4 Determining whether an Arrangement contains a Lease*, *SIC 15 Operating leases-Incentives* and *SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the balance sheet by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

There are some exemptions. IFRS 16 contains options which do not require a lessee to recognise assets and liabilities for a short term leases (i.e. leases of 12 months or less, including the effect of any extension options and leases of low-value assets).

IFRS 16 clarifies that a lessee separate lease components and services components of a contract, and applies the lease accounting requirements only to the lease components.

The effective date of this amendment is for years beginning on or after 01 January 2019.

The company expects to adopt the amendments when they become effective.

The adoption of this amendment may be expected to have a material impact on the results of the company.

IFRS 9 Financial instruments

IFRS 9 Financial Statements (2014) incorporates the final requirements on all three phases of the financial instruments projects – classification and measurement, impairment, and hedge accounting.

IFRS 9 (2014) adds to the existing IFRS 9:

- New impairment requirements for all financial assets that are not measured at fair value through profit and loss.
- Amendments to the previously finalised classification and measurement requirements for financial assets.

In a major change, which will affect all entries, a new 'expected loss impairment model in IFRS 9 (2014) replaces the 'incurred loss model in IAS 39 Financial Instruments: Recognition and Measurement. Under IFRS 9 (2014), the impairment model is more 'forward looking model in that a credit event (or impairment 'trigger) no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

For trade receivables, there is a practical expedient to calculate expected credit losses using a provision matrix based on historical loss patterns or customer bases. However, those historical provision rates would require adjustments to take into account current and forward looking information. The new impairment requirements are likely to bring significant changes. Although provisions for trade receivables may be relatively straightforward to calculate, new system and approaches may be needed

In other changes, IFRS 9 (2014) also introduces additional application guidance to clarify the requirements for contractual cash flows of a financial asset to be regarded as giving rise to payments that are Solely Payments of Principal and Interest (SPPI), one of the two criteria that need to be met for an asset to be measured at amortised cost. Previously, the SPPI test was restrictive, and the changes in the application of the SPPI test will result in additional financial assets being measured at amortised cost. For example, certain instruments with regulated interest rates may now qualify for amortised cost measurement, as might some instruments which only marginally fail the strict SPPI test.

A third measurement category has also been added for debt instruments – FVTOCI. This new measurement category applies to debt instruments that meet the SPPI contractual cash flow characteristics test and where the entity is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

The effective date of this amendment is for years beginning on or after 1 January 2018.

The company expects to adopt the amendment when they become effective.

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

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

The company expects to adopt the amendments for the first time in the 2018 financial statements

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

3. Revenue

	2017	2016
	R	R
En-route and approach fees	1,376,490,388	1,342,130,952
SADC VSAT 11	48,739,100	47,527,559
NAFISAT revenue	42,260,049	36,467,315
Small aerodrome fees	47,651,893	42,509,393
Training to third parties	16,108,651	13,535,918
Sundry revenue	12,429,895	15,500,952
Technical maintenance	5,891,708	5,948,937
Extended hours	1,967,382	2,111,171
Rental received-sites	474,000	589,844
Aeronautical information services	2,539,671	1,383,866
Weather Services	1,894,388	925,432
	1,556,447,125	1,508,631,339



4. Foreign exchange gains/(losses)

	2017	2016
	R	R
Gain on foreign exchange realised	1,202,853	6,198,135
Gain/(Loss) on foreign exchange unrealised	(14,908,467)	36,335,706
	(13,705,614)	42,533,841

5. Staff costs

	2017	2016
	R	R
Salaries and wages	656,652,451	600,434,082
Incentive Bonus	68,068,238	68,833,745
Rewards and Recognition	3,045,737	1,755,288
Long Service Awards	1,975,000	1,891,756
Pension costs - defined contribution scheme	64,848,267	59,983,454
Training and development	13,406,144	13,061,358
Recruitment costs	2,579,324	2,337,317
Relocation costs	5,093,071	4,544,560
Bursar Costs	878,273	1,487,764
	816,546,505	754,329,324

6. Other expenses

	2017	2016
	R	R
Administration expenses	69,888,218	51,677,208
Audit fees		
External audit	1,299,892	1,500,000
Fees for audit services	1,299,892	1,500,000
Internal audit	1,101,788	2,727,127
Fees for audit services	1,049,574	2,552,773
Fees for other services	52,214	174,354
Impairment of trade receivables	10,468,372	42,166,218
Insurance	10,292,536	9,961,413
Loss/(profit) on sale of property, plant and equipment	219,272	5,163,197
Management consulting services	22,407,695	22,061,580
Marketing expenses	26,778,860	30,919,771
Motor vehicle expenses	4,408,172	4,425,166
Municipal expenses, rates and taxes	16,475,981	13,946,472
Operating lease rentals		
Land and buildings	9,432,271	11,252,762
Straight-lined lease payments	8,197,694	6,669,355
Rent	1,234,577	4,583,407
Equipment rental	932,288	1,178,137
Professional fees	21,675,322	23,427,982
Repairs and maintenance expenses	75,810,254	79,713,073
Security	3,655,784	3,459,550
Telecommunication expenses	49,609,080	46,595,725
Travel expenses	53,129,054	44,093,934
	377,584,839	394,269,315

7. Finance revenue

	2017	2016
	R	R
Investment revenue		
Interest on bank deposits	73,446,356	55,130,986
	73,446,356	55,130,986
Accrued revenue		
Interest on debtors	9,794,793	(492,354)
Interest received - Other	142,101	-
	83,383,250	54,638,632

8. Finance costs

	2017	2016
	R	R
Interest on finance lease obligation	10,964	-
Total borrowing costs	10,964	-
	10,964	-
Interest paid - Other	210,990	711,544
	221,954	711,544

9. Income tax expense

Major components of income tax expense for the year ended 31 March 2017 and 2016 are:

	2017	2016
	R	R
Current income tax		
Prior year over/under-provision	488,445	7,733,364
Current income tax charge	102,927,475	118,151,525
	103,415,920	125,884,889
Deferred tax		
Current year	(13,949,042)	(20,257,508)
Prior year (over)/under-provision	8,414	(186,152)
	(13,940,628)	(20,443,660)
	89,475,292	105,441,229
Current year deferred tax movements relate to the following:		
Property, plant and equipment	(11,292,854)	(14,661,076)
Prepayments	(698,894)	292,690
Provisions	11,637	(6,712,163)
Finance lease obligation	(2,756,982)	-
Operating leases	501,148	(306,816)
Impairment of trade receivables allowance	295,317	943,705
	(13,940,628)	(20,443,660)
Reconciliation of the tax expense		
The tax on the company's profit before tax differs from the South African standard rate of tax as follows:		
Standard rate of tax	28.00%	28.00%
(Over)/under provision - Current tax	0.14%	2.22%
Under provision - Deferred tax asset	-%	(0.05)%
Total Non-Temporary differences	-%	0.06%
Foreign tax not recovered	0.02%	0.03%
Effective rate of tax	28.16%	30.26%

10. Property, plant and equipment

	2017	2017	2017	2016	2016	2016
	R	R	R	R	R	R
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	13,431,800	-	13,431,800	13,431,800	-	13,431,800
Buildings	216,439,938	(59,107,777)	157,332,161	215,930,258	(53,216,789)	162,713,469
Leasehold improvements	16,497,631	(10,752,276)	5,745,355	11,522,192	(8,784,867)	2,737,325
Communication equipment	321,672,870	(236,930,192)	84,742,678	310,430,470	(228,381,008)	82,049,462
Electrical and mechanical equipment	39,597,429	(23,265,945)	16,331,484	44,076,251	(31,924,478)	12,151,773
Navigational aids	135,004,684	(84,438,551)	50,566,133	131,030,510	(76,857,830)	54,172,680
Tools and test equipment	21,611,346	(13,356,491)	8,254,855	21,106,159	(12,274,411)	8,831,748
ATC display systems	146,547,230	(136,722,924)	9,824,306	153,309,756	(136,097,637)	17,212,119
Simulator equipment	18,042,081	(10,064,560)	7,977,521	18,041,948	(8,205,235)	9,836,713
Radar equipment	587,381,041	(402,526,980)	184,854,061	579,449,549	(368,555,060)	210,894,489
Office furniture and equipment	21,242,136	(15,204,842)	6,037,294	26,944,733	(20,838,311)	6,106,422
Computer equipment	67,811,970	(28,763,169)	39,048,801	58,892,074	(22,413,526)	36,478,548
Motor vehicles	9,607,674	(210,160)	9,397,514	258,291	(216,078)	42,213
Total	1,614,887,830	(1,021,343,867)	593,543,963	1,584,423,991	(967,765,230)	616,658,761

Reconciliation of property, plant and equipment – 2017

	R	R	R	R	R	R	R
	Opening balance	Additions	Disposals	Projects capitalised	Other changes, movements	Depreciation	Closing balance
Land	13,431,800	-	-	-	-	-	13,431,800
Buildings	162,713,469	-	(8,841)	521,159	-	(5,893,626)	157,332,161
Leasehold improvements	2,737,325	167,469	-	4,807,970	-	(1,967,409)	5,745,355
Communication equipment	82,049,462	75,605	(124,687)	18,032,194	-	(15,289,896)	84,742,678
Office furniture and equipment	6,106,422	-	(8,368)	1,991,161	515	(2,052,436)	6,037,294
Motor vehicles	42,213	9,501,061	-	-	-	(145,760)	9,397,514
Electrical and mechanical equipment	12,151,773	896,496	(13,371)	5,468,207	-	(2,171,621)	16,331,484
Computer equipment	36,478,548	8,916,340	(138,315)	5,383,941	1,003	(11,592,716)	39,048,801
Navigational aids	54,172,680	-	(53)	4,067,970	-	(7,674,464)	50,566,133
Tools and test equipment	8,831,748	1,046,126	(3,594)	-	-	(1,619,425)	8,254,855
ATC display systems	17,212,119	-	(240)	-	-	(7,387,573)	9,824,306
Simulator equipment	9,836,713	-	-	-	133	(1,859,325)	7,977,521
Radar equipment	210,894,489	137,887	(109)	7,795,014	-	(33,973,220)	184,854,061
	616,658,761	20,740,984	(297,578)	48,067,616	1,651	(91,627,471)	593,543,963

Reconciliation of property, plant and equipment – 2016

	R	R	R	R	R	R	R	R
	Opening balance	Additions	Disposals	Reclassification	Projects capitalised	Other changes, movements	Depreciation	Closing balance
Land	13,431,800	-	-	-	-	-	-	13,431,800
Buildings	168,124,703	-	-	(3,019,666)	3,400,633	-	(5,792,201)	162,713,469
Leasehold property	1,596,797	797,843	-	3,019,666	-	-	(2,676,981)	2,737,325
Communication equipment	98,598,739	426,532	(591,158)	-	98,941	-	(16,483,592)	82,049,462
Office furniture and equipment	6,004,843	505,173	(75,193)	-	1,713,409	-	(2,041,810)	6,106,422
Motor vehicles	-	-	-	47,554	-	-	(5,341)	42,213
Electrical and mechanical equipment	8,567,743	4,450,384	(30,011)	(47,554)	844,127	-	(1,632,916)	12,151,773
Computer equipment	7,540,806	7,330,690	(10,602)	-	28,830,269	(7,079)	(7,205,536)	36,478,548
Navigational aids	58,004,540	-	(3,849,059)	(34,783)	7,340,827	-	(7,288,845)	54,172,680
Tools and test equipment	4,801,226	5,551,412	(4,076)	34,783	-	-	(1,551,597)	8,831,748
ATC display systems	28,420,687	-	(653,524)	-	-	-	(10,555,044)	17,212,119
Simulator equipment	11,701,113	-	-	-	-	-	(1,864,400)	9,836,713
Radar equipment	244,927,951	-	-	-	537,022	-	(34,570,484)	210,894,489
	651,720,948	19,062,034	(5,213,623)	-	42,765,228	(7,079)	(91,668,747)	616,658,761

Assets subject to finance lease (Net carrying amount)

	2017	2016
	R	R
Leasehold improvements	-	-
Motor vehicles	9,397,514	-
IT equipment	442,063	-
	9,839,577	-

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



11. Intangible assets

	2017	2017	2017	2016	2016	2016
	R	R	R	R	R	R
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	262,204,461	(194,486,044)	67,718,417	221,586,881	(172,201,280)	49,385,601

Reconciliation of intangible assets – 2017

	R	R	R	R	R
	Opening balance	Additions	Projects capitalised	Amortisation	Closing balance
Computer software	49,385,601	310,984	40,385,707	(22,363,875)	67,718,417

Reconciliation of intangible assets – 2016

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

12. Capital work in progress

	2017	2016
	R	R
Opening net book value	306,446,409	144,339,798
Additions	290,084,867	193,424,574
Other adjustments	2,931,354	(600,402)
Other projects related costs	6,504,926	14,168,147
Transferred to intangible assets	(40,385,707)	(2,120,480)
Transferred to property, plant and equipment	(48,067,616)	(42,765,228)
	517,514,233	306,446,409
The balance consists of the following categories of property, plant, equipment and intangible asset:		
Radar equipment	36,015,778	22,045,150
Communication equipment	203,641,367	86,376,571
Navigational aids	42,655,211	8,897,503
Simulator	3,345,817	2,835,978
Leasehold improvement	840,003	1,146,803
Electrical and mechanical equipment	3,276,772	1,974,000
Software	14,901,067	44,622,228
ATC display system	181,694,247	127,189,256
Buildings	31,143,971	11,358,920
	517,514,233	306,446,409

13. Loans and receivables

	2017	2016
	R	R
Risk financing insurance policy	16,151,353	17,741,895
Current assets		
Loans and receivables	16,151,353	17,741,895

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

Pledged as security

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

Collateral held

The instruments are unsecured and therefore no collateral is held.

Credit quality

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

High credit grade – the counter party has evidenced no instances of defaults. Furthermore, an assessment of the financial position of the company has not evidenced a weakening in either the financial position or liquidity of the company. As such the counter parties included in the high credit grade category pose a low credit risk to the company with the recoverability of the outstanding amounts being almost certain.

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

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

	2017		2016	
	R		R	
	Quality	Value of instrument	Quality	Value of instrument
Risk financing insurance policy	High	16,151,353	High	17,741,895

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

There were no breaches or defaults on any portion (either capital or instrument) of the loans and receivables during the year. Also, none of these instruments are either past due or impaired. This further supports management's assessment of the credit quality of the financial instruments included in loans and receivables.

Exposure to credit risk

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

	2017		2016	
	R		R	
	Maximum exposure posed by the instrument	Value of instrument	Maximum exposure posed by the instrument	Value of instrument
Risk financing insurance policy	16,151,353	16,151,353	17,741,895	17,741,985

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

14. Trade and other receivables

	2017 R	2016 R
Financial instruments		
Trade receivables	211,059,610	217,991,421
Less: Impairment of trade receivables allowance	(24,212,393)	(19,993,573)
Trade receivables - net	186,847,217	197,997,848
Other receivables	6,946,949	5,031,340
	193,794,166	203,029,188
The movement in the impairment of trade receivables allowance during the year was as follows:		
Balance at 1 April	19,993,573	6,512,078
Impairment loss recognised	10,468,372	42,166,218
Receivables written off during the year	(6,249,552)	(28,684,723)
Balance at 31 March	24,212,393	19,993,573

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

The ageing of trade receivables at the reporting date was:

	R	R	R
	Gross	Impaired	Not impaired
2017			
Not past due	151,813,251	-	151,813,251
Past due by 30 days	22,108,212	-	22,108,212
Past due by 31 to 60 days	13,467,232	-	13,467,232
Past due by more than 60 days	23,670,915	24,212,393	(541,478)
	211,059,610	24,212,393	186,847,217
	R	R	R
	Gross	Impaired	Not impaired
2016			
Not past due	153,797,334	-	153,797,334
Past due by 30 days	22,267,095	-	22,267,095
Past due by 31 to 60 days	14,715,413	-	14,715,413
Past due by more than 60 days	27,211,579	19,993,573	7,218,006
	217,991,421	19,993,573	197,997,848

The company has no significant concentration of credit risk. It has policies in place to ensure that rendering of services are made to customers with an appropriate credit history. Trade receivables comprise a large number of customers. The top three customers comprise 46% (2016: 47%) of trade receivables. Ongoing credit evaluations are performed on the financial position of these customers.

In addition, exposure is reduced by deposits of R6,924,279 (2016: R3,084,279) held on behalf of customers, as well as bank guarantees of R99,465,493 (2016: R100,765,401) from customers in the name of the company. The deposits are included in cash and cash equivalents (note 16) as unrestricted cash, with the related liability included in other payables (note 22). When the customer ceases to trade and settles the outstanding debt, the company is obliged to return the deposit to the customer. Should the customer default, the company may utilise the related deposit in settlement of the debt.

Provision for impairment allowance for trade and other receivables is recognised when there is objective evidence that the debt would be impaired.



Pledged as security

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

Credit quality

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

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

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

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

	2017		2016	
	R		R	
	Quality	Value of instrument	Quality	Value of instrument
Trade receivables	High	151,813,251	High	153,797,334
	Medium	22,108,212	Medium	36,982,508
	Low	12,925,754	Low	7,218,006
		186,847,217		197,997,848

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

South Africa's low economic rate has put pressure on domestic carries. This has resulted in defaults and breaches on some of the trade and other receivables during the period under review. The recent downgrading by the two major ratings agencies is likely to compound the already subdued traffic movements which will have a negative impact on ATNS's revenue prospects.

The company continues to assess its exposure to defaults by assessing the quality of the financial instruments included in trade and other receivables.

Exposure to credit risk

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

	2017		2016	
	R		R	
	Maximum exposure posed by the instrument	Value of instrument	Maximum exposure posed by the instrument	Value of instrument
Trade receivables	186,847,217	186,847,217	197,997,848	197,997,848

Fair value

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

Refer to note 29 for related party information.



15. Prepayments

	2017	2016
	R	R
	4,893,997	7,359,995

Included in prepayments, are rental expense and other operating expenses paid in advance. The Company expects to receive credits for the related expenditure in the 2018 financial year.

The carrying value of prepayments approximates their fair values.

16. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017	2016
	R	R
Bank balances	96,594,556	35,049,212
Bank balances – US Dollar denominated	179,440,165	155,813,335
Other cash and cash equivalents	240,000	154,127
Short-term deposits	1,050,457,379	1,036,983,406
	1,326,732,100	1,228,000,080
Cash and cash equivalents include the following for the purpose of the cash flow statement:		
Cash and cash equivalents	1,326,732,100	1,228,000,080

Pledged as security

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

	2017		2016	
	R		R	
	Quality	Value of instrument	Quality	Value of instrument
Cash and cash equivalents	High	1,326,732,100	High	1,228,000,080

The terms and conditions attached to the instruments included in cash and cash equivalents have not been re-negotiated during the year.

There were no breaches or defaults on any portion (either capital or interest) of the cash and cash equivalents during the year. Also, none of these instruments are either past due or impaired. This further supports management's assessment of the credit quality of the financial instruments included in cash and cash equivalents.

Exposure to credit risk

The instruments included in cash and cash equivalents expose management to credit risk as follows:

	2017		2016	
	R		R	
	Maximum exposure posed by the instrument	Value of instrument	Maximum exposure posed by the instrument	Value of instrument
Cash and cash equivalents	1,326,732,100	1,326,732,100	1,228,000,080	1,228,000,080

Fair value

The carrying value of cash and cash equivalents approximates their fair values.

Restrictions to the use of cash

No restrictions have been imposed on the company with regards to the extent to which bank and cash balances of the company may be used.

17. Share capital

	2017	2016
	R	R
Authorised		
500 million ordinary shares with a par value of R 1 each	500,000,000	500,000,000
Issued and fully paid:		
190 646 000 ordinary shares with a par value of R 1 each	190,646,000	190,646,000

Reconciliation of the number of shares outstanding

	Number of ordinary shares	Rand value of shares
Outstanding shares at April 1, 2015	190,646,000	190,646,000
Shares issued	-	-
Outstanding shares at March 31, 2016	190,646,000	190,646,000
Shares issued	-	-
Outstanding shares at March 31, 2017	190,646,000	190,646,000

18. Deferred income tax liabilities

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

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

	2017	2016
	R	R
At beginning of the year	(52,510,815)	(72,954,475)
Recognised in statement of profit and loss and other comprehensive income	13,949,042	20,257,508
Prior year under provision	(8,414)	186,152
	(38,570,187)	(52,510,815)
Deferred income tax liability relates to the following:		
Property, plant and equipment	(73,264,461)	(84,565,729)
Finance leases	2,756,982	-
Provisions	34,573,155	34,584,793
Impairment of trade receivables allowance	(1,694,868)	(1,399,550)
Operating leases	429,323	930,470
24C allowance	(14,604,800)	-
Income received in advance	14,604,800	-
Prepayments	(1,370,318)	(2,060,799)
	(38,570,187)	(52,510,815)

19. Tax paid

	2017	2016
	R	R
Balance at beginning of the year	8,049,997	(6,711,393)
Current tax for the year recognised in profit or loss	(103,415,920)	(125,884,889)
Balance at end of the year	1,208,137	(8,049,997)
	(94,157,786)	(140,646,279)

20. Finance lease obligation

	2017	2016
	R	R
Minimum lease payments due		
- Not later than 1 year	3,138,020	-
- Later than one year and not later than 5 years	7,220,987	-
	10,359,007	-
less: future finance charges	(512,641)	-
Present value of minimum lease payments	9,846,366	-
Non current liabilities	6,938,821	-
Current liabilities	2,907,545	-
	9,846,366	-

It is company policy to lease certain motor vehicles and printers under finance leases.

The average lease term is 3-5 years for both the printers and motor vehicles, which is equal to the useful lives of these assets.

Interest rates are fixed for the various leased motor vehicles with the average rate of 11.5% and instalments are payable monthly in arrears.

The company's obligations under finance leases are secured by the lessor's charge over the leased assets.

21. Commitments

	2017	2016
	R	R
Authorised capital expenditure		
Capital and operating expenditure contracted for at the reporting date but not yet incurred is as follows:		
- Property, plant and equipment	460,068,706	491,381,059
- Operating expenditure	78,753,203	-
Operating leases – as lessee (expense)		
Minimum lease payments due		
Not later than 1 year	6,224,300	23,988,410
Later than 1 year and not later than 5 years	1,579,085	34,120,574
	7,803,385	58,108,984
Equalisation of operating lease liability		
Opening balance	3,323,108	2,227,338
Current year adjustment	(1,789,813)	1,095,770
	1,533,295	3,323,108

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.

22. Trade and other payables

	2017	2016
	R	R
Financial instruments		
Trade payables	37,994,693	70,404,145
	37,994,693	70,404,145
Accrued expenses	69,516,420	31,935,157
Other payables	76,120,322	15,377,476
	183,631,435	117,716,778
Non-financial instruments		
VAT payable	5,029,326	6,636,187
	188,660,761	124,352,965

All trade and other payables are due within 30 days.

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

There were no breaches or defaults on any portion (either capital or interest) of the trade and other payables during the year.

Refer to note 29 for related party information.

23. Provisions for other liabilities and charges

Reconciliation of provisions for other liabilities and charges – 2017

	R	R	R	R	R	R
	Opening balance	Additions	Utilised during the year	Payout adjustment and/or forfeiture	Over/(Under) transferred to expenses	Closing balance
External audit fees	320,660	1,650,000	(1,970,660)	-	-	-
Leave pay	25,710,888	53,793,659	(32,467,435)	(17,135,023)	-	29,902,089
Performance bonus	68,685,504	67,971,672	(68,782,070)	-	96,566	67,971,672
Other	8,806,499	9,027,009	(16,444,098)	-	-	1,389,410
	103,523,551	132,442,340	(119,664,263)	(17,135,023)	96,566	99,263,171

Reconciliation of provisions for other liabilities and charges – 2016

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

Uncertainties and assumptions:

a) Leave pay

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

b) 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 2017.

c) Other

Includes provision for Swaziland Civil Aviation Authority (SWACAA) on overflights billing that ATNS does on behalf of SWACAA.

24. Cash flows from investing activities

	2017 R	2016 R
Property, plant and equipment	20,740,984	19,062,034
Capital work in progress	296,589,793	207,592,721
	317,330,777	226,654,755

25. Cash generated from operations

	2017 R	2016 R
Profit before taxation	317,780,117	348,583,236
Adjustments for:		
Depreciation and amortisation	113,991,346	107,910,393
Loss/(profit) on sale of property, plant and equipment	219,272	5,163,197
Finance revenue	(83,383,250)	(54,638,632)
Finance costs	221,954	711,544
Movements in operating lease assets and accruals	(1,789,812)	1,095,770
Movements in provisions and other non-cash items	(5,602,844)	7,220,497
Net foreign exchange difference	13,705,614	(36,335,706)
Changes in working capital:		
Trade and other receivables	9,235,022	41,926,203
Prepayments	2,465,998	(1,045,319)
Trade and other payables	64,307,796	24,177,385
	431,151,213	444,768,568

26. Proceeds on disposal of property plant and equipment

	2017 R	2016 R
Proceeds on sale of property, plant and equipment	78,306	50,426

27. Contingencies

The Company has guarantee that it would pay to the suppliers an amount of R3,151,085 (2016: 3,151,085) and cessions and other matters arising in the ordinary course of business. It is not anticipated that any liabilities will arise from contingent liabilities.

28. Retirement benefit information

Substantially all employees are members of the ATNS retirement fund. The fund is a defined contribution fund and is governed by the Pension Funds Act of 1956 which requires an actuarial valuation to be carried out every three 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 2016 and the Registrar approved the application on 30 November 2016. The valuation exemption will terminate on 31 January 2019.

The latest actuarial assessment of the ATNS Retirement Fund was at 31 January 2014. At that time, the ATNS retirement fund was certified by the reporting actuaries to be in a sound financial position. The company contributions to the ATNS Retirement Fund amounted to R64,848,267 (2016: R59,983,454).

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

29. Related party disclosure

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

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

Unless otherwise disclosed, all transactions with the below related parties are concluded on an arm's length basis. Furthermore, no expense has been recognised in the current period for impairment of trade receivables in respect of the amounts owed by related parties.

	2017	2016
	R	R
Related party transactions		
Sales of services		
- Airports Company South Africa	12,739,252	10,634,563
- North West Province	8,726,927	8,148,391
- South African Civil Aviation Authority	2,822,165	1,166,537
- South African Air Force	2,574,850	3,307,189
- South African Airways	396,721,601	399,946,388
- South African Express	113,040,630	121,316,835
- Tulca (Pty) Ltd - Mango Airlines	142,884,647	150,601,642
- Other	24,049,081	21,878,008
	703,559,153	716,999,553
Purchases of goods and services		
- Airports Company South Africa	13,313,114	10,505,773
- Eskom	7,950,251	6,175,866
- South African Civil Aviation Authority	13,324,810	10,122,766
- South African Revenue Services	229,486,605	273,529,862
- Telkom	20,154,110	18,700,449
- Other	1,138,225	1,354,144
	285,367,115	320,388,860

These transactions are carried out on commercial terms & conditions.

	2017	2016
	R	R
Year end balances arising from related party activity		
Receivables from related parties		
- Airports Company South Africa	3,718,051	4,423,402
- South African Airways	33,998,879	34,028,676
- South African Express	26,862,706	33,838,510
- Tulca (Pty) Ltd - Mango Airlines	12,517,675	13,888,644
- Other	3,681,324	5,960,947
	80,778,635	92,140,179
Payables to related parties		
- Airports Company South Africa	982,445	1,793,962
- Eskom	492,987	88,531
- South African Revenue Services	5,016,097	6,636,187
- Telkom	1,915,674	1,688,806
- Other	16,248	357,444
	8,423,451	10,564,930

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

All the companies listed above report to the various ministerial departments of the government and hence are considered related parties.

30. Directors, emoluments and prescribed officers

All non-executive directors are South Africans.

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

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

Executive – 2017

	R	R	R
	Basic salary	Incentive Bonus	Total
DST Mthiyane	3,711,745	1,038,740	4,750,485
MW Ndlovu	2,640,104	616,344	3,256,448
Dr S Malinga (Appointed: 01 September 2016)	1,536,192	-	1,536,192
S Mngomezulu	2,016,568	502,438	2,519,006
HJ Marais	1,933,130	366,023	2,299,153
TV Ndou	2,004,044	498,721	2,502,765
DH Sangweni	2,374,816	559,282	2,934,098
T Thankge	1,923,380	390,916	2,314,296
T Myeza	2,218,559	502,397	2,720,956
P Boshielo	1,810,298	-	1,810,298
J Matshoba	1,781,648	329,485	2,111,133
PC Marais (Retired: 31 December 2016)	2,228,242	474,089	2,702,331
N Lekota (Acting CIO: 01 October 2016)	1,089,539	168,934	1,258,473
	27,268,265	5,447,369	32,715,634

Executive – 2016

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

Non-executive – 2017

	R	R	R
	Directors' fees	Other Benefits and allowances	Total
P Riba	631,269	5,196	636,465
N Mtshali	476,756	4,541	481,297
B Ssamula	622,914	10,058	632,972
S Hari	454,157	4,227	458,384
EM Mphahlele	555,715	54,833	610,548
I Nkama	559,808	5,143	564,951
PQ Dhlamini	540,904	4,927	545,831
DG Mwanza	439,346	5,256	444,602
	4,280,869	94,181	4,375,050

Non-executive – 2016

	R	R	R
	Directors' fees	Other Benefits and allowances	Total
P Riba	332,015	1,091	333,106
N Mtshali	238,380	2,251	240,631
B Ssamula	294,642	5,422	300,064
S Hari	255,108	2,146	257,254
EM Mphahlele	276,397	24,766	301,163
I Nkama	276,649	2,534	279,183
PQ Dhlamini	269,551	2,699	272,250
DG Mwanza	279,434	3,305	282,739
MD Mamashela (period of office ended: 31 August 2015)	398,579	13,259	411,838
HT Makhathini (period of office ended: 31 August 2015)	171,225	12,725	183,950
FZ Msimang (period of office ended: 31 August 2015)	12,000	-	12,000
FKN Thlakudi (period of office ended: 31 August 2015)	200,499	13,526	214,025
TN Mgoduso (period of office ended: 31 August 2015)	250,678	14,671	265,349
SV Zilwa (period of office ended: 31 August 2015)	154,255	12,420	166,675
SG Mseleku (period of office ended: 31 August 2015)	151,972	12,967	164,939
	3,561,384	123,782	3,685,166

Prescribed officers – 2017

	R	R	R
	Basic salary	Incentive Bonus	Total
SW Nkabinde	1,338,401	152,140	1,490,541
H Reid	1,713,566	318,805	2,032,371
JM Manyakoana	1,680,258	295,924	1,976,182
JM Moholola	1,393,916	267,902	1,661,818
DJ Watts	1,400,239	216,143	1,616,382
CH Gersbach	1,389,408	195,421	1,584,829
K Sebopa (Appointed: 01 July 2016)	1,221,504	116,668	1,338,172
	10,137,292	1,563,003	11,700,295

Prescribed officers – 2016

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

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

31. Financial risk management, objectives and policies

Categories of financial instruments and maturity analysis – 2017

	R	R	R	R	R
	Total	Due not later than 1 month	Due later than 1 month and not later than 3 months	Due later than 3 months and not later than 1 year	Due later than 5 years and not later than 10 years
Financial assets					
Loans and receivables					
Risk financing insurance policy	16,151,353	1,345,946	2,691,892	12,113,515	-
Trade and other receivables					
Trade and other receivables	193,794,166	16,149,514	32,299,028	145,345,624	-
Cash and cash equivalents					
Bank balances	1,326,732,100	110,561,008	221,122,016	995,049,076	-
Financial liabilities					
Trade and other payables					
Trade payable	37,994,693	3,166,224	6,332,448	28,496,021	-
Accrued expenses	69,516,420	5,793,035	11,586,070	52,137,315	-
Other payables	81,149,648	6,762,471	13,524,942	60,862,235	-
	188,660,761	15,721,730	31,443,460	141,495,571	-

Categories of financial instruments and maturity analysis – 2016

	R	R	R	R	R
	Total	Due not later than 1 month	Due later than 1 month and not later than 3 months	Due later than 3 months and not later than 1 year	Due later than 5 years and not later than 10 years
Financial assets					
Other financial assets					
Risk financing insurance policy	17,741,895	1,478,491	2,956,982	13,306,422	-
Trade and other receivables					
Trade and other receivables	203,029,188	16,919,099	33,838,198	152,271,891	-
Cash and cash equivalents					
Bank balances	1,228,000,080	102,333,345	20,466,668	921,000,055	-
Trade and other payables					
Trade payable	70,404,145	5,867,012	11,734,024	52,803,109	-
Accrued expenses	31,935,157	2,661,263	5,322,526	23,951,368	-
Other payables	22,013,663	1,834,472	3,668,944	16,510,247	-
	124,352,965	10,362,747	20,725,494	93,264,724	-

Financial risk factors

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

Market risk – Foreign exchange risk

The company transacts internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (USD), Australian Dollar (AUS\$), Great British Pound (GBP) and the Euro (EURs). 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.

	R	R	R	R
	Rand	USD	EUR	Other
2017				
Risk financing insurance policy	12,725,690	932,285	-	-
Trade and other receivables	10,177,991	745,640	-	-
Cash and cash equivalents	179,440,165	13,145,800	-	-
	202,343,846	14,823,725	-	-

	R	R	R	R
	Rand	USD	EUR	Other
2016				
Risk financing insurance policy	11,842,049	980,708	-	-
Trade and other receivables	23,468,811	1,943,587	-	-
Cash and cash equivalents	133,940,642	11,092,393	-	-
	169,251,502	14,016,688	-	-

Sensitivity analysis

A 10% strengthening in the Rand against the above currencies at 31 March 2017 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 2016.

A 10% weakening in the Rand against the above currencies at 31 March 2017 would have had the equal but opposite effect to the amounts shown below, on the basis that all other variables remain constant.

	2017 R	2016 R
Profit or loss		
USD	20,234,385	18,251,987

Market risk – interest rate risk

The company's income and operating cash flows are substantially independent of changes in market interest rates. The company's cash flow interest rate risk arises from long term borrowings, cash and cash equivalents and finance lease liabilities. The company is not exposed to fair value interest rate risk as the company does not have any fixed interest-bearing financial instruments carried at fair value. The company manages its exposure to cash flow interest rate risk by ensuring that cash flows from operations are sufficient to cover the variable interest cash flows and by using derivative instruments to hedge certain exposures.

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was as follows:

	2017 R	2016 R
Variable rate instruments - Linked to Prime		
Cash and cash equivalents	1,326,732,100	1,228,000,080
Trade and other receivables	193,794,166	203,029,188
Trade and other payables	(188,660,761)	(124,352,965)
Total interest rate exposure	1,331,865,505	1,306,676,303

Sensitivity analysis

An increase of 100 basis points in the JIBAR and Prime interest rate at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	2017 R	2016 R
Increase of 100 basis points in prime rate	13,318,655	13,066,763
Decrease of 100 basis points in prime rate	(13,318,655)	(13,066,763)

Credit risk

Credit risk arises from loans and receivables, trade and other receivables and cash and cash equivalents.

The company has no significant concentration of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Trade receivables comprise a number of customers. The top three customers comprise approximately 46% of the core revenue. Ongoing credit evaluations are performed on the financial position of these customers. In addition, exposure is reduced by deposits and bank guarantees held on behalf of customers. It is the policy of the company to renegotiate credit terms with longstanding customers who have a good credit history with the company. These customers are monitored on an ongoing basis to ensure that the customer remains within the re-negotiated terms.

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

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

Capital risk management

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

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

The company monitors capital on the basis of a gearing ratio. The gearing ratio is calculated as total debt divided by total capital. Total debt is calculated as non current borrowings plus current borrowings. Total capital is calculated as "total equity" shown in the statement of financial position. The gearing ratio for the current financial year is 0% (2016: 0%). The company has a gearing threshold of 45%.

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

32. Events after the reporting period

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

33. Irregular expenditure

	R	R	R
	Opening balance	Movement in the current year	Total
Reconciliation of irregular expenditure - 2017			
Amount recognised in current year	-	9,272,821	9,272,821
Details of irregular expenditure			
Insufficient number of quotations	-	126,527	126,527
Quotations awarded in excess of procurement threshold	-	3,643,113	3,643,113
Splitting of the procurement of goods into parts	-	700,780	700,780
Purchase order raised after receipt of the invoice	-	1,292,395	1,292,395
Consulting fees	-	826,713	826,713
Purchases made with credit and/or procurement cards	-	2,683,293	2,683,293
	-	9,272,821	9,272,821

An investigation is being undertaken into the instances of irregular expenditure and appropriate action will be taken where necessary.

In the prior year there was no irregular expenditure.





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