

Air Traffic and Navigation Services SOC Limited



Annual financial statements 2024/2025

Inspiring aviation excellence
through value creation



Air Traffic and Navigation Services SOC Limited
(Registration number 1993/004150/30)

Annual financial statements for the year ended 31 March 2025

These annual financial statements were prepared by:
Pinky Phaswana CA(SA)

These annual financial statements are audited in compliance with the applicable requirements of the Companies Act, No 71 of 2008 as amended and the Public Finance Management Act, No 1 of 1999 (PFMA), as amended.

Published on 30/09/2025

Contents

Our reporting suite

Our integrated report



Our annual financial statements



Our Global Reporting Initiative index



Our reporting guide

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

	Page
ATNS at a glance	2 - 3
Directors' report	4 - 7
Audit and Risk Committee report	8 - 10
Chief Financial Officer's reflections	11
Certificate of the Company Secretary	12

Our financial statements

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

Directors' responsibilities and approval	13
Independent auditor's report	14 - 21
Statement of financial position	22
Statement of profit or loss and other comprehensive income	23
Statement of changes in equity	24
Statement of cash flows	25

Notes to the financial statements

Material accounting policies	26 - 37
New standards and interpretations	38 - 41
Other notes	42 - 89
Company information	90

ATNS at a glance

As an air navigation service provider responsible for 6.1% of the world's airspace, ATNS is responsible for ensuring safer African skies and contributing towards boosting tourism and business connections in South Africa.

We provide air traffic, navigation, training and associated services within South Africa and a large part of the southern Indian Ocean and Atlantic Ocean.

Highlights: 2024/2025

Employees

1 113

across South Africa

Air traffic controller
(ATC)
bursar trainees

80

at ATNS
Aviation Training Academy

Air traffic
movements

914 794

Managed by
Airports Company South
Africa (ACSA)

9

Airports

Regional airports

12

in South Africa

St Helena
Airport

in the South Atlantic Ocean

Across Africa

27

countries use ATNS's
communication network, technical
services, consultancy and training



Directors' report



Zola Majavu CD(SA)
Chairman of the Board



Matome Moholola CA(SA)
Chief Executive Officer (Acting)

The directors have pleasure in submitting their report on the annual financial statements of Air Traffic and Navigation Services SOC Limited (ATNS) for the year ended 31 March 2025.

1. Nature of business

ATNS was incorporated in South Africa. The company operates mainly in South Africa and also in some other African countries.

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

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

2. Governance environment

ATNS is a state-owned company incorporated under the Air Traffic and Navigation Services Company Act of 1993 (Act 45, 1993 as amended) 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 PFMA and related regulations and guidelines issued by National Treasury.

In compliance with the requirements of the PFMA, ATNS concludes an annual shareholder's compact with the shareholder representative. The shareholder's compact contains shareholder expectations in the form of predetermined objectives and key performance information and ensures that the board and the shareholder representative, are aligned in their understanding and acceptance of strategic objectives. Progress on performance is regularly reviewed by the board and reported quarterly to the shareholder representative.

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

3. Safety regulation

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

4. Economic regulation

As a monopoly, the company is regulated economically by the Regulating Committee which is a statutory body formed and appointed by the shareholder, the Department of Transport. The ATNS Act (45 of 1993) requires ATNS to seek permission from the Regulating Committee to levy air traffic services

Directors' report

charges, provide air navigation infrastructure and conduct air traffic services and air navigation services.

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

The next permission application for the financial years 2026/2027 to 2023/2031 has commenced and is envisaged to be finalised in the next financial year. This new permission will replace the prevailing approved permission.

5. Overall performance

During the year under review, the company achieved billable movements of 287 760 compared to 293 043 (2023/2024). The decrease in billable movements did not affect the regulated revenue negatively as revenue increased by 4.4% to R1 530 million while in 2023/2024 the regulated revenue was R1 460 million. The increase in regulated revenue is attributed by the use of bigger aircraft that attracted higher charges.

Operational costs increased by 8.9% to R1 624 million (2023/2024: R1 491 million) mainly due to the increase in staff costs, computer software, professional fees and travel expenses.

Capital expenditure decreased to R133.8 million (2023/2024: R222.9 million). The reduced spending in the year under review was due to the majority of projects under execution being in their final implementation stages.

The company's liquidity ratio increased to 3.26:1 (2023/2024: 2.40:1) mainly due to the issued shares to the shareholder and the drawdown on the loan facility. The gearing is at 26.1% (2023/2024: 23.3%) mainly due to increased loans to finance capital expenditure projects. The loan carries both financial and information covenants. The company reviewed this at year end and there is currently no breach of any of the covenants. Furthermore, based on management projections, none of the covenants is expected to be breached in the future. The current debt levels are within the company's ability to service them.

As a regulated company, ATNS measures its return of capital employed (ROCE) in line with the approach document issued by the regulator. The ROCE is 7.9% (regulated ROCE (-0.3%). The

ROCE is a measure of the extent to which a company utilises its resources efficiently to generate profits. The regulated ROCE is based on the Regulating Committee formula.

Cash generated from operations (before interest and taxation) declined by 45.3% to R180.6 million (2023/2024: R330.4 million), mainly due to the increase in staff cost and other operating expenses. The company's cash reserves improved in the current year to R1 200 million (2023/2024: R887.3 million) mainly due to the loan facility drawdown and issued shares to the shareholder.

6. Dividends

No dividends were declared or paid to the shareholder during the year (2023/2024: 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 ATNS Act 1993 (Act 45 of 1993 as amended). There were no changes in the authorised shares. However, 204 000 000 shares were issued with a par value of R1 per share to the shareholder (Minister of Transport). For details, refer to note 24 on page 68.

8. Capital commitments

The company's total capital commitments for the year under review were R271.6 million.

At present the company is in a favourable position to fund the capital expenditure through cash generated from operations. Furthermore, the company expects an allocation of R218.6 million from the Department of Transport in the Medium-term Expenditure Framework. This allocation will be in exchange for further shares to the shareholder. The company memorandum of incorporation is being updated to increase the authorised share capital to accommodate this further injection.

9. Accounting policies

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

Directorsí report

10. Directors

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

Directors	Date appointed	Designation	Nationality	Date resigned
Z Majavu	13 January 2023	Chairman	South African	
NP Mdawe	1 April 2022	Chief Executive Officer	South African	
JM Moholola*	1 January 2024	Chief Financial Officer	South African	
MA Amod	13 January 2023	Non-executive	South African	
KS Boqwana	13 January 2023	Non-executive	South African	
CR Burger	13 January 2023	Non-executive	South African	
NC Kubheka	13 January 2023	Non-executive	South African	
SG Kudumela	13 January 2023	Non-executive	South African	
P Mangoma	13 January 2023	Non-executive	South African	3 February 2025
MJ Neluheni	13 January 2023	Non-executive	South African	
LN Ngema	13 January 2023	Non-executive	South African	
PN Sibiya	13 January 2023	Non-executive	South African	31 January 2025
DLT Dondur	26 June 2025	Non-executive	South African	

For details of directors emoluments, refer to note 36.

* Mr Moholola's employment contract was renewed on 1 January 2024 for a further five years.

11. Events after the reporting period

- Additional employees signed the three-year retention agreement referred to in note 19, resulting in additional payments of R25 million.
- DLT Dondur was appointed a board member on 26 June 2025.

The directors are not aware of any other material event after the reporting date and up to the date of this report.

12. Going concern

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

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have

satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation that may materially affect the company.

13. Irregular expenditure and fruitless and wasteful expenditure

During the year under review, the company had no irregular expenditure. Fruitless and wasteful expenditure amounting to R591 882 was incurred. The root causes are being addressed and the directors are committed to ensuring that adequate control measures are being put in place to prevent a recurrence.

14. Directors' and officers' interests in contracts

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

Directors' report

15. Auditors

SizweNtsalubaGobodo Grant Thornton Inc was appointed the auditor for the company on 28 February 2025 for the current financial year, after Nexia SAB&T's term of office ended.

16. Secretary

The company secretary is Nobuhle Sibeko.

Postal address: Private Bag X15
Kempton Park
1620

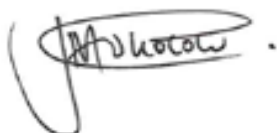
Business address: Block C
Eastgate Office Park
South Boulevard Road
Bruma
2198

The annual financial statements set out on pages 22 to 89, which have been prepared on the going concern basis, were approved by the board of directors on 31 July 2025.

Approval of annual financial statements



Zola Majavu CD(SA)
Board Chairman
31 July 2025



Matome Moholola CA(SA)
Chief Executive Officer (Acting)
31 July 2025

Audit and Risk Committee report



Doris Dondur CA(SA) CD(SA)
Audit and Risk Committee Chairman

The Audit and Risk Committee is a statutory committee constituted in terms of the Companies Act, 71 of 2008, as amended, and the PFMA. All members, including the Chairperson, are independent non-executive directors. The committee is pleased to present its 2024/2025 report, which aligns with its obligations in terms of the Companies Act, the King Report on Corporate Governance in South Africa of 2016 (King IV™) and other regulatory requirements. The committee carried out its responsibilities and oversight functions independently, including those relating to the audit and financial reporting set out in its terms of reference.

Composition, independence and governance

For the year under review, the Audit and Risk Committee, appointed by the shareholder, comprised four independent non-executive directors. P Sibiya (Chairman), P Mngoma, A Amod and K Boqwana. The Chairman of the committee, P Sibiya and one member, P Mngoma resigned with effect from 3 February 2025. The board appointed S Kudumela who is a non-executive director of ATNS as a member of the Audit and Risk Committee with effect from 17 February 2025. A Amod was appointed Chairman with effect from 14 February 2025. At the time of issue of this report, Doris Dondur had been appointed Chairman with effect from 26 June 2025.

The board is satisfied that the committee members have an appropriate mix of knowledge and experience to carry out their duties. Each member's qualifications and experience are set out in their profiles on pages 23 to 25 of the integrated annual report.

The Chairman of the Audit and Risk Committee maintains regular contact with the CEO, CFO and CAE. The CEO, CFO, GRCO, CAE, external auditors and other assurance providers attended all Audit and Risk Committee meetings as standing invitees. Other members of the executive team and senior management representing areas relevant to discussions of the committee attend meetings either by invitation or as and when required.

The agenda allows for management and the internal and external auditors to meet independently with the Audit and Risk Committee. The CAE and the external auditors have direct access to the committee and committee chair to discuss any matter they regard as relevant to the fulfilment of the committee's responsibilities.

The Audit and Risk Committee Chairperson reports to the board on the committee's activities and matters discussed at each meeting of the Board, highlighting key items that require action and providing recommendations for the Board's consideration.

The committee recognises the importance of maintaining the independence of the internal auditors. In both fact and appearance. Each year, the committee assesses the performance and objectivity of the CAE and evaluates the qualifications, performance and independence of the external auditors. In doing so, the Audit and Risk Committee considers the quality and efficiency of the services provided by the auditors, the auditors' capabilities, technical expertise and knowledge of ATNS and the industry.

Independent evaluation of the committee

The performance evaluation of the Audit and Risk committee is conducted every second year. The most recent assessment was conducted internally during July 2025. The results of the independent evaluation will be reviewed and considered by the board at its meeting on 28 August 2025.

The committee will adopt the recommendations of the internal assessment at its meeting on 14 August 2025. The assessment identified areas of improvement. However, it concluded that the committee functions effectively. The committee resolved to implement remedial action plans to respond to the recommendations.

Audit and Risk Committee report

Role and responsibilities

The Audit and Risk Committee assists the board in its oversight of the financial reporting processes, systems of internal financial controls and processes for monitoring compliance with laws and regulations. The roles and responsibilities of the committee are codified in a formal terms of reference, which are reviewed at least annually.

Key focus areas:

Annual financial statements

The Committee has evaluated the annual financial statements of the Company for the year ended 31 March 2025 and, based on the information provided, the committee considers that the Company complies in all material respects, with the requirements of the PFMA, Treasury Regulations, Companies Act and International Financial Reporting Standards (IFRS).

Combined assurance

ATNS has adopted a combined assurance approach in line with King IV™ to increase the evolution and effectiveness of assurance activities by functionaries in risk, audit, compliance and assurance. The combined assurance framework ensures ongoing reviews of the approach, model and processes, as well as regular discussions, information sharing and coordination of efforts among assurance providers. This approach contributes significantly to an effective control environment and supports the integrity of information used for internal decision-making by management, the board and board committees.

System of internal controls

The system of internal financial control is designed to ensure:

- Integrity and reliability of financial information;
- Compliance with laws and regulations;
- Achievement of objectives;
- Safety and efficiency of operations; and
- Safeguarding of assets.

The committee's role includes evaluating the company's internal financial controls and accounting systems. To fulfil this responsibility, the committee reviewed reports from management, the internal audit function and external auditors regarding the effectiveness of these systems.

External auditors

During the year under review, the committee:

- Approved the external auditor's audit plan and scope of work for 2024/2025, confirming suitable reliance on internal audit and the appropriateness of key audit risks identified;
- Approved the external auditor's fees for 2024/2025 in accordance with section 94(7)(b) of the Companies Act;
- Confirmed that no reportable irregularities were identified nor reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005, as amended; and
- Reviewed the findings and recommendations of the external auditors and confirmed that no material matters were unresolved.

During the year under review, the external auditors Nexia SAB&T were due for rotation at the 31st annual general meeting held on 6 September 2024. The external auditors were duly rotated and SizweNtsalubaGobodo Grant Thornton Inc was appointed with effect 28 February 2025.

The committee recognises the importance of maintaining the independence of the external auditors, in both fact and appearance. Each year, the committee evaluates the qualifications, performance and independence of the external auditors. In doing so, the Audit and Risk Committee considers the quality and efficiency of the services provided by the auditors, the auditors' capabilities, technical expertise and knowledge of ATNS's operations and industry. For the year under review, the external auditors were newly appointed. To enable the external auditors to familiarise themselves with the environment, the assessment was yet to be conducted at the time of the issue of this report.

Notwithstanding the delay in the appointment of the external auditors, following the rotation at the annual general meeting, the committee is satisfied that this did not have an impact on its responsibilities, as the external auditors assumed their responsibilities on time to enable ATNS to meet its statutory obligations in relation to the external audit.

Internal audit

The CAE reports functionally to the Audit and Risk Committee and administratively to the CEO. Internal audit is a key independent internal assurance provider, an integral part of the risk management process and forms the third line of

Audit and Risk Committee report

defence. The Audit and Risk Committee uses reports on the activities of internal audit and those from other assurance providers to assess the adequacy and effectiveness of internal control and risk management.

During the period under review, the committee approved the internal audit charter and internal audit plan and monitored the implementation thereof. Furthermore, the committee received the quality assurance self-assessment of the internal audit function of ATNS by PricewaterhouseCoopers. The results of the assessment disclosed that ATNS's internal audit function generally conforms to the Standards for Professional Auditing of the Institute of Internal Auditors. The committee is tracking the implementation of the remediation plan to address the issues raised by PricewaterhouseCoopers.

The Audit and Risk Committee is satisfied that internal audit is independent. During the year under review, the function had capacity constraints. The committee is, however, satisfied that internal audit was able to provide objective assurance on the adequacy and effectiveness of the internal control environment. It is further satisfied that internal audit epitomises professional objectivity in gathering, evaluating and communicating information, and demonstrates the highest level of ethics.

Finance function and governance risk and compliance

The Audit and Risk Committee received regular reports from the CFO on the financial performance, details of budgets, forecasts, long-term plans and capital expenditures, financial reporting controls and processes, and the adequacy and reliability of management information used for financial reporting. The Audit and Risk Committee considered and is satisfied with the expertise and experience of the Acting CFO, Pinky Phaswana, appointed with effect from 24 March 2025 following the appointment of Matome Moholola to the role of Acting CEO. The Audit and Risk Committee was satisfied with the handover process and the transition between the Acting CEO and the Acting CFO.

The committee monitored and supervised the functioning, effectiveness and performance of the governance, risk and compliance function. The committee assessed compliance with all statutory requirements *inter alia* of the Companies Act, King IV™, the PFMA, the Protection of Personal Information Act and National Environmental Management Act, South African civil aviation regulations and technical standards.

The committee approved the risk-based compliance annual plan and monitored its implementation. The compliance function performed all planned compliance reviews and related activities during 2024/2025. The committee considered reports on compliance reviews conducted by the compliance function and management's remedial actions on compliance risks identified during the reviews.

Going concern

The committee evaluated management's assessment of the company's ability to continue operating as a going concern. After considering the known facts and circumstances, the committee concluded that there is no significant uncertainty that could raise doubts about the company's capability to continue its operations. Acting on the committee's recommendation, the Board approved the preparation of the company's annual financial statements under the going-concern assumption.

Whistleblowing

The Audit and Risk Committee is satisfied with the procedures to receive, evaluate, investigate and report on confidential and anonymous complaints on integrity and ethics based on the submissions received from the internal audit division and the ethics office.

Conclusion

The Audit and Risk Committee is satisfied that it fulfilled its statutory obligations as prescribed by legislation and the functions outlined in its terms of reference. Therefore, it has complied with its legal, regulatory, oversight and other responsibilities. The committee extends its gratitude to management and the Board for their support, as well as to the external auditors for their services, dedication, diligence and cooperation.



Doris Dondur
Chairman of Audit and Risk Committee
CA(SA) CD(SA)
31 July 2025

Chief Financial Officer's reflection



Pinky Phaswana CA(SA)
Chief Financial Officer (Acting)

I am pleased to present the financial overview for the year ended 31 March 2025. The aviation sector continues to recover and evolve following years of unprecedented disruption, and I am proud to report that our business delivered a strong and resilient performance during this period. ATNS delivered a solid financial performance, underpinned by disciplined cost management, resilient operational execution and a continued focus on long-term value creation.

Despite the challenges experienced, which included delays in the finalisation of the permission, ATNS's financial performance remained resilient, reflecting the strength of its business model and the dedication of its teams across all levels of the organisation.

Financial highlights

During the year under review, the company achieved billable movements of 287 760 compared to 293 043 (2023/2024). The decrease in billable movements did not affect the regulated revenue negatively as revenue increased by 4.4% to R1 530 million while in 2023/2024 the regulated revenue was R1 460 million. The increase in regulated revenue is attributed to the use of bigger aircraft that attracted higher charges.

Operational costs increased by 8.9% to R1 624 million (2023/2024: R1 491 million) mainly due to the increase in staff costs, computer software, professional fees and travel expenses.

The company's liquidity ratio increased to 3.26:1 (2023/2024: 2.40:1) mainly due to the issued shares to the shareholder and the drawdown on the loan facility.

Cash flow and capital management

Capital expenditure decreased to R133.8 million (2023/2024: R222.9 million). The reduced spending in the year under review is due to the majority of projects under execution being in their final implementation stages. The gearing is at 26.1% (2023/2024: 23.3%) mainly due to increased loans to finance capital expenditure projects. The loan carries both financial and information covenants. The company reviewed this at year end and there is currently no breach of any of the covenants. Furthermore, based on management projections, none of the covenants is expected to be breached in the future. The current debt levels are within the company's ability to service them.

As a regulated company, ATNS measures its ROCE in line with the approach document issued by the regulator. The ROCE is 7.9% (regulated ROCE (0.0%)). The ROCE is a measure of the extent to which a company utilises its resources efficiently to generate profits. The regulated ROCE is based on the Regulating Committee formula.

Cash generated from operations (before interest and taxation) declined by 45.3% to R180.6 million (2023/2024: R330.4 million), mainly due to the increase in staff cost and other operating expenses. The company's cash reserves improved in the current year to R1 200 million (2023/2024: R887.3 million) mainly due to the loan facility drawdown and issued shares to the shareholder.

Pinky Phaswana CA(SA)
Chief Financial Officer (Acting)
31 July 2025

Certificate of the Company Secretary



Nobuhle Sibeko
Company Secretary

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

A handwritten signature in black ink, appearing to read 'Sibeko', with a stylized flourish underneath.

Nobuhle Sibeko
Company Secretary
31 July 2025

Directors' responsibility and approval

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above

reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2026 and, in light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 14 to 21.

The annual financial statements set out on pages 22 to 89, which have been prepared on the going-concern basis, were approved by the board of directors on 31 July 2025.

Signed on behalf of the board of directors By:



Zola Majavu CD(SA)
Board Chairman
31 July 2025



Matome Moholola CA(SA)
Chief Executive Officer (Acting)
31 July 2025

Independent auditor's report

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

Report on the audit of the financial statements

Opinion

- 1. We have audited the financial statements of the Air Traffic and Navigation Services SOC Limited set out on pages 22 to 89, which comprise the statement of financial position as at 31 March 2025, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as notes to the financial statements, including material accounting policy information.
- 2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Air Traffic and Navigation Services SOC Limited as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act of South Africa).

Basis for opinion

- 3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.
- 4. We are independent of the public entity in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors of the (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants'

International Code of Ethics for Professional Accountants (including International Independence Standards).

- 5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
- 6. In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

- 7. The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error, and they are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
- 8. Our determination of materiality is a matter of professional judgment and is affected by our perception and understanding of the financial information needs of intended users, which is the quantitative and qualitative factors that determine the level at which relevant decisions taken by users would be affected by a misstatement. These factors helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.
- 9. Based on our professional judgment, we determined final materiality for the financial statements as follows:

Final materiality amount	R17 914 389
Basis for determining materiality	1% of Revenue, as disclosed in note 3 to the financial statements.
Rationale for benchmark applied	Revenue is an appropriate quantitative indicator of materiality as the primary purpose of the public entity is the pursuit of commercial objectives and the public entity is self-funded.

Independent auditor's report

10. Explanation on the reasons for the percentage used include but are not limited to:
- The public entity received media attention during the period under review,
 - There is political interest in the public entity,
 - The public entity's shareholder has placed major scrutiny on the entity, and
 - The public entity's operations impacts a large number of users.

Key audit matters

11. We have determined that there are no key audit matters to communicate in respect of the financial statements.

Emphasis of matter

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

Material impairment

13. As disclosed in note 21 to the annual financial statements, the impairment of trade debtors amounted to R31 729 267.

Other matter

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

Previous period audited by a predecessor auditor

15. The financial statements of the previous year were audited by a predecessor auditor who expressed an unmodified opinion on those financial statements, in terms of section 4(3) of the Public Audit Act 25 of 2004 on 31 July 2024.

Responsibilities of the accounting authority for the financial statements

16. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the PFMA and the Companies Act of South Africa 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.

17. 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

18. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
19. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 19 to 21, forms part of our auditor's report.

Report on the audit of the annual performance report

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

Independent auditor's report

21. We selected the following pillars presented in the annual performance report for the year ended 31 March 2025 for auditing. We selected pillars that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Pillar	Page numbers	Purpose
Service excellence	70 to 71	To ensure a safe and reliable operational environment for ATNS customers and to enhance the customer experience and stakeholder collaboration, including with key industry players, such as airlines, other airspace users and airports.
Innovation	75	Creating an organisation that continually innovates and adapts to the environment.

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

23. We performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that we can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and

by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.

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

25. We did not identify any material findings on the reported performance information for the selected pillars.

Other matter

26. We draw attention to the matter below.

Achievement of planned targets

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

Report on compliance with legislation

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

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

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

Independent auditor's report

31. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance reports and annual reports

32. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

33. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act of South Africa. The other information does not include the financial statements, the auditor's report and those selected pillars presented in the annual performance report that have been specifically reported on in this auditor's report.
34. Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
35. 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 pillars presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
36. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the

other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

37. We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with applicable legislation. However, our objective was not to express any form of assurance on it.
38. The matters reported below are limited to the significant internal control deficiencies that resulted in the material finding on compliance with legislation included in this report.
39. Management did not implement adequate internal controls over the preparation of the annual financial statements to ensure compliance with the requirements of IFRS.

Other reports

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

Investigations

41. An independent consultant investigated the conduct of two senior members of management, concerning the fulfilment of their duties and responsibilities. The investigation concluded on 20 May 2025. The accounting authority accepted the report issued by the independent consultant on 27 May 2025 and made certain resolutions. The implementation of the resolutions made by the accounting authority were in progress at the date of this auditor's report.

Independent auditor's report

Audit related services

42. The following agreed-upon procedures engagements were performed by the predecessor auditor, Nexia SAB&T.

Description	Period covered	Reporting date
Review of the Revenue Weighted Percentage Tariff Increase (RWPTI) financial information.	1 April 2023 – 31 March 2024	30 October 2024
Review of the Correction Factor (CF) financial information.	1 April 2023 – 31 March 2024	30 October 2024
Compliance certificate issued in terms of section 21.3 of the Senior Term Loan Facility Agreement between the Development Bank of South Africa (DBSA) and ATNS	1 April 2023 – 31 March 2024	23 September 2024
Review of the North East African Indian Ocean (NAFISAT) financial information.	1 April 2023 – 31 March 2024	16 September 2024
Review of the Southern African Development Community VSAT financial information.	1 April 2023 – 31 March 2024	5 September 2025

Audit tenure

43. In terms of the IRBA rule published in Government Gazette No 39475 dated 4 December 2015, we report that SizweNtsalubaGobodo Grant Thornton Inc has been the auditor of Air Traffic and Navigation Services SOC Limited for one year.



SizweNtsalubaGobodo Grant Thornton Inc
Dirk Johannes Fouche
Director
Registered Auditor

31 July 2025

152 14th Road
Noordwyk
Midrand
1687

Independent auditor's report

Annexure to the auditor's report

The annexure includes the following:

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

Auditor's responsibilities for the audit

Professional judgment and professional scepticism

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

Financial statements

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

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

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

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

Communication with those charged with governance

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

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

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore key audit matters. We describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Independent auditor's report

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No 1 of 1999 (PFMA)	Section 50(3); 50(3)(a); 50(3)(b) Section 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(b); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 52(b) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b) Section 66(3)(a)
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1 Regulation 31.2.5; 31.2.7(a) Regulation 33.1.1; 33.1.3
Companies Act No 71 of 2008	Section 30(3)(b)(i); 33(1)(a) Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 72(4)(a) Section 75(6) Section 86(1); 86(4) Section 88(2)(d) Section 112(2)(a) Section 129(7)
Prevention and Combating of Corrupt Activities Act No 12 of 2004 (PRECCA)	Section 34(1)
Companies Act Regulations, 2011	Regulation 30(2); 43(2)(a)
Construction Industry Development Board Act No 38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations, 2004 (CIDB Regulations)	CIDB regulation 17; 25(7A)
Preferential Procurement Regulations, 2011 (PPR 2011)	Paragraph 9.1
Preferential Procurement Regulations, 2017 (PPR 2017)	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2
Preferential Procurement Regulations, 2022 (PPR 2022)	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
National Treasury SCM Instruction No 03 2021/22	Paragraph 4.2
National Treasury SCM Instruction No 11 2020/21	Paragraph 3.1; 3.4(b); 3.9

Independent auditor's report

Legislation	Sections or regulations
National Treasury Instruction No 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second amendment National Treasury Instruction No 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No 5 of 2020/21	Paragraph 2
National Treasury Instruction No 4 of 2022/2023: PFMA Compliance and Reporting Framework	Paragraph 4.12

Statement of financial position

Annual financial statements at 31 March 2025

Figures in Rand	Note	2024/2025	2023/2024
Assets			
Non-current Assets			
Property, plant and equipment	13	914 138 862	932 954 858
Right-of-use assets	14	62 530 046	66 816 369
Intangible assets	15	109 332 556	102 741 494
Capital work in progress	16	275 113 175	260 982 869
Deferred tax	17	209 861 179	222 091 088
Contract assets	18	1 129 628	-
Prepayments	19	6 793	121 673
		1 572 112 239	1 585 708 351
Current Assets			
Prepayments	19	49 614 145	20 428 848
Short-term investments at amortised costs	20	20 196 205	20 307 753
Trade and other receivables	21	207 323 518	196 990 681
Current tax receivable	22	13 486 901	-
Cash and cash equivalents	23	1 222 579 481	887 370 047
		1 513 200 250	1 125 097 329
Total Assets		3 085 312 489	2 710 805 680
Equity and Liabilities			
Equity			
Share capital	24	394 646 000	190 646 000
Retained income		1 757 200 980	1 734 909 756
		2 151 846 980	1 925 555 756
Liabilities			
Non-current Liabilities			
Interest-bearing loans and borrowings	25	394 220 361	249 418 662
Lease liabilities	14	74 482 002	75 199 609
		468 702 363	324 618 271
Current Liabilities			
Lease liabilities	14	24 330 003	28 990 811
Current tax payable	22	-	209 386
Interest-bearing loans and borrowings	25	68 617 486	95 281 006
Contract liabilities	26	16 429 632	8 099 534
Provisions	27	85 688 982	86 312 283
Trade and other payables	28	269 697 043	241 738 633
		464 763 146	460 631 653
Total Liabilities		933 465 509	785 249 924
Total Equity and Liabilities		3 085 312 489	2 710 805 680

Statement of profit or loss and other comprehensive income

Annual financial statements at 31 March 2025

Figures in Rand	Note	2024/2025	2023/2024
Revenue	3	1 791 438 914	1 722 831 878
Other operating income	4	2 907 681	7 106 539
Other operating gains (losses)	5	(12 891 575)	2 499 599
Impairment loss on financial assets at amortised cost	6	(15 516 668)	(9 020 013)
Depreciation costs on property, plant and equipment	13	(122 787 448)	(120 035 637)
Depreciation costs on right-of-use assets	14	(18 032 059)	(16 328 215)
Amortisation on intangible assets	15	(27 946 652)	(21 124 036)
Impairment loss on non-financial assets	7	(1 103 215)	(49 445 441)
Staff costs	8	(1 115 677 378)	(1 035 386 177)
Other operating expenses	9	(480 112 083)	(447 138 077)
Operating profit		279 517	33 960 420
Finance income	10	72 469 250	52 614 877
Finance costs	11	(36 016 872)	(25 886 092)
Profit before taxation		36 731 895	60 689 205
Taxation	12	(14 440 671)	(37 395 171)
Total comprehensive profit for the year		22 291 224	23 294 034

Statement of changes in equity

Annual financial statements at 31 March 2025

Figures in Rand	Share capital	Retained income	Total equity
Balance at 1 April 2023	190 646 000	1 711 615 722	1 902 261 722
Profit for the year	-	23 294 034	23 294 034
Total comprehensive income for the year	-	23 294 034	23 294 034
Balance at 1 April 2024	190 646 000	1 734 909 756	1 925 555 756
Profit for the year	-	22 291 224	22 291 224
Total comprehensive profit for the year	-	22 291 224	22 291 224
Issue of shares	204 000 000	-	204 000 000
Total contributions by and distributions to owners of company recognised directly in equity	204 000 000	-	204 000 000
Balance at 31 March 2025	394 646 000	1 757 200 980	2 151 846 980
Note	24		

Statement of cash flows

Annual financial statements at 31 March 2025

Figures in Rand	Note	2024/2025	2023/2024
Cash flows from operating activities			
Cash generated from operations	29	184 601 436	330 447 265
Interest income	31	65 037 671	47 677 915
Finance costs	30	(62 795 591)	(38 207 300)
Tax paid	22	(15 907 049)	(9 417 555)
Net cash from operating activities		170 936 467	330 500 325
Cash flows from investing activities			
Cash payments to acquire property, plant and equipment	13	(22 282 293)	(38 572 783)
Cash receipts from sale of property, plant and equipment		76 425	260 788
Cash payments to acquire intangible asset	15	(7 499 617)	(4 371 843)
Cash payments to acquire work in progress	16	(104 132 672)	(180 314 995)
Net cash from investing activities		(133 838 157)	(222 998 833)
Cash flows from financing activities			
Proceeds on issue of shares	24	204 000 000	-
Repayment of lease liability	30	(15 503 679)	(10 796 121)
Repayments of borrowings	30	(34 482 759)	-
Proceeds on loan from the bank	30	152 588 958	160 831 628
Net cash from financing activities		306 602 520	150 035 507
Total cash movement for the year		343 700 830	257 536 999
Cash and cash equivalents at the beginning of the year		887 370 047	617 827 089
Gains (losses) on foreign exchange on cash and cash equivalents		(8 491 396)	12 005 959
Cash and cash equivalents at the end of the year	23	1 222 579 481	887 370 047

Material accounting policies

Annual financial statements at 31 March 2025

Corporate information

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

The financial statements of the company for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 31 July 2025.

1. Material accounting policies

Below is the list of material accounting policies.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis and are prepared in accordance with, IFRS as issued by the International Accounting Standards Board and International Financial Reporting Standards Interpretations Committee interpretations issued and effective at the time of preparing these annual financial statements and

the Companies Act, No 71 of 2008 and the Public Finance Management Act, No 1 of 1999 as amended.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies that follow and incorporate the material accounting policies set out below. They are presented in Rand, which is the company's functional currency. Amounts presented in the financial statements were rounded off to the nearest Rand.

These accounting policies are consistent with the previous period.

1.2 Property, plant and equipment

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

Property, plant and equipment are initially measured at cost.

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

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

Item	Depreciation method	Average useful life
Air traffic control display system	Straight line	12 years
Buildings	Straight line	50 years
Communication equipment	Straight line	10-15 years
Computer equipment	Straight line	3-7 years
Electrical and mechanical equipment	Straight line	10 years
Infrastructure	Straight line	5-15 years
Leasehold improvements	Straight line	6 years
Motor vehicles	Straight line	5 years
Navigation aids	Straight line	15 years
Office furniture and equipment	Straight line	6 years
Radar equipment	Straight line	15 years
Simulator equipment	Straight line	10 years
Tools and test equipment	Straight line	8-20 years

Material accounting policies

Annual financial statements at 31 March 2025

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. The company identifies and accounts for significant components of property, plant and equipment separately when those components are deemed to be significant from the main asset. The company identifies the components based on specifically identified components methodology. The components methodology is based on the nature of the assets. The significant component is depreciated separately over the useful life similar to that of the main communication, navigation and surveillance (CNS) system.

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. These expenditures are typically associated with the replacement or significant enhancement of components of existing property, plant, or equipment, such as structural upgrades for buildings and major system changes for the CNS equipment.

The useful lives of assets are reviewed and adjusted if appropriate at each reporting date. The company engaged the specialists internally in technical services and engineering projects to assist with the reviewing of the useful lives for CNS systems. The engineers used professional experience and technical expertise to assist with the reassessment of useful lives. The permission and capital expenditure plans were also used by the specialists internally to assist with the review of the useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the year the asset is derecognised.

1.3 Capital work in progress

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

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

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

Major property, plant, equipment and intangible assets that are commissioned over a period of time are reflected as capital work in progress in the statement of financial position.

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

1.4 Borrowing costs

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

The amount of borrowing costs eligible for capitalisation is determined as actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset.

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

1.5 Intangible assets

Intangible assets are initially recognised at cost.

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

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

For all intangible assets amortisation is provided on a straight-line basis over their useful life.

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

Material accounting policies

Annual financial statements at 31 March 2025

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

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

1.6 Impairment of tangible assets, work in progress 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 or cash-generating unit.

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

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

1.7 Financial instruments

Classification and measurement of financial assets

Financial instruments and risk management in note 37 present the financial instruments held by the company based on their specific classifications.

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

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

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

Classification and measurement of financial liabilities

The company's financial liabilities include interest-bearing loans and borrowings, trade and other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs (where applicable). These financial liabilities are subsequently measured at amortised cost using the effective interest method.

Short-term investments at amortised cost

Impairment

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

Trade and other receivables and contract assets

The company recognises a loss allowance for ECL on trade and other receivables and contract assets. The amount of ECL is updated at each reporting date.

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

Material accounting policies

Annual financial statements at 31 March 2025

Measurement and recognition of expected credit losses

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

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables. Details of the provision matrix are presented in note 21. The company measures the loss allowance for trade receivables and contract assets by applying a simplified approach.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is shown separately in profit or loss as impairment gains/(losses) on financial assets at amortised cost (note 6).

Write-off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables (note 21) and the financial instruments and risk management (note 37).

Cash and cash equivalents

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

Interest-bearing loans and borrowings

Recognition and measurement

Interest expense, calculated on the effective interest method and included in profit or loss (note 11) or capitalised to qualifying assets (note 16).

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

Trade and other payables

Recognition and measurement

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

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

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

Details of foreign currency risk exposure and the management thereof are provided in note 37.

Derecognition

Financial assets

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

Material accounting policies

Annual financial statements at 31 March 2025

interest in the asset and an associated liability for amounts it may have to pay.

Financial liabilities

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

1.8 Prepayments

The company incurs prepayments when it pays for services and/or goods that have not been rendered or received. The payments made in advance are classified separately in the statement of financial position. Where services and goods are expected in a period greater than 12 months these are classified as non-current assets and where services and goods are expected in a period less than 12 months these are shown as current assets. When the services and goods are rendered or received the prepayment is derecognised and the expense is recognised in profit and loss. The policy also applies to the staff retention benefits.

1.9 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

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

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

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

Tax expenses

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

1.10 Leases

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less or leases of low-value assets. Low-value assets comprise cellphones, watercoolers, tablets, telephones and small items of office furniture. For these leases, the company recognises the lease payments

Material accounting policies

Annual financial statements at 31 March 2025

as an operating expense (note 9) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

Lease liability

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

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

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

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

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when there has been a change to the lease payments due to a change in consumer price index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);

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

Right-of-use assets

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

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

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	2 to 10 years
Communication equipment	Straight line	2 to 4 years
Computer equipment	Straight line	3 to 7 years
Infrastructure	Straight line	2 to 9 years
Motor vehicles	Straight line	5 years
Navigational aids	Straight line	2 to 10 years
Radar equipment	Straight line	2 to 10 years

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

Material accounting policies

Annual financial statements at 31 March 2025

Company as lessor

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

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

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

1.11 Share capital and equity

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

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and bonus), is recognised in the period in which the service is rendered and is 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 (e.g. sick, study and family responsibility leave), when the absence occurs.

Defined contribution plans

The company has a defined contribution scheme as retirement benefit for its employees. The assets of the scheme are held in a separate trustee-administered fund. The defined

contribution fund is a pension plan under which the employees and the company pay fixed contributions, taking into account the recommendations of independent qualified actuaries. The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

1.13 Provisions and contingencies

The company provides for period of beneficial use. This is a validation period commencing after system acceptance and running concurrently with the suppliers' system warranty for at least 12 months. The company retains a certain percentage payable to the original equipment manufacturer to allow the company to validate the technical performance of the system.

Refer to note 27 for details.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

1.14 Revenue from contracts with customers

Major sources of revenue are the following:

- En-route, aerodromes and approach fees
- VSAT II network fees
- Small aerodromes fees
- Technical services
- External training fees
- Extended hours services
- African Regional Monitoring Agency (ARMA) fees
- Aeronautical information services
- NAFISAT network fees
- Commission service fees
- Saudi operational fees
- Weather services administration
- Service management fees

Material accounting policies

Annual financial statements at 31 March 2025

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

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

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

En-route, aerodromes and approach fees

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

The promised services are mainly the provision of air traffic management services relating to the following:

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

- Flight information services.
- Demand and capacity balancing services.

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

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

VSAT II network fees

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

- Air traffic service (ATS) direct speech.
- Aeronautical fixed telecommunication network, eventually offering smooth migration support to the aeronautical telecommunication network. Applications, including ATS message handling system, ATS inter-facility data communication and voiceover internet protocol.
- Computer-to-computer data exchange between ATS flights data processing system.
- Operational meteorological data exchanges.
- Aeronautical administrative support.

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

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

Material accounting policies

Annual financial statements at 31 March 2025

Small aerodromes fees

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

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

Technical services

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

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

External training fees

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

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

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

Extended hours services

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

ARMA spectrum service fees

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

Aeronautical information services

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

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

Material accounting policies

Annual financial statements at 31 March 2025

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

NAFISAT network fees

The company operates a VSAT network satellite communication system to address communication deficiencies in NAFISAT. The company has contracts with the individual member states as well as the International Air Transport Association. The probability of the customer paying for services rendered is based on the payment history of the customer and ongoing credit valuation.

The promised services to be offered include the following:

- ATS direct speech.
- Aeronautical fixed telecommunication network, eventually offering smooth migration support to the aeronautical telecommunication network. Applications, including ATS message handling system, ATS inter-facility data communication and voiceover internet protocol.
- Computer-to-computer data exchange between ATS flights data processing system.
- Operational meteorological data exchanges.
- Aeronautical administrative support.

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

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

Saudi operational fees

Saudi operational fees relate to the supply of VSAT to Saudi Air Navigation Services. The performance obligations include spectrum costs, network management services and indirect cost recovery. These services are bundled together. The consideration charged for these services by the company is a fixed consideration. Revenue is recognised over time. The transaction price allocated to these services is recognised

as receivable once the company satisfies the performance obligations.

Service management fees are management fees charged by the company for project management. The performance obligations include time spent on organising and facilitating the resources for the success of the projects. The consideration charged for these services by the company is a fixed consideration. Revenue is recognised over time. The transaction price allocated to these services is recognised as receivable once the company satisfies the performance obligations.

1.15 Translation of foreign currencies

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

At the end of the reporting period:

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

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

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

1.16 Other income

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

Material accounting policies

Annual financial statements at 31 March 2025

1.17 Significant accounting estimates and judgments

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

Estimates

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

Provisions

Provisions were raised and management determined an estimate based on the information available as well as past experience. Additional disclosure of these estimates of provisions is included in note 27.

Deferred taxation

At the reporting date, based on estimated future profitability, management is of the view that there will be sufficient taxable profit available to allow the benefit of the deferred tax asset recognised. Please refer to notes 12 and 17 for details of deferred tax asset assumptions.

Going concern

Management's assessment is that the company will continue to operate in the foreseeable future based on the latest estimates and forecasts. The details are included in note 39.

Expected credit loss

The ECL is calculated on trade receivables and is determined as the lifetime ECL on trade receivables. Management estimates these using a provision matrix as detailed in note 21. Management applies judgment based on historical experience of defaulting debtors and also incorporates forward-looking information.

Useful lives and residual values of assets

The useful lives of assets and residual values are assessed when the asset is capitalised at inception and at each balance sheet date. The assessment is based on management's best estimate and industry norms.

Management periodically reviews the useful lives of these assets based on:

- Technological obsolescence
- Changes in capital replacement plans

Significant estimation uncertainty exists particularly for CNS infrastructure assets, where technological advancements and policy changes could result in earlier or later replacement than originally estimated. Refer to notes 13, 14 and 15 for details as well as table of useful lives under point 1.2, 1.5 and 1.10 under accounting policies.

Impairment of assets

Assets are impaired when there are indicators of impairment. Management performs a physical verification and assesses the conditions of the assets. Various methods are applied for different categories of assets to determine the impairment. For details refer to note 13, 15 and 16.

Leases

Management uses the implicit interest rate in the lease agreement. In the event that the implicit rate cannot be determined then the lessee's incremental borrowing rate is applied. Implicit rate assessment is performed annually. The average incremental borrowing rate for the leases was 10.81% during the year under review. For details refer to note 14.

Borrowings

The company uses the best rate (variable three months JIBAR) and margin of 4.15%. For details refer to note 25 for details.

Material accounting policies

Annual financial statements at 31 March 2025

1.18 Irregular, fruitless and wasteful expenditure

Fruitless and wasteful expenditure

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

Irregular expenditure

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

New standards and interpretations

Annual financial statements at 31 March 2025

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Supplier finance arrangements – amendments to IAS 7 and IFRS 7

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

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

The company adopted the amendment for the first time in the 2024/2025 annual financial statements.

The standard had no material impact on the financial statements

Lease liability in a sale and leaseback – IFRS 16

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

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

The company adopted the amendment for the first time in 2024/2025 financial statements.

The standard had no material impact on the financial statements.

Classification of liabilities as current or non-current – amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period to defer settlement of a liability for at least 12 months after the reporting period, then the liability is classified as non-current. If this right is subject to conditions imposed on the entity, then the right exists only if, at the end of the reporting period, the entity has complied with those conditions. In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within 12 months of the reporting period. Additional disclosures would be required in such circumstances.

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

The company adopted the amendment for the first time in 2024/2025 financial statements.

The standard had no material impact on the financial statements.

Non-current liabilities with covenants – amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least 12 months after the reporting period, but subject to conditions, then the timing of the required conditions affects whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exist at the reporting date. However, if the entity is required to comply with the conditions only after the reporting period, then the conditions do not affect whether the right to defer settlement exists at the reporting date. If an entity classifies a liability as non-current when the conditions are required to be met only after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within 12 months of the reporting period.

New standards and interpretations

Annual financial statements at 31 March 2025

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

The company has adopted the amendment for the first time in 2024/2025 financial statements.

The standard had no material impact on the financial statements.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2025 or later periods:

Subsidiaries without public accountability: disclosures – IFRS 19

This is a new standard that may be applied by subsidiaries that do not have public accountability. It is a disclosure-only standard and provides for reduced disclosures for qualifying subsidiaries to apply, while still remaining compliant with the recognition, measurement and presentation requirements of IFRS accounting standards. The reduced disclosures provided in IFRS 19 may be applied by the subsidiary in its consolidated, separate or individual financial statements, provided that the ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS accounting standards. A subsidiary has public accountability and may not apply IFRS 19 if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market, or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

The effective date of the amendment is for years beginning on or after 1 January 2027.

The company expects to adopt the amendment for the first time in the 2027/2028 annual financial statements.

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

Presentation and disclosure in financial statements – IFRS 18

This is a new standard that replaces IAS 1 presentation of financial statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely 'operating profit' and 'profit before financing and income taxes', also being required. These categories and subtotals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhances the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the amendment is for years beginning on or after 1 January 2027.

The company expects to adopt the amendment for the first time in the 2027/2028 annual financial statements.

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

Amendments to the classification and measurement of financial instruments – amendments to IFRS 9 and IFRS 7

The amendments clarify the classification of financial assets with environmental, social and governance and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendment is for years beginning on or after 1 January 2026.

The company expects to adopt the amendment for the first time in the 2026/2027 annual financial statements.

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

New standards and interpretations

Annual financial statements as at 31 March 2025

Lack of exchangeability – amendments to IAS 21

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

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

The company expects to adopt the amendment for the first time in the 2025/2026 annual financial statements.

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

Contract referencing nature dependent electricity – IFRS 9 and 7

Contracts referencing nature-dependent electricity are agreements where the electricity generation depends on uncontrollable natural conditions such as wind or solar, exposing entities to variability in the amount of electricity available. These contracts can be for buying or selling nature-dependent electricity or financial instruments that reference such electricity. The International Accounting Standards Board has issued amendments to IFRS 9 and IFRS 7 to better reflect the financial effects of these contracts.

The effective date of the amendment is for years beginning on or after 1 January 2026.

The company expects to adopt the amendment for the first time in the 2026/2027 annual financial statements.

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

Annual improvements to IFRS accounting standards – volume 11

The International Accounting Standards Board's annual improvements project provides a streamlined process for dealing efficiently with a collection of amendments to IFRS. The primary objective of the process is to enhance the quality of standards, by amending existing IFRS to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. Amendments are made through the annual improvements process when the amendment is considered non-urgent but necessary. Annual Improvements to IFRS Accounting Standards – Volume 11 contains the following

a) First-time adoption of international financial reporting standards – IFRS 1

Hedge accounting by a first-time adopter.

The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 financial instruments.

b) Financial instruments – IFRS 7

Disclosures gain or loss on derecognition.

The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 fair value measurement was issued.

c) Financial instruments – IFRS 7

Disclosures implementation guidance only

Disclosure of deferred difference between fair value and transaction price. The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.

New standards and interpretations

Annual financial statements as at 31 March 2025

d) Financial instruments – IFRS 7

Disclosures implementation guidance only

Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.

e) Consolidated financial statements – IFRS 10

Determination of a 'de facto agent'

The amendment addresses potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.

f) Statement of cash flows – IAS 7

Cost method

The amendment addresses potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method' that is no longer defined in IFRS accounting standards.

g) Financial instruments – IFRS 9

Transaction price

The amendment addresses a potential confusion arising from a reference in appendix A to IFRS 9 to the definition of 'transaction price' in IFRS 15 revenue from contracts with customers while term 'transaction price' is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.

h) Financial instruments – amendments to IFRS 9

Derecognition of lease liabilities

The amendment clarifies that if a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss in profit or loss.

The effective date of these amendments is for years beginning on or after 1 January 2026.

The company expects to adopt the amendment for the first time in the 2026/2027 annual financial statements.

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

Other notes

Annual financial statements at 31 March 2025

3. Revenue

Figures in Rand	2024/2025	2023/2024
Revenue from contracts with customers		
Aviation services	1 788 863 474	1 720 082 671
Revenue other than from contracts with customers		
Operating leases	2 575 440	2 749 207
Total revenue	1 791 438 914	1 722 831 878
Disaggregation of revenue from contracts with customers		
Timing of revenue recognition		
Over time		
Aerodrome, en-route and approach fees	1 530 539 955	1 464 922 144
Small aerodrome fees	66 692 387	63 312 010
VSAT II network fees	65 429 322	66 853 389
NAFISAT network fees	72 706 680	74 148 527
External training fees	15 330 364	14 124 933
Aeronautical information services	7 354 658	10 103 746
Technical services	17 164 400	13 866 901
ARMA fees	1 666 551	1 411 560
Commission service fees	7 568 736	7 327 238
Extended hours services	1 749 292	1 878 481
Weather service administration	1 133 810	993 828
Saudi operational fees	1 227 700	1 139 914
Service management fees	299 619	-
	1 788 863 474	1 720 082 671
Other revenue		
Operating leases		
Sites	456 643	482 567
Sublease – buildings	1 053 116	914 813
Squitters	1 065 681	1 351 827
	2 575 440	2 749 207

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

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

On 1 September 2021, the company released two buildings (towers) at Cape Town and Durban for office space that are under lease (head lease) by subleasing a portion of the office space on the buildings (as intermediate lessor) to a third party. The office space that is subleased is insignificant. For details of the buildings, refer to note 14.

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

Other notes

Annual financial statements at 31 March 2025

Revenue from operating leases

Figures in Rand	2024/2025	2023/2024
Revenue relating to fixed lease payments for operating lease		
Sublease – buildings	1 065 681	914 813
Squitters	1 053 116	1 351 827
Sites	456 643	336 330
	2 575 440	2 602 970
Revenue relating to variable lease payments on operating lease		
Sites	-	146 237

	Year 1	Year 2	Year 3	Year 4
Maturity analysis of lease payments – 2024/2025				
Sublease – buildings	385 522	921 864	-	-
Sites	477 005	-	-	-
	862 527	921 864	-	-

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

	Year 1	Year 2	Year 3	Year 4
Maturity analysis of lease payments – 2023/2024				
Sublease – buildings	1 047 144	984 504	921 864	-
Sites	486 088	91 483	-	-
Squitters	50 497	15 991	10 099	842
	1 583 729	1 091 978	931 963	842

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

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

2024/2025	1 year
Transaction price allocated to:	
External training fees	2 763 634
Aeronautical information services	13 665 998
	16 429 632
2023/2024	1 year
Transaction price allocated to:	
External training fees	4 153 389
Aeronautical information services	3 946 145
	8 099 534

Other notes

Annual financial statements at 31 March 2025

Revenue by region

Local generated revenue

Aerodrome, en-route and approach fees
Small aerodromes fees
External training fees
Aeronautical information services
Technical services
ARMA fees
Commission fees
Extended hours services
Weather services administration
Service management fees

2024/2025	2023/2024
1 530 539 955	1 464 922 144
66 692 387	63 312 010
15 330 364	14 124 933
6 474 893	10 103 746
7 185 262	9 018 534
1 398 267	1 385 563
164 934	154 417
1 749 292	1 878 481
1 133 810	993 828
299 619	-
1 630 968 783	1 565 893 656

Internationally generated revenue

VSAT II network fees
NAFISAT network fees
ARMA fees
Commission fees
Technical services
Aeronautical information services
Saudi operational fees

2024/2025	2023/2024
65 429 322	66 853 389
72 706 680	74 148 527
268 283	25 997
7 403 802	7 172 721
9 979 138	4 848 367
879 766	-
1 227 700	1 139 914
157 894 691	154 188 915

4. Other operating income

Bad debts recovered
Compensation from insurance claims
Sundry income
Reversal of provisions

2024/2025	2023/2024
1 203 326	1 498 601
169 198	-
911 948	4 001 458
623 209	1 606 480
2 907 681	7 106 539

- (a) Bad debts recovered relates to income that the company received from previously written off debt.
- (b) Sundry income mainly consists of Transport Education and Training Authority mandatory grant of R788 000 (2023/2024: R1 600 000) for providing internship to unemployed graduates.
- (c) The reversal of provisions relates to the period of beneficial use provision for collaborative advanced air traffic system projects, the work has been completed and no further claim against the period of beneficial use will be made as the service provider failed to honour the that clause of the contract.

Other notes

Annual financial statements at 31 March 2025

5. Other operating gains (losses)

Figures in Rand	2024/2025	2023/2024
Gains (losses) on disposals, scrappings and settlements		
Property, plant and equipment	(7 550 224)	(9 453 217)
Right-of-use assets	(1 194 611)	-
Intangible assets	(252 106)	(53 143)
Lease liability	1 529 553	-
	(7 467 388)	(9 506 360)
Foreign exchange gains (losses)		
Net foreign exchange (losses) gains	(5 424 187)	12 005 959
Total other operating gains (losses)	(12 891 575)	2 499 599

The loss on finance lease relates to the early termination of leases. The assets were not fully depreciated and lease liabilities were not fully settled at the date of disposal. At the expiry of finance lease terms, the company derecognises the relevant right-of-use assets and corresponding lease liabilities from the statement of financial position. The disposal is recognised when the company rights to control and use the leased asset cease and all contractual lease obligations have been fulfilled.

6. Impairment loss on financial assets at amortised cost

Figures in Rand	2024/2025	2023/2024
Movement in credit loss allowances		
Trade and other receivables	15 516 668	9 020 013

(a) Trade and other receivables

The company credit loss allowance on trade receivables significantly increased during the year under review due to high credit risk posed by non-regulated business customers.

For details of bad debts write-off refer to note 21.

7. Impairment loss on non-financial assets

Figures in Rand	Notes	2024/2025	2023/2024
Material impairment losses recognised/(reversed)			
Property, plant and equipment	13	977 708	6 654 336
Impairment reversal on property, plant and equipment	13	-	(11 714 480)
Work in progress	16	125 507	54 505 585
		1 103 215	49 445 441

For the details of impairment on property, plant and equipment refer to note 13.

For details of impairment on work in progress refer to note 16.

Other notes

Annual financial statements at 31 March 2025

8. Staff costs

Figures in Rand	2024/2025	2023/2024
Employee costs		
Salaries and other related costs	928 046 779	817 419 220
Ex-gratia	-	36 355 768
Housing allowance	6 162 857	4 932 331
Early childhood learning benefit	-	24 000
Long-service awards	2 985 000	2 840 668
Retention Benefits	9 319 098	-
Recruitment costs	3 080 236	4 761 500
Relocation costs	7 775 046	7 540 932
Rewards and recognition	1 122 180	5 000
Training and development	10 782 599	11 633 709
Pensions costs – defined contribution scheme	86 581 129	79 873 049
Performance bonus	59 822 454	70 000 000
	1 115 677 378	1 035 386 177

(a) Performance bonus

The performance bonus is calculated based on the performance of the company as well as the individual performance ratings for the financial year ended 31 March 2025. Refer to note 27 for details.

(b) Retention benefits

The retention benefits relate to a payout to air traffic services employees to retain current skills. Refer to note 19 for details.

Other notes

Annual financial statements at 31 March 2025

9. Other operating expenses

Figures in Rand	2024/2025	2023/2024
Administration expenses	15 070 794	15 549 786
Change management	53 465	95 490
Commitment fees – DBSA	(31 622)	2 655 496
Computer software	41 685 336	29 951 901
Contract services	20 138 477	22 264 907
Directors' fees	5 293 284	4 673 891
External audit fees	1 717 401	1 785 579
Insurance	21 208 631	19 265 117
Internal audit	4 171 488	1 061 888
Fees for audit services	4 114 288	928 908
Fees for other services	57 200	132 980
Information technology equipment repairs	9 927 760	22 229 718
Leases of low-value assets	2 453 809	1 731 659
Legal fees	12 699 280	6 887 098
Marketing expenses	10 594 047	14 198 229
Motor vehicle expenses	2 365 684	2 679 287
Municipal expenses, rates and taxes	26 749 764	37 764 878
Network management fees	34 862 197	36 668 248
Professional fees	42 601 007	15 399 737
Repairs and maintenance	57 942 808	58 374 923
Security	23 548 298	21 226 895
Service fees – automatic dependent surveillance – broadcast	22 824 939	20 329 328
Short-term leases	720 717	1 313 726
Subscriptions	3 883 964	4 649 212
Telecommunication expenses	53 866 425	53 546 672
Travel expenses	65 764 130	52 834 412
	480 112 083	447 138 077

Other notes

Annual financial statements at 31 March 2025

10. Finance income

Figures in Rand	2024/2025	2023/2024
Interest income		
Cash and cash equivalents	69 337 765	49 737 770
Trade and other receivables	2 289 109	1 982 108
Short-term investments	842 376	894 999
Total interest income	72 469 250	52 614 877

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

11. Finance costs

Figures in Rand	2024/2025	2023/2024
Interest bearing loans and borrowings	53 445 170	30 155 753
Lease liabilities	9 393 748	9 517 848
Other interest paid	326 330	60 391
Total finance costs	63 165 248	39 733 992
Less: capitalised to qualifying work in progress	(27 148 376)	(13 847 900)
Total finance costs expensed	36 016 872	25 886 092

Other notes

Annual financial statements at 31 March 2025

12. Taxation

Figures in Rand	2024/2025	2023/2024
Major components of the tax expense		
Current		
Current income tax charge	2 210 762	11 443 330
Deferred		
Current year	12 130 897	24 215 375
Arising from previously unrecognised tax loss	99 012	1 736 466
	12 229 909	25 951 841
	14 440 671	37 395 171
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	27.00%	27.00%
Prior-year adjustment	0.27%	(1.00)%
Impairment of work in progress	0.09%	24.25%
Depreciation: lease improvements	8.02%	4.93%
Fruitless and wasteful expenditure	0.43%	1.30%
Depreciation buildings	3.80%	2.28%
Other	(0.30)%	2.86%
	39.31%	61.62%

Other notes

Annual financial statements at 31 March 2025

13. Property, plant and equipment

	2024/2025		
	Cost	Accumulated depreciation and impairment	Carrying value
Air traffic control display system	191 048 628	(114 234 112)	76 814 516
Buildings	239 642 762	(99 115 895)	140 526 867
Communication equipment	391 017 590	(209 836 325)	181 181 265
Computer equipment	239 695 279	(171 829 200)	67 866 079
Electrical and mechanical equipment	151 335 952	(83 918 309)	67 417 643
Infrastructure	4 982 750	(2 374 513)	2 608 237
Land	12 891 088	-	12 891 088
Lease improvements	117 492 989	(86 979 352)	30 513 637
Motor vehicles	806 965	(771 345)	35 620
Navigation aids	160 519 607	(75 686 289)	84 833 318
Office furniture and equipment	30 286 555	(22 587 843)	7 698 712
Radar equipment	576 951 258	(350 277 234)	226 674 024
Simulator equipment	24 582 932	(18 092 157)	6 490 775
Tools and test equipment	16 046 126	(7 459 045)	8 587 081
Total	2 157 300 481	(1 243 161 619)	914 138 862

Other notes

Annual financial statements at 31 March 2025

2023/2024		
Cost	Accumulated depreciation and impairment	Carrying value
182 919 025	(106 234 321)	76 684 704
235 225 698	(95 857 927)	139 367 771
379 137 102	(191 922 182)	187 214 920
225 687 070	(162 671 720)	63 015 350
136 967 196	(78 070 810)	58 896 386
4 277 040	(2 127 438)	2 149 602
12 891 088	-	12 891 088
123 742 807	(82 828 700)	40 914 107
806 965	(764 602)	42 363
147 273 310	(76 799 633)	70 473 677
30 734 279	(21 011 600)	9 722 679
584 548 253	(329 870 940)	254 677 313
24 600 106	(16 576 698)	8 023 408
15 342 552	(6 461 062)	8 881 490
2 104 152 491	(1 171 197 633)	932 954 858

Other notes

Annual financial statements at 31 March 2025

Reconciliation of property, plant and equipment - 2024/2025

	Opening balance	Additions	Projects capitalised
Air traffic control display system	76 684 704	-	13 724 617
Buildings	139 367 771	-	6 386 595
Communication equipment	187 214 920	-	21 013 871
Computer equipment	63 015 350	9 198 551	15 014 624
Electrical and mechanical equipment	58 896 386	10 533 667	7 380 962
Infrastructure	2 149 602	-	650 264
Land	12 891 088	-	-
Leasehold improvements	40 914 107	1 702 087	-
Motor vehicles	42 363	-	-
Navigational aids	70 473 677	-	20 182 942
Office furniture and equipment	9 722 679	79 179	493 064
Radar equipment	254 677 313	-	143 000
Simulator equipment	8 023 408	-	-
Tools and test equipment	8 881 490	768 809	-
	932 954 858	22 282 293	84 989 939

- a) The impairment loss of operational assets is performed annually and the company performs the physical verification of assets to assess the condition of the assets. Assets whose condition is poor and very poor are impaired in terms of the methodology. The carrying amount is 25% for the poor assets and 10% for the very poor assets. The company does not use the value in use for the determination of the recoverable value for impairment purposes. CNS equipment does not generate identifiable or independent revenue. Cash inflows from operations cannot be directly attributed to these assets alone. CNS assets operate within a broader group of assets. The cash inflows from these assets are generated collectively, not individually.
- b) The company holds assets with a carrying value of nil and gross carrying amount of R11 million, which are currently in use. These assets are presented at a net carrying value of nil.
- c) Provisions capitalised relate to a portion of costs incurred during the construction of the asset. These costs are retained for payment from the original equipment manufacturer as a liability to the company until a certain period has lapsed as per the terms of the contract. For details refer to note 27.
- d) During the current year, the company reviewed the useful lives of assets. The impact of the change in the useful lives is R8 331 306 decrease on depreciation. The company extends the useful lives of assets taking into account only when the assets will be replaced and so that the assets do not depreciate to R1 while still in use, the adjustment is done prospectively. The useful lives of assets are reviewed and adjusted if appropriate at each reporting date. The estimation is based on professional judgment and engineers' expert opinion. They consider the operating environment and alignment to industry benchmarks as well as future plans.

Other notes

Annual financial statements at 31 March 2025

Provisions capitalised	Disposals	Depreciation	Impairment loss	Total
541 243	(818 331)	(12 972 830)	(344 887)	76 814 516
681 773	(304 731)	(5 583 205)	(21 336)	140 526 867
1 281 850	(2 557 389)	(25 373 843)	(398 144)	181 181 265
1 295	(734 826)	(18 568 414)	(60 501)	67 866 079
614 528	(646 419)	(9 276 760)	(84 721)	67 417 643
55 446	-	(247 075)	-	2 608 237
-	-	-	-	12 891 088
-	(664 147)	(11 432 311)	(6 099)	30 513 637
-	-	(6 743)	-	35 620
2 110 640	(1 166 395)	(6 767 546)	-	84 833 318
16 802	(91 124)	(2 490 174)	(31 714)	7 698 712
-	(626 701)	(27 519 588)	-	226 674 024
-	(433)	(1 532 200)	-	6 490 775
-	(16 153)	(1 016 759)	(30 306)	8 587 081
5 303 577	(7 626 649)	(122 787 448)	(977 708)	914 138 862

Other notes

Annual financial statements at 31 March 2025

Reconciliation of property, plant and equipment - 2023/2024

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

- a) The impairment loss relates to the distance measuring equipment network, which is currently not in use due to operational issues. Security issues from vandalism are also delaying the operations of the network. The distance measuring equipment network is a ground-based system that provides the same navigational capability as satellite-based navigation. For it to be fully functional, global navigation satellite systems/area navigation procedures for each terminat control area must be in place to determine the recoverable amount the company considered the higher of fair value less costs to sell and value in use. The company assets are of specialised nature and are built to cater for the specific company's requirements. Therefore, there is no market value. The value in use was determined to be nil as there are no expected future cash flows.
- b) Provisions capitalised relate to a portion of costs incurred during the construction of the asset. These costs are retained for payment from the original equipment manufacturer as a liability to the company until a certain period has lapsed as per the terms of the contract. For details refer to note 27.
- c) The new requirements. Therefore, achieve a compatible communication infrastructure. The value of the impairment reversal is the carrying amount of the control system that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in the prior year.
- d) During the prior year, the company reviewed the useful lives of assets. The impact of the change in the useful lives is R4 629 090 decrease on depreciation. The company extends the useful lives of assets taking into account only when the assets will be replaced. So that the assets do not depreciate to R1 while still in use, the adjustment is done prospectively. The useful lives of assets are reviewed and adjusted if appropriate at each reporting date. The estimation is based on professional judgment and engineers' opinion, considering the operating environment and alignment to industry benchmarks as well as future plans.

Other notes

Annual financial statements at 31 March 2025

Provisions capitalised	Disposals	Impairment reversal	Depreciation	Impairment loss	Total
-	(525 474)	-	(11 216 145)	(254 138)	76 684 704
1 346 682	(332 075)	-	(5 227 613)	(517 793)	139 367 771
2 021 591	(2 750 059)	11 714 480	(23 263 449)	(294 121)	187 214 920
813 421	(3 721 896)	-	(18 790 378)	(357 035)	63 015 350
536 233	(1 007 823)	-	(8 332 418)	(300 751)	58 896 386
-	-	-	(175 019)	-	2 149 602
-	-	-	-	-	12 891 088
12 270	(731 182)	-	(11 559 578)	(34 129)	40 914 107
-	-	-	(12 333)	-	42 363
2 348 008	(138 543)	-	(5 449 252)	(4 639 177)	70 473 677
-	(208 075)	-	(2 548 665)	(104 119)	9 722 679
1 421 006	(270 030)	-	(31 132 585)	(12 656)	254 677 313
-	(22 838)	-	(1 423 300)	(77)	8 023 408
4 785	(6 010)	-	(904 902)	(140 340)	8 881 490
8 503 996	[9 714 005]	11 714 480	[120 035 637]	[6 654 336]	932 954 858

Other notes

Annual financial statements at 31 March 2025

Property, plant and equipment encumbered as security

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

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

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

For property, plant and equipment committed at the end of the financial year, refer to note 32.

14. Leases (company as lessee)

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

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

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

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

	2024/2025			2023/2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	46 431 837	(40 181 804)	6 250 033	51 325 966	(38 000 771)	13 325 195
Communication equipment	34 897 218	(18 489 008)	16 408 210	35 325 530	(18 466 398)	16 859 132
Infrastructure	7 086 710	(2 945 530)	4 141 180	6 765 003	(2 681 169)	4 083 834
Motor vehicles	19 672 341	(11 711 535)	7 960 806	19 433 288	(6 899 869)	12 533 419
Computer equipment	6 022 379	(2 023 180)	3 999 199	2 125 274	(232 353)	1 892 921
Navigation aids	33 301 947	(10 415 862)	22 886 085	24 815 918	(7 714 863)	17 101 055
Radar equipment	1 735 713	(851 180)	884 533	2 545 550	(1 524 737)	1 020 813
Total	149 148 145	(86 618 099)	62 530 046	142 336 529	(75 520 160)	66 816 369

During the current year, the company reviewed the useful lives on right-of-use assets. The impact of the change in the useful lives is R1 418 096 increase on depreciation. The company extends the useful lives of assets taking into account only when the assets will be replaced and so that the assets do not depreciate to R1 while still in use, the adjustment is done prospectively. The useful lives of assets are reviewed and adjusted if appropriate at each reporting date.

Other notes

Annual financial statements at 31 March 2025

Figures in Rand	2024/2025	2023/2024
Remeasurements		
Buildings	(4 894 129)	(23 784 411)
Computer equipment	-	1 839
Communication equipment	1 331 827	1 387 337
Infrastructure	-	1 204 576
Motor vehicles	(119 491)	1 132 948
Navigation aids	8 035 029	4 245 528
Radar	(1 452)	-
	4 351 784	[15 812 183]

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

Derecognition due to lease termination

The following assets were disposed of during the year under review:

Communication equipment	901 108	-
Computer equipment	20 206	-
Navigation aids	273 297	-
	1 194 611	-

The derecognition of the right-of-use assets relates to the early termination of leases. The assets were not fully depreciated and lease liabilities were not fully settled at the date of disposal.

Additions to right-of-use assets

Buildings	-	165 120
Communication equipment	4 013 095	633 784
Computer equipment	3 924 313	2 123 435
Motor vehicles	358 544	764 018
Navigation aids	1 581 704	-
Infrastructure	710 909	-
	10 588 565	3 686 357

Other notes

Annual financial statements at 31 March 2025

Depreciation recognised on right-of-use assets

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

Figures in rand	2024/2025	2023/2024
Buildings	2 181 033	3 582 395
Communication equipment	4 894 735	4 626 516
Computer equipment	1 797 829	232 353
Infrastructure	653 563	592 240
Motor vehicles	4 811 666	4 792 382
Navigation aids	3 558 404	2 268 081
Radar sensors	134 829	234 248
	18 032 059	16 328 215

Other disclosures

Interest expense on lease liabilities	9 393 748	9 517 848
Expenses on short-term leases included in operating expenses	720 717	1 313 726
Leases of low value assets included in operating expenses	2 453 809	1 731 659

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	32 510 046	37 489 247
Two to five years	60 032 916	67 920 024
More than five years	51 250 684	46 718 445
	143 793 646	152 127 716
Less finance charges component	(44 981 641)	(47 937 296)
	98 812 005	104 190 420
Non-current liabilities	74 482 002	75 199 609
Current liabilities	24 330 003	28 990 811
	98 812 005	104 190 420

Future cash outflows not reflected in lease liabilities

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

Other notes

Annual financial statements at 31 March 2025

Total cash outflow for leases for the year ended 31 March 2025 was R24 886 080 (2023/2024: R19 516 840). The total cash outflows for leases of low value and short-term leases are equal to the expense paid. For details refer to the other disclosures table above.

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

On 31 March 2025, the company was committed lease of low value and the total commitments at that date were R2 001 669 (2023/2024: R 1 164 522).

In the review year there were no commitments for short-term leases.

Exposure to liquidity risk

Refer to note 37 financial instruments and risk management for the details of liquidity risk exposure and management.

15. Intangible assets

	2024/2025			2023/2024		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Computer software	328 988 834	(219 656 278)	109 332 556	300 799 399	(198 057 905)	102 741 494

Reconciliation of intangible assets - 2024/2025

	Opening balance	Additions	Projects capitalised	Disposals	Amortisation	Total
Computer software	102 741 494	7 499 617	27 290 203	(252 106)	(27 946 652)	109 332 556

During the review year, the company reviewed the useful lives of intangible assets. The impact of the change in the useful lives is R2 152 185 decrease on depreciation. The company extends the useful lives of assets taking into account only when the assets will be replaced and so that the assets do not depreciate to R1 while still in use, the adjustment is done prospectively. The useful lives of assets are reviewed and adjusted if appropriate at each reporting date. The estimation is based on professional judgment and engineers' expert opinion. They consider the operating environment and alignment to industry benchmarks as well as future plans.

The software is integrated into communication systems. The software's useful life is aligned with that of the entire equipment and amortisation is applied over that combined lifespan.

Other notes

Annual financial statements at 31 March 2025

Reconciliation of intangible assets - 2023/2024

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

Figures in Rand	2024/2025	2023/2024
Individually material intangible assets		
Collaborative ATNS Air Traffic System (TopSky)	6 303 497	7 202 413
Oracle enterprise resource planning system	20 884 212	28 894 011
Governance risk and compliance	7 177 722	8 975 538
Integrated fast-time project	18 001 781	22 532 482
Datalinks	25 821 008	-
	78 188 220	67 604 444

The Collaborative ATNS Air Traffic System is an integrated display system used by the air traffic controllers and has a remaining useful life of eight years.

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

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

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

Datalinks is a telecommunication network for CNS systems. It is used to communicate and share information for air traffic management and has a remaining useful life of nine and half years.

Pledged as security

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

Other information

Figures in Rand	2024/2025	2023/2024
Research and development expenditure expensed during the year	834 683	1 398 412

For intangible assets under construction, refer to note 16.

For intangible assets committed at the end of the financial year, refer to note 32.

Other notes

Annual financial statements at 31 March 2025

16. Capital work in progress

2024/2025	Cost	Accumulated impairment	Carrying value
Work in progress	421 983 520	(146 870 345)	275 113 175
2023/2024	Cost	Accumulated impairment	Carrying value
Work in progress	407 727 711	(146 744 842)	260 982 869

Figures in Rand	2024/2025	2023/2024
Reconciliation		
Opening carrying value	260 982 869	284 033 095
Additions	107 185 582	180 314 995
Adjustment	(5 472 231)	(11 435 888)
Period of beneficial use provision	(2 325 777)	(13 805 969)
Interest capitalised	27 148 376	13 847 900
Impairment loss	(125 502)	(54 505 585)
Transferred to property, plant, equipment and intangible	(112 280 142)	(137 465 679)
Closing carrying value	275 113 175	260 982 869

- a) The adjustment in the current year is the result of the reversal of capital expenditure accruals and reallocation of operational expenses.
- b) For period of beneficial use provision details, refer to note 27.
- c) The company uses the three-month variable JIBAR rate and the fixed margin of 4.15%.
- d) For work in progress committed at the end of the financial year, refer to note 32.

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

Air traffic control display system	191 467	2 376 888
Buildings	223 691	136 326
Communication equipment	71 432 149	69 282 445
Electrical and mechanical equipment	98 621	746 178
Navigation aids	149 303 738	144 602 212
Radar equipment	50 370 282	42 696 694
Simulator	7 967	7 967
	271 627 915	259 848 710

The balance consists of the following categories of intangible assets

Software	3 485 260	1 134 159
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Impairment loss breakdown

Communication equipment	-	5 722 751
Navigation aids	125 502	48 782 834
	125 502	54 505 585

Other notes

Annual financial statements at 31 March 2025

17. Deferred tax

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

Figures in Rand	2024/2025	2023/2024
At beginning of the year	222 091 088	248 042 929
Recognised in statement of profit and loss	(12 229 909)	(25 951 841)
Total deferred tax asset closing balance	209 861 179	222 091 088
Deferred income tax asset relates to the following:		
Property, plant and equipment	(134 149 489)	(136 411 735)
Right-of-use assets	(16 883 112)	(18 040 419)
Lease liability	26 679 241	28 131 413
Provisions	40 036 093	38 793 775
Loss allowance on trade receivables	(3 426 761)	(2 955 910)
Contract assets	(304 999)	-
Section 24C – income received in advance	(11 066 386)	(9 570 865)
Deferred income	11 863 729	9 614 602
Prepayments	(5 160 646)	(4 850 446)
Section 7B – variable remuneration	1 089 971	833 513
Assessed loss	312 994 856	321 355 521
Capitalised interest	(11 087 881)	(3 982 432)
Loan origination fees	(723 437)	(825 929)
	209 861 179	222 091 088

Recognition of deferred tax asset

The majority of the deferred tax balance is recognised from the assessed losses incurred during the time when there was travel restriction due to Covid-19. The losses incurred were mainly due to lower movements, resulting in the company incurring losses. At the reporting date, based on estimated future profitability, management is of the view that there will be sufficient taxable profit available to allow the benefit of the deferred tax asset recognised.

Other notes

Annual financial statements at 31 March 2025

18. Contract assets

Figures in Rand	2024/2025	2023/2024
Contract assets	1 129 628	-
Right to consideration		
Technical services	1 129 628	-
Reconciliation of contract assets		
Opening balance	-	-
Right to consideration	1 129 628	-
Closing balance	1 129 628	-

Contract assets are recognised to the extent that performance obligations have been performed by the company and that revenue has been recognised in accordance with IFRS 15 revenue, but for which the company's right to consideration is not yet unconditional. When the right to consideration becomes unconditional, the contract asset is transferred to trade receivables.

The loss allowance under contract assets has not been provided for as the credit risk for the customer profile is low.

Exposure to credit risk

Contract assets inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

However, the credit risk profile of the customers within the contract assets is considered low based on management assessment.

19. Prepayments

Figures in Rand	2024/2025	2023/2024
Non-current assets		
Other prepayments	6 793	121 673
Current assets		
Staff retention	26 796 193	-
Other prepayments	22 817 952	20 428 848
	49 614 145	20 428 848

Staff retention relates to employee benefits costs in the air traffic services to retain current skills. The company and the employees signed three-year retention contracts so that employees will not resign. The amount that will be paid is determined based on the level of the employee and the location. The settlement of this benefit will be done annually over three-years and the amounts are expensed monthly based on the month of service.

The company made the advance payment to employees in year one (1 April 2025 to 31 March 2026) of the contracts.

Other notes

Annual financial statements at 31 March 2025

The conditions attached to the contracts are as follows:

- The employees will remain for three years;
- The company is committed to pay the retention benefit annually for three years;
- Should the employee resign before the period of service that will be assessed on the annual basis in line with the payments made at the beginning of the year, as stipulated in the retention benefit contract, the employee is obliged to refund the company the portion of the advance payment received for the month not yet served.

Other prepayments relate to rental expenses, insurance premiums and various operating expenses paid in advance.

The carrying value of prepayments approximates their fair values.

20. Short-term investments at amortised costs

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

Figures in Rand	2024/2025	2023/2024
Risk financing insurance policy	20 196 205	20 307 753
Split between non-current and current portions		
Current assets	20 196 205	20 307 753

The policy provides cover for ATNS to limit the excess premiums that are payable on certain insurance risks. The above financial asset is interest bearing and comprises US\$-denominated and South African Rand-bearing assets, which are not quoted in an active market. The carrying amount is regarded as a fair approximation of the fair value, and is accessible within 30 days, therefore there is no need to measure the expected credit loss on the short-term investments.

The policy is renewed annually. The current policy was renewed on 1 October 2024 and expires on 30 September 2025.

Pledged as security

None of the instruments included in short-term investment were pledged as security for any financial obligations.

Exposure to credit risk

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

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

Exposure to currency risk

Refer to note 37 financial instruments and financial risk management for details of currency risk management for short-term investments at amortised costs.

Other notes

Annual financial statements at 31 March 2025

21. Trade and other receivables

Figures in Rand	2024/2025	2023/2024
Financial instruments:		
Trade receivables	189 866 317	194 808 001
Trade receivables – related parties	30 742 112	17 071 445
Accrued income	6 131 557	2 564 958
Loss allowance	(31 729 267)	(27 369 533)
Trade receivables at amortised cost	195 010 719	187 074 871
Deposits	2 864 382	2 869 038
Directors' fees receivables – related parties	-	20 945
Employee costs	4 184 754	2 893 690
Other receivables	4 769 957	3 980 328
Non-financial instruments:		
Subsistence and travel allowance	493 706	151 809
Total trade and other receivables	207 323 518	196 990 681

Trade receivables

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

Trade receivables – related parties

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

The prior year trade receivables – related parties and the credit loss allowance amounts were updated by removing the municipalities.

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

For details of services rendered by the company and amounts owed to the company by related parties refer to note 35.

Deposits

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

Employee costs

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

Other notes

Annual financial statements at 31 March 2025

Other receivables

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

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

Figures in Rand	2024/2025	2023/2024
At amortised cost	206 829 812	196 838 872
Non-financial instruments	493 706	151 809
	207 323 518	196 990 681

Trade and other receivables pledged as security

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

Exposure to credit risk

During the year under review, the non-regulated business posed a serious credit risk to the company, particularly the services rendered on small aerodromes, technical services and the NAFISAT and VSAT networks. The increased credit risk on non-regulated business necessitated the need to review the credit risk and provision matrix to tighten up the credit management policy.

When evaluating the credit risks the company considered deposits of R25.2 million (2023/2024: R21.9 million) held on behalf of customers, as well as bank guarantees of R79.2 million (2023/2024: R69.6 million) from customers in the name of the company. The quality of the bank guarantees on the credit risk is high and they are receivable on demand by the company should the customer default on its account. During the year under review, there had been no significant changes in the quality of the bank guarantees and security deposits. All customers with or without security deposits or bank guarantees were assessed for credit loss at year end. The deposits are included in cash and cash equivalents (note 23) as unrestricted cash, with the related liability included in other payables (note 28). When the customer ceases to trade and settles the outstanding debt, the company is obliged to return the deposit to the customer. Should the customer default, the company may utilise the related deposit in settlement of the debt.

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

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

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

- Overall default on credit terms.
- Future cash flow forecast (April 2025).
- Bank guarantees and security cash deposits.
- Airlines that are refused services.

Other notes

Annual financial statements at 31 March 2025

Based on management's assessment and judgment, the credit risk significantly increased as of 31 March 2025 due to the impact of non-regulated business, which led to the increased provision matrix. The expected credit loss rate was then revised to the following rates:

	2024/2025			2023/2024		
	Estimated gross carrying amount at default	Impaired	Provision matrix	Estimated gross carrying amount at default	Impaired	Provision matrix
The ageing of trade receivables at the reporting date was:						
Not past due:	176 752 942	1 628 879	1%	167 428 272	1 441 537	1%
Past due by 30 days:	15 391 408	2 946 270	19%	11 694 241	1 664 721	14%
Past due by 31 to 60 days:	3 944 777	2 668 022	68%	5 742 479	1 350 973	24%
Past due by more than 60 days:	2 531 620	2 498 415	99%	3 072 164	1 516 863	49%
91 to 120 days past due:	21 987 682	21 987 681	100%	22 643 907	21 395 439	95%
Total	220 608 429	31 729 267		210 581 063	27 369 533	

Reconciliation of loss allowances

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

Figures in Rand	2024/2025	2023/2024
Opening balance	(27 369 533)	(24 848 191)
Remeasurement of loss allowance	(15 516 668)	(9 020 013)
Bad debts write-off	11 156 934	6 498 671
Closing balance	(31 729 267)	(27 369 533)

For details regarding related parties bad debts written off and ECL, refer to note 35.

Exposure to currency risk

Refer to note 37 for details of currency risk management for trade receivables.

22. Tax paid

Figures in Rand	2024/2025	2023/2024
Balance at beginning of the year	(209 386)	1 816 389
Current tax recognised in profit or loss	(2 210 762)	(11 443 330)
Balance at end of the year	(13 486 901)	209 386
	(15 907 049)	(9 417 555)

Other notes

Annual financial statements at 31 March 2025

23. Cash and cash equivalents

Cash and cash equivalents consist of:

Figures in Rand	2024/2025	2023/2024
Bank balances	102 232 082	64 603 337
Bank balances – US\$-denominated	361 354 654	308 895 891
Short-term deposits	758 822 144	513 747 068
Other cash and cash equivalents	170 601	123 751
	1 222 579 481	887 370 047

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

Included in cash and cash equivalent is an amount of R27 510 104 relating to the Department of Transport's Medium-altitude Earth Orbit Search and Rescue project, refer to note 28 and 33.

Cession in security

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

24. Share capital

Figures in Rand	2024/2025	2023/2024
Authorised		
500 million ordinary shares	500 000 000	500 000 000

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

Reconciliation of number of shares issued:

Reported as at 1 April	190 646 000	190 646 000
Issue of shares – ordinary shares	204 000 000	-
	394 646 000	190 646 000

During the year under review the South African government, through the Minister of Transport, bought an additional 204 000 000 shares at par value of R1 per share to assist the company with the needed cash flow for capital expenditure projects.

Issued

Ordinary	394 646 000	190 646 000
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Other notes

Annual financial statements at 31 March 2025

25. Interest-bearing loans and borrowings

Figures in Rand	2024/2025	2023/2024
Held at amortised cost		
DBSA loan	465 517 242	347 758 663
Secured		
Unamortised portion of loan transaction fees	(2 679 395)	(3 058 995)
Unsecured		
	462 837 847	344 699 668
Split between non-current and current portions		
Non-current liabilities	394 220 361	249 418 662
Current liabilities	68 617 486	95 281 006
	462 837 847	344 699 668

During the 2022/2023, the company secured a R500 million loan facility with DBSA. The following are the terms of the loan facility:

- Interest rate per annum being the aggregate of the applicable base rate (variable three-month JIBAR) and margin (4.15%);
- Tenor of nine years including the grace period;
- A commitment fee of 0.5% per annum on the undisbursed and undrawn facility amount;
- Quarterly repayments;
- Cession of the bank account, debtors' book and insurance proceeds;
- Registration of notarial bond over all the movable property, trade and other receivables and financial and non-financial covenants (refer to note 13 and 21).

During the period under review, the company accessed the remaining R152 588 958 on the loan facility and the facility was fully utilised.

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

Exposure to liquidity risk

Refer to note 37 financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 37 for details of interest rate risk management for interest-bearing loans and borrowings.

Other notes

Annual financial statements at 31 March 2025

26. Contract liabilities

Figures in Rand	2024/2025	2023/2024
Summary of contract liabilities		
Aeronautical information services	13 665 998	3 946 145
Training to third parties	2 763 634	4 153 389
	16 429 632	8 099 534

Reconciliation of contract liabilities

Opening balance	8 099 534	1 710 642
Revenue recognised on delivery of services previously paid for	(14 753 331)	(10 892 456)
Payments received in advance of delivery of performance obligations	24 283 726	13 986 602
Payment reallocations	(687 066)	3 372 189
Client refund	(513 231)	(77 443)
	16 429 632	8 099 534

Payment reallocations mainly relate to reallocations to VAT control account and revaluations of foreign currency amounts.

Other notes

Annual financial statements at 31 March 2025

27. Provisions

Reconciliation of provisions - 2024/2025

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Legal disputes	-	7 022 106	-	-	7 022 106
Capital expenditure projects	16 312 283	5 303 577	(2 325 777)	(623 209)	18 666 874
Provision for incentive bonus	70 000 000	60 000 002	(69 822 452)	(177 548)	60 000 002
	86 312 283	72 325 685	(72 148 229)	(800 757)	85 688 982

Reconciliation of provisions - 2023/2024

Capital expenditure projects	22 811 601	8 913 135	(13 805 969)	(1 606 484)	16 312 283
Provision for incentive bonus	-	70 000 000	-	-	70 000 000
	22 811 601	78 913 135	(13 805 969)	(1 606 484)	86 312 283

(a) Legal disputes

The provision for disputes represents the best estimate of amounts required to settle the known third-party claim. Management on, the advice of legal counsel, expects that there is probability that the claim could be successful based on the outcomes of the High Court.

(b) Capital expenditure projects

Capital expenditure projects relate to amounts provided for period of beneficial use. This is a validation period commencing after system acceptance and running concurrently with the suppliers' system warranty for at least 12 months. During this period, the company retains a certain percentage payable to the original equipment manufacturer to allow the company to validate the technical performance of the system. Management calculates the provision based on a pre-determined rate in the contract based on the value of each completed projects.

For details of provision reversal refer to note 4.

(c) 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 2025.

Other notes

Annual financial statements at 31 March 2025

28. Trade and other payables

Figures in Rand	2024/2025	2023/2024
Financial instruments:		
Trade payables	105 321 646	115 145 598
Trade payables – related parties	2 272 386	4 583 515
Agency fees payables	4 757 797	5 908 070
Accrued expenses	9 014 357	6 377 711
Deposits received	25 294 081	21 904 081
Other payables	34 620 008	5 207 519
Non-financial instruments:		
Department of Transport's Medium-altitude Earth Orbit Search and Rescue project – related party	27 510 104	27 510 104
Accrued leave pay	47 907 461	44 087 152
VAT payable	12 999 203	11 014 883
	269 697 043	241 738 633

Other payables by and large consist of pay as you earn paid by the company to employees for skills retention. For details refer to note 19.

Exposure to liquidity risk

Refer to note 37 financial instruments and financial risk management for details of liquidity risk exposure and management.

Other notes

Annual financial statements at 31 March 2025

29. Cash generated from operations

Figures in Rand	2024/2025	2023/2024
Profit before taxation	36 731 895	60 689 205
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	168 766 159	157 487 888
Losses on sale of assets and liabilities	7 467 388	9 506 360
Losses (gains) on exchange differences	5 424 187	(12 005 959)
Movements in provisions	(623 301)	68 393 517
Movement in credit loss allowance	4 359 735	2 521 342
Bad debts write off	11 156 974	6 498 671
Non-cash capital working progress adjustment	1 874 730	(1 460 904)
Impairment reversal	-	(11 714 480)
Impairment loss on property, plant and equipment	977 708	6 654 336
Impairment loss on work in progress	125 507	54 505 585
Contract asset revenue	(1 039 062)	-
Gains/(loss) on exchange differences	3 067 209	-
Lease liability adjustments	(3 631 820)	-
Adjust for items that are presented separately:		
Interest income	(72 469 250)	(52 614 877)
Finance costs	36 016 872	25 886 092
Changes in working capital:		
Trade and other receivables	(19 260 343)	(34 289 162)
Prepayments	(29 185 297)	(5 061 200)
Trade and other payables	27 958 410	25 045 197
Contract liabilities	8 330 098	6 388 892
Work in progress accruals	(1 557 911)	25 241 857
Changes on short-term investments at amortised costs	111 548	(1 225 096)
	184 601 436	330 447 265

Other notes

Annual financial statements at 31 March 2025

30. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2024/2025

	Opening balance	Proceeds from the bank	Capital repayments
Borrowings	344 699 668	152 588 958	(34 482 759)
Lease liabilities	104 190 420	-	(15 503 679)
	448 890 088	152 588 958	(49 986 438)
Total liabilities from financing activities	448 890 088	152 588 958	(49 986 438)

Reconciliation of liabilities arising from financing activities - 2023/2024

	Opening balance	Proceeds from the bank	Capital repayments
Borrowings	183 138 490	160 831 628	-
Lease liabilities	126 315 238	-	(10 796 121)
Other interest paid	-	-	-
	309 453 728	160 831 628	(10 796 121)
Total liabilities from financing activities	309 453 728	160 831 628	(10 796 121)

For details of lease liabilities refer to note 14.

For details of borrowings refer to note 25.

Other notes

Annual financial statements at 31 March 2025

Accrued interest	Interest paid	Over- and under- adjustments	Remeasurements	Closing balance
53 445 170	(53 413 190)	-	-	462 837 847
9 393 748	(9 382 401)	5 762 133	4 351 784	98 812 005
62 838 918	(62 795 591)	5 762 133	4 351 784	561 649 852
62 838 918	(62 795 591)	5 762 133	4 351 784	561 649 852

Accrued interest	Interest paid	Over- and under- adjustments	Remeasurements	Closing balance
30 155 740	(29 426 190)	-	-	344 699 668
9 517 848	(8 720 719)	3 686 357	(15 812 183)	104 190 420
60 391	(60 391)	-	-	-
39 733 979	(38 207 300)	3 686 357	(15 812 183)	448 890 088
39 733 979	(38 207 300)	3 686 357	(15 812 183)	448 890 088

Other notes

Annual financial statements at 31 March 2025

31. Reconciliation of interest income

Figures in Rand	2024/2025	2023/2024
Categories		
Cash and cash equivalent	69 337 765	49 737 770
Trade debtors	2 289 109	1 982 108
Short-term investments	842 376	894 999
Amount as per statement of profit and loss (note 10)	72 469 250	52 614 877
Accrued bank interest	(4 695 662)	(3 644 684)
Unpaid late payment interest trade debtors	(1 893 541)	(1 292 278)
Short-term investments at amortised costs	(842 376)	-
Amount as per statement of cash flows	65 037 671	47 677 915

32. Commitments

Authorised capital and operational expenditure

Figures in Rand	2024/2025	2023/2024
Already contracted for but not provided for		
• Property, plant and equipment	270 897 924	211 467 192
• Intangible assets	749 727	1 912 048

The prior year amount has been updated by removing the operating expenditure commitments.

33. Guarantees and contingent liabilities

The company is involved in ongoing legal proceedings with a third party, while a provision of R7 million has been recognised (note 27). There is a possibility that should the third party win the case, the court may award it interest and legal costs payable by the company. At balance sheet date, it is not certain what the outcome of the courts will be and, therefore, the potential legal costs and interest cannot be reliably measured.

The company entered into an agreement with Department of Transport - as an implementing agent for the provision of medium earth orbit search and rescue ground segment capability solution. The company received an advance payment of R52 million. However ATNS did not meet the completion date of June 2019 as per the agreement. The contingent liability of R25.7 million is attributable primarily to potential liabilities arising from matters relating to interest income on holding the advance payment on the companies call account. However, the interest payable to the Department of Transport was not captured in the agreement.

The company guaranteed that it would pay to the suppliers R8.9 million (2023/2024: R3.7 million). The significant balance of the guarantee is for lease rental with the landlord and a performance guarantee with client.

Other notes

Annual financial statements at 31 March 2025

34. Retirement benefits information

Substantially all employees are members of the ATNS retirement fund. The fund is a defined contribution fund and is governed by the Pension Funds Act of 1956, which requires an actuarial valuation to be carried out every three years.

The latest actuarial assessment of the fund was on 31 January 2014. At that time, it was certified by the reporting actuaries to be in a sound financial position. The company contributions to the fund amounted to R86.5 million (2023/2024: R79.9 million).

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

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

35. Related parties

The sole shareholder of ATNS is the Minister of Transport on behalf of the South African government in terms of section 6(5) of the Air Traffic and Navigation Services Company Act 1993. ATNS is a Schedule 2 public company in terms of the PFMA.

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

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

Year end balances arising from related party activity

Other notes

Annual financial statements at 31 March 2025

Figures in Rand	2024/2025	2023/2024
Amounts owing by directors		
LNJ Ngema	-	20 945
Figures in Rand	2024/2025	2023/2024
Amounts included in trade receivable regarding related parties		
Airports Company South Africa SOC Limited	11 690 645	4 648 675
Eskom Holdings SOC Limited	114 182	384 532
South African Airways SOC Limited	18 546 062	12 038 238
South African Civil Aviation Authority	174 655	-
South African Weather Service	216 568	-
Amounts included in trade payables regarding related parties		
Airports Company South Africa SOC Limited	147 502	568 774
Eskom Holdings SOC Limited	-	185 903
National Department of Transport	27 510 104	27 510 104
South African Airways SOC Limited	11 500 000	8 350 000
South African Civil Aviation Authority	-	1 846 915
Telkom SA SOC Limited	2 124 884	1 981 923
Ordinary share capital (shares issued)		
National Department of Transport	204 000 000	-
Borrowings outstanding		
Development Bank of Southern Africa SOC Limited	462 837 847	344 699 668
Related party transactions		
Revenue of services to related party		
Airports Company South Africa SOC Limited	18 210 948	16 191 719
Eskom Holdings SOC Limited	19 079	-
South African Airways SOC Limited	140 772 053	116 800 916
South African Civil Aviation Authority	3 688 034	2 987 706
South African Weather Service	2 268 638	2 104 659
Purchases from related parties		
Airports Company South Africa SOC Limited	20 634 456	19 731 515
Eskom Holdings SOC Limited	3 818 815	10 498 798
Independent Communications Authority of South Africa	101 701	-
Sentech SOC Limited	3 810 051	3 539 699
South African Airways SOC Limited	293 798	-
South African Civil Aviation Authority	21 503 949	18 649 434
Telkom SA SOC Limited	24 926 696	24 331 392
Transnet SOC Limited	174 054	-
Finance costs paid		

Other notes

Annual financial statements at 31 March 2025

Figures in Rand	2024/2025	2023/2024
Development Bank of Southern Africa SOC Limited	53 413 190	29 426 190
Credit loss allowance due to related parties		
Opening balance	(1 693 692)	(2 638 670)
Movement in expected credit loss	(6 808 279)	944 978
	(8 501 971)	(1 693 692)

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

The prior year trade receivables – related parties, trade payables – related parties and the credit loss allowance amounts were updated by removing the municipalities and national departments.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received, except for Eskom Holdings SOC Ltd. The company issued R11 190 on behalf of Eskom Holdings.

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

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

Other notes

Annual financial statements at 31 March 2025

36. Executives and non-executive emoluments

Executive

2024/2025	Cost to company	Performance bonus	Other benefits	Leave days payout	Acting allowance	Total
NP Mdawe	5 229 430	905 617	-	-	-	6 135 047
JM Moholola	3 781 415	544 146	-	-	-	4 325 561
PT Mdebuka	2 878 724	399 248	31 200	-	-	3 309 172
TV Ndou	3 196 536	439 997	-	-	-	3 636 533
MM Maqashelana	2 887 036	442 400	25 000	-	-	3 354 436
GG Serema	2 656 189	367 267	36 400	-	-	3 059 856
J Manyakoana	2 767 075	324 514	-	-	-	3 091 589
K Cele	2 656 855	315 014	31 200	-	-	3 003 069
S Hogana	2 656 603	296 339	31 200	-	-	2 984 142
N Mabaso	2 656 691	308 006	31 200	-	-	2 995 897
D Khumalo (resigned: 31 December 2024)	1 779 085	161 449	22 500	174 531	-	2 137 565
L Mahamba (resigned: 31 December 2024)	2 162 561	397 614	22 500	234 513	-	2 817 188
T Sihlangu (appointed: 9 January 2025)	392 129	-	7 200	-	54 382	453 711
	35 700 329	4 901 611	238 400	409 044	54 382	41 303 766

(a) Other benefits consist of cellphone allowance in the main.

(b) T Sihlangu was appointed to act in the position of Chief Audit Executive due to the resignation of L Mahamba.

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

Other notes

Annual financial statements at 31 March 2025

Non-executive

2024/2025

Z Majavu
MA Amod
KS Boqwana
CR Burger
NC Kubheka
SG Kudumela
P Mangoma (resigned: 4 February 2025)
MJ Neluheni
LN Ngema
PN Sibiyi (resigned: 31 January 2025)

Gross fees for services as director	Total
743 179	743 179
498 900	498 900
529 845	529 845
594 438	594 438
513 182	513 182
581 420	581 420
391 927	391 927
591 735	591 735
550 475	550 475
298 183	298 183
5 293 284	5 293 284

2023/2024

Z Majavu
MA Amod
KS Boqwana
CR Burger
NC Kubheka
SG Kudumela
P Mangoma
MJ Neluheni
LN Ngema
PN Sibiyi

Gross fees for services as director	Total
706 648	706 648
426 695	426 695
449 709	449 709
471 387	471 387
399 189	399 189
440 449	440 449
443 623	443 623
461 079	461 079
442 036	442 036
433 076	433 076
4 673 891	4 673 891

Other notes

Annual financial statements at 31 March 2025

37. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2024/2025

Description	Note(s)	Amortised cost
Contract assets		1 129 628
Short-term investments	20	20 196 205
Trade and other receivables	21	206 829 812
Cash and cash equivalents	23	1 222 579 481
		1 450 735 126

2023/2024

Description	Note(s)	Amortised cost
Short-term investments	20	20 307 753
Trade and other receivables	21	196 838 872
Cash and cash equivalents	23	887 370 047
		1 104 516 672

Categories of financial liabilities

2024/2025

Description	Amortised cost
Trade and other payables	181 280 275
Borrowings	462 837 847
Subtotal	644 118 122
Finance lease	98 812 005
	742 930 127

2023/2024

Description	Amortised cost
Trade and other payables	159 126 494
Borrowings	344 699 668
Subtotal	503 826 162
Finance lease	104 190 420
	608 016 582

Other notes

Annual financial statements at 31 March 2025

Capital risk management

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

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

The capital structure at the end of the financial year is considered optimal and the gearing ratio of the company at the reporting date had increased to 23% (2023/2024: 28%) and was calculated as follows:

Figures in Rand	Notes	2024/2025	2023/2024
Borrowings	25	462 837 847	344 699 668
Lease liabilities	14	98 812 005	104 190 420
Total borrowings		561 649 852	448 890 088
Equity		2 151 846 986	1 925 555 763
Gearing ratio		26%	23%

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

Loan covenants

Under the loan facility agreement with DBSA, the company is required to comply with the following financial covenants;

- Current assets to current liabilities must be greater than twice;
- Cash and cash equivalents to current liabilities must be greater than once;
- Cumulative debt service coverage ratio must be greater than three times.

The company has complied with these loan covenants since the inception of the loan agreement. At 31 March 2025, the current assets to current liabilities was 3.3:1 (2023/2024: 2.1:1), cash and cash equivalents to current liabilities was 2.6:1 (2023/2024: 1.9:1) and debt service coverage ratio was 31 (2023/2024: 24.4) times.

For details of the interest-bearing loans and borrowings refer to note 25.

Other notes

Annual financial statements at 31 March 2025

Financial risk management

Overview

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

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

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

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

The company Audit and Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit and Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

Credit risk

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

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

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

Credit risk exposure arising on contract assets is managed by doing credit assessment on customers, signing a legal binding contract and requesting advance payment before commencement of the project.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions with high credit ratings. The company banks with only financial institutions that are approved by National Treasury.

The company has a contingency self-fund policy underwritten and administered by the third party. The company covers its own risk. The fund limits are reviewed annually and the investment may be cancelled by at any time, given 30 days' written notice. Refer to note 20 for details.

Credit loss allowances for ECL are recognised for all trade receivables, contract assets and other receivables where there are potential defaults. For detail credit risk assessment on ECL refer to note 21.

Other notes

Annual financial statements at 31 March 2025

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

	Notes	2024/2025			2023/2024		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Short-term investments	20	20 196 205	-	20 196 205	20 307 753	-	20 307 753
Trade and other receivables	21	239 052 785	(31 729 267)	207 323 518	224 360 214	(27 369 533)	196 990 681
Contract assets	18	1 129 628	-	1 129 628	-	-	-
Cash and cash equivalents	23	1 222 579 481	-	1 222 579 481	887 370 047	-	887 370 047
		1 482 958 099	(31 729 267)	1 451 228 832	1 132 038 014	(27 369 533)	1 104 668 481

Liquidity risk

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

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

The company assessed the liquidity risk using the latest forecast and projections of future cash flows. The company has enough cash reserves to fund its obligations as they become due. In addition, the government as the shareholder is willing to assist by providing capital injections for capital projects. For details refer to note 24.

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

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

Other notes

Annual financial statements at 31 March 2025

	Note	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
2024/2025						
Total liabilities						
Borrowings		120 100 609	400 089 808	133 487 276	653 677 693	462 837 847
Lease liabilities		32 510 049	60 032 916	51 250 684	143 793 649	98 812 005
Trade and other payables		268 571 192	-	-	268 571 192	268 571 192
2023/2024						
Non-current liabilities						
Borrowings	25	114 689 174	254 365 157	96 107 259	465 161 590	344 699 668
Lease liabilities		37 489 247	67 920 024	46 718 445	152 127 716	104 190 420
Trade and other payables		241 738 633	-	-	241 738 633	241 738 633

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date, as disclosed in notes 14, 25 and 28).

Foreign currency risk

Exposure in Rand

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

US\$ exposure:

Figures in Rand	Notes	2024/2025	2023/2024
Current assets:			
Trade and other receivables	21	19 840 782	25 339 550
Cash and cash equivalents	23	361 354 654	308 895 891
Short-term investments		20 196 205	16 402 009
Current liabilities:			
Trade and other payables	28	(71 268 776)	(72 354 235)
Net US\$ exposure		330 122 865	278 283 215

Exposure in foreign currency amounts

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

To mitigate the company's exposure to foreign currency risk, non-Rand cash flows are monitored. The company holds sufficient US\$ denominated on cash and cash equivalents (refer to note 23) and the cash and cash equivalents of US\$ denominated are revalued to the Rand monthly using the spot rate.

Other notes

Annual financial statements at 31 March 2025

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

Exchange rates

The following closing exchange rates were applied at reporting date:

Figures in Rand	2024/2025	2023/2024
Rand per unit of foreign currency:		
US\$	18.420	18.900

Foreign currency sensitivity analysis

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

A 10% strengthening in the Rand against the below currencies on 31 March 2025 would have decreased profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant. The analysis was performed on the same basis for 31 March 2024.

A 10% weakening in the Rand against the above currencies on 31 March 2025 would have had the equal but opposite effect to the amounts shown below, on the basis that all other variables remained constant.

Figures in Rand	2024/2025	2023/2024
Increase or decrease in rate		
Impact on profit or loss:		
US\$	33 012 287	27 828 322

For details of foreign exchange gain and losses refer to note 5.

Interest rate risk

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

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

Other notes

Annual financial statements at 31 March 2025

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

Interest rate profile

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

	Notes	Average effective interest rate		Carrying amount	
		2024/2025	2023/2024	2024/2025	2023/2024
Assets					
Short-term investment at amortised costs	20	4.10%	4.10%	20 196 205	20 307 753
Cash and cash equivalents	23	10.00%	10.00%	758 822 144	513 747 068
				779 018 349	534 054 821
Liabilities					
Borrowings	25	9.00%	9.00%	462 837 847	344 699 668
Lease liabilities	14	10.81%	9.00%	98 812 005	104 190 042
				561 649 852	448 889 710

Interest rate sensitivity analysis

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

At 31 March 2025, if the interest rate had been 5% per annum (2023/2024: 5%) higher or lower during the period. The impact in the profit or loss would have been R10.6 million (2023/2024: R6.6 million).

Tariff risk

Tariff revenue, contributing 85.4% (2023/2024: 85.2%) of the company's revenue, is regulated by an independent economic regulator using a price cap methodology. The regulated tariff is linked to Consumer Price Index. A change in the index has a positive or a negative impact on the revenue earned by the company. However, the company is allowed to adjust the difference between actual and forecast Consumer Price Index in future tariffs. The tariff is determined for a five-year period.

38. Events after the reporting period

- Additional employees signed the three-year retention agreement referred to in note 19, resulting in additional payments of R25 million.
- DLT Dondur was appointed a board member on 26 June 2025.

The directors are not aware of any other material event after the reporting date and up to the date of this report.

Other notes

Annual financial statements at 31 March 2025

39. Going concern

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

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

40. Irregular, fruitless and wasteful expenditure

Figures in Rand	2024/2025	2023/2024
Fruitless and wasteful expenditure	591 882	2 919 193

The company had nil balance for irregular expenditure for the year under review and the previous year, mainly due to sound controls on procuring good and services.

Fruitless and wasteful expenditure during the year under review related to late payment interest charged by suppliers for R2 709 and employee-related costs of R589 173. During the year the company recovered R651 773 from employees.

41. Material losses through criminal conduct

There were not any material losses brought on by criminal activity during the year under review.

Company information

Annual financial statements at 31 March 2025

ATNS head office

Postal address:

Private Bag X15 Kempton Park 1620

Street address:

Block C, Eastgate Office Park, South Boulevard Road

Bruma

2198

Contact details:

Tel: +27 11 607 1000

Fax: +27 11 607 1570

Website: www.atns.com

Email: marketing@atns.co.za

Southern region

Postal address:

Private Bag X17

Cape Town International Airport

7525

Air traffic management

Contact details:

Tel: +27 21 937 1122

Fax: +27 21 934 5530

Technical services

Contact details:

Tel: +27 21 937 1153

Fax: +27 21 937 1181

Northern region

Postal address:

Private Bag X1 Bonaero Park

1622

Air traffic management

Contact details:

Tel: +27 11 928 6439

Fax: +27 11 395 1045

Technical services

Contact details:

Tel: +27 11 928 6469

Fax: +27 11 395 1049

Aviation Training Academy

Postal address:

Private Bag X1 Bonaero Park 1622

Street address:

14 Bonaero Drive,

Bonaero Park

1619

Contact details

Tel: +27 11 570 0400

Fax: +27 11 395 3347

Bankers

RMB

12th Floor

1 Merchant Road

Sandton

2196

Tel: +27 11 282 1421

Auditors

SizweNtsalubaGobodo Grant Thornton Inc

152 14th Road, Noordwyk

Midrand

1687

Contact details

Tel: +27 12 443 6000

ISBN: 978-1-77997-918-6

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Notes

Notes

ATNS head office

Postal address:

Private Bag X15 Kempton Park 1620

Street address:

Block C, Eastgate Office Park, South Boulevard Road
Bruma
2198

Contact details:

Tel: +27 11 607 1000

Fax: +27 11 607 1570

Website: www.atns.com

