GAAL

GATEWAY AIRPORTS AUTHORITY LIMITED

• GATEWAY TO THE REST OF AFRICA •

2023/2024

ANNUAL REPORT

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PART A:

GENERAL INFORMATION

1. PUBLIC ENTITY GENERAL INFORMATION

REGISTERED NAME:	Gateway Airports Authority (SOC) Limited
REGISTRATION NUMBER:	1995/002792/06
REGISTERED OFFICE ADDRESS:	N1 North to Makhado
	Gateway Drive, Polokwane, 0700
POSTAL ADDRESS	P.O BOX 1309
	POLOKWANE
	0699
TELEPHONE NUMBERS:	015 288 0122
WEBSITE ADDRESS:	www.gaal.co.za
EXTERNAL AUDITORS:	Auditor General of South Africa
BANKERS:	ABSA BANK LIMITED
BOARD SECRETARY	Adv K Sebola

2. LIST OF ABBREVIATIONS/ ACRONYMS

AGSA	Auditor General of South Africa
BARC	Board Audit Risk Committee
BOOC	Business, Operations and Opportunity Committee
CEO:	Chief Executive Officer of GAAL
CFO:	Chief Financial Officer
Civil Aviation Act:	Civil Aviation Act 13 of 2009
GAAL:	Gateway Airports Authority (SOC) Ltd, a Limpopo Provincial Entity as per Schedule 3 Part D of the PFMA; and registered as a company in terms of the Companies Act
GRAP	General Recognised Accounting Principles
IA	Internal Audit
LDTCS:	Limpopo Department of Transport and Community Safety
MEC:	Member of the Executive Council
MOI:	Memorandum of Incorporation of GAAL
PFMA:	Public Finance Management Act, Act 1 of 1999
PIA	Polokwane International Airport
PIDS	Perimeter Intruder Detection System
SAAF	South African Air Force
SACAA:	South African Civil Aviation Authority Act 40 of 98 (now the Civil Aviation Act)
SADC	Southern African Development Community
SCM:	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
URR	Universal Regulatory Register

STATEMENT BY EXECUTIVE AUTHORITY

Honourable MEC SUSAN VIOLET MATHYE

The 2023/24 Annual Report of the Gateway Airports Authority Limited takes place at the dawn of the 7th administration and symbolises our resilience as the Provincial Government, towards the growth of the aviation sector.

The Gateway Airports Authority Limited has persistently provided the people of the Limpopo Province with an unfettered aviation service for many years.

Despite a few notable challenges, this democratic government has provided the people of the Limpopo Province with the most reliable aviation service.

The Polokwane International Airport is synonymous with aviation in the Province, and its success and growth has a great potential of growing other sectors of the economy. Its operations have actually proven that there is a great potential for growth for the sector, and Government has also charged the Board of the Entity to explore numerous ways, to attract more airlines into the Province.

In its current model, the Polokwane International Airport has a potential to have direct routes between Polokwane and other major cities in the Republic.

The majority of the people who utilise the services of the Polokwane International Airport, travel to the O.R. Tambo International, as a conduit to other destinations.

This, therefore, calls for an intensified programme to enlarge the footprint of the Polokwane International Airport to service other destinations, such as Durban and Cape Town.

The prospects of an additional airline are also not far-fetched in the Province. The aviation sector, in its nature, is premised on numbers – the more the airlines, the more the competition, the cheaper the airfares.

With the 7th Provincial Administration, having made its intentions clear; to promote this Province's tourism products, this Government then places the aviation sector with a greater responsibility, to make this possible.

With a full-compliment Board, and the Chief Executive Officer incumbency filled, we are confident that we have brought stability to the Entity, for the period under review. This is a demonstration of our commitment towards the realisation of the objectives of this entity.

Therefore, any failure for the Entity to fulfil its obligations will be inexcusable.

HONOURABLE SUSAN VIOLET MATHYE

MEMBER OF EXECUTIVE COUNCIL: TRANSPORT AND COMMUNITY SAFETY

STATEMENT BY BOARD CHAIRPERSON

Mr V Xaba

Board Chairperson

I am pleased to present the Annual Report of Gateway Airport Authority Limited (GAAL) for the 2023/24 financial year which came to an end on 31 March 2024.

The board came into office with a mandate to turnaround and reconfigure GAAL into a fit-for-purpose and financially viable entity. The board found GAAL beset with several foundational problems threatening its future that were characterized by leadership capacity gaps, critical technical and finance management skill gaps, downgraded operating license and dwindling revenues amid the withdrawal of business by dissatisfied clients. The cumulative impact of these challenges was the entity's inability to deliver on its mandate effectively. This created doubts about the entity's relevance and overall sustainability. Following a diagnostic assessment by the board, a robust turnaround plan was defined by the board with the relentless support and guidance from the shareholder. To date, it's implementation has been steadfast in addressing the gaps is critical skills, governance failures, operational and financial sustainability challenges.

In support of the turnaround plan implementation, the Limpopo Provincial Government, has conditionally extended the entity's grant funding for a further three financial years, with the non-negotiable expectation of an improving and sustainable annual performance of the entity. This expression of support has further cemented the board's resolution towards re-establishing GAAL to its position of prominence, as a catalyst for economic development in the province, a partner of choice for aviation asset management and an enabler for SADC regional connectivity and integration. This will also see GAAL expanding its management oversight beyond Polokwane International Airport (PIA) to include other state owned aviation assets withing the Limpopo Province.

For the period under review the entity's audit outcome has improved from qualified to unqualified opinion, a remarkable and historic achievement by the entity, which echo the culmination of the continual improvement work the entity is executing to turnaround its fortunes. Now that governance and financial reporting has been improved, the key milestones of the turnaround plan remain the growth in the number of flight operators and routes linked to PIA.

Throughout the financial year under review, we have achieved a significant milestone on our glide path towards a more sustainable and responsible future. As we navigate the ever-evolving landscape of the aviation industry, it has become increasingly evident that our commitment to sustainability is not only crucial for our entity's success but also for the well-being of the people of Limpopo and the country at large. I take pride in our collective dedication to the sustainability of the entity, marked by the approval of the Shareholder to further extend the conditional funding support to achieve the envisaged self-sustainability.

The implementation of the multi-phased turnaround strategy is well underway. Despite some reported challenges during the reporting period, the entity delivered several infrastructure projects to its clients and increased air traffic. Through these efforts, GAAL continues to contribute towards broadening economic development imperatives of the province. With the envisaged establishment of Polokwane as a logistics hub of the province, the infrastructure upkeep and development plans around the PIA will contribute immensely towards this visionary feat, aligning well with one of the critical goals of the Economic Reconstruction and Recovery Plan announced by the President in October 2020.

To put motion to the above, the entity entered into a collaborative memorandum of agreement with ACSA aimed at realizing the objectives set out in the National Aviation Policy. Key to these objectives are working towards integrated planning, management and operation of airports ensuring safety and compliance of airport operations, as well as realizing opportunities associated with the recovering and growing aviation market and ensuring that the airports owned by the Provincial Government tap into the National Government Resources that are in custody of ACSA.

In concluding, I wish to thank the Shareholder representative, the Department of Transport and Community Safety for the exceptional leadership and support that has been sustained and incremental, year on year. I would also extend my appreciation to the Board for its unwavering commitment towards turning this entity around, during yet another challenging year.

I further commend the executive and management teams for their agile approach to managing the business in such uncertain circumstances. Lastly a word of gratitude and encouragement to the employees of GAAL for their trust in the leadership team and commitment towards becoming part of the improvement journey of this entity.

Mr V Xaba

Board Chairperson: GAAL

OVERVIEW BY CHIEF EXECUTIVE OFFICER

As we reflect on the past year at Gateway Airport Authority Limited (GAAL), I am filled with a profound sense of pride and gratitude. The journey through the year has been marked by both challenges and triumphs, and it is with great pleasure that I present the 2023/2024 Annual Report, highlighting the milestones and progress the Entity has achieved.

The year under review has been a testament to the employees' resilience and unwavering commitment to excellence. Despite the complexities of the global aviation industry and the evolving landscape of air travel, Polokwane International Airport has continued to demonstrate remarkable adaptability and growth.

We have seen a significant increase in passenger and aircraft traffic, which reflects not only our strategic initiatives but also the growing confidence of our travellers in our services. Our focus on enhancing the passenger experience has been central to this achievement. We have invested in infrastructure improvements and streamlined our operations to ensure that every journey through our airport is seamless and enjoyable.

It is with great pleasure to announce that amongst other achievements for 2023/2024, GAAL obtained an Unqualified audit opinion for the year after two years of obtaining a Qualified audit opinion. The Entity also managed to conclude strategic partnerships with leaders in the aviation industry to assist with services and expertise that will lead to growth and financial sustainability.

As we look to the future, our focus remains on innovation and customer excellence. We are dedicated to maintaining the highest standards of safety, service, and operational efficiency. Our strategic plans include attracting investors, advancements in technology, infrastructure upgrade and refurbishment, improved revenue collection and stakeholder engagement.

We are strengthening our partnerships with local and international stakeholders, fostering collaborations that will lead to hub and spoke connectivity networks and economic growth within the region.

I would like to thank the Board for their guidance and support cooperation during the 2023/24 Financial Year. Expression of gratitude is also deserving to the MEC of DTCS, Honourable V. Mathye for the support in ensuring that GAAL delivers on its mandate. A heartfelt thanks to our dedicated team, whose resilience and dedication have been the cornerstone of our success. I also want to express my gratitude to our partners, stakeholders, and passengers for their continued support and trust in our services.

Together, we look forward to another year of growth, opportunity, and success. Thank you for being a vital part of our journey.

Ms. Mokgadi Matli
Chief Executive Officer
Gateway Airports Authority Limited

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor General.
- The Annual Report is complete, accurate and free from any omissions.
- The Annual Report has been prepared in accordance with the Guidelines on Annual Reporting issued by National Treasury.
- The Annual Financial Statements (Part F) have been prepared in accordance with Generally Recognised Accounting Principles.
- The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the Human Resources information and the Annual Financial Statements.
- The External Auditors were engaged to express an independent opinion on the Annual Financial Statements.
- In our opinion, the Annual Report fairly reflects the operations, Performance Information, Human Resources information and the financial affairs of the Entity for the financial year ended 31 March 2024.

Yours Sincerely

Ms M Matli
Chief Executive Officer

Mr V Xaba
Board Chairperson: GAAL

Ms SV Mathye
MEC: Department of Transport and Community Safety

Date 23-08-2024

7. STRATEGIC OVERVIEW

7.1 Vision

To lead growth of the aviation industry in Limpopo.

7.2 Mission

a) To operate and develop public airports within the province of Limpopo

b) To create an intra-Limpopo flight operations network to feed PIA

c) To develop PIA as the hub of SADC region and the North of South Africa

d) In collaborate with our key stakeholders to stimulate economic and social development for the people of Limpopo.

7.3 Values

Passionate

Living our values and pursuing our goals, shared vision and commitment to our mission with passion

Integrity

Enabling trust and respect in all our actions by doing the right actions all the time and being accountable and ethical

Agility

Ability to move quickly, easily and accurately in compliance with aviation and other applicable legislations

Commitment

Appetite and thirst for new challenges, and caring for the business' success

Results

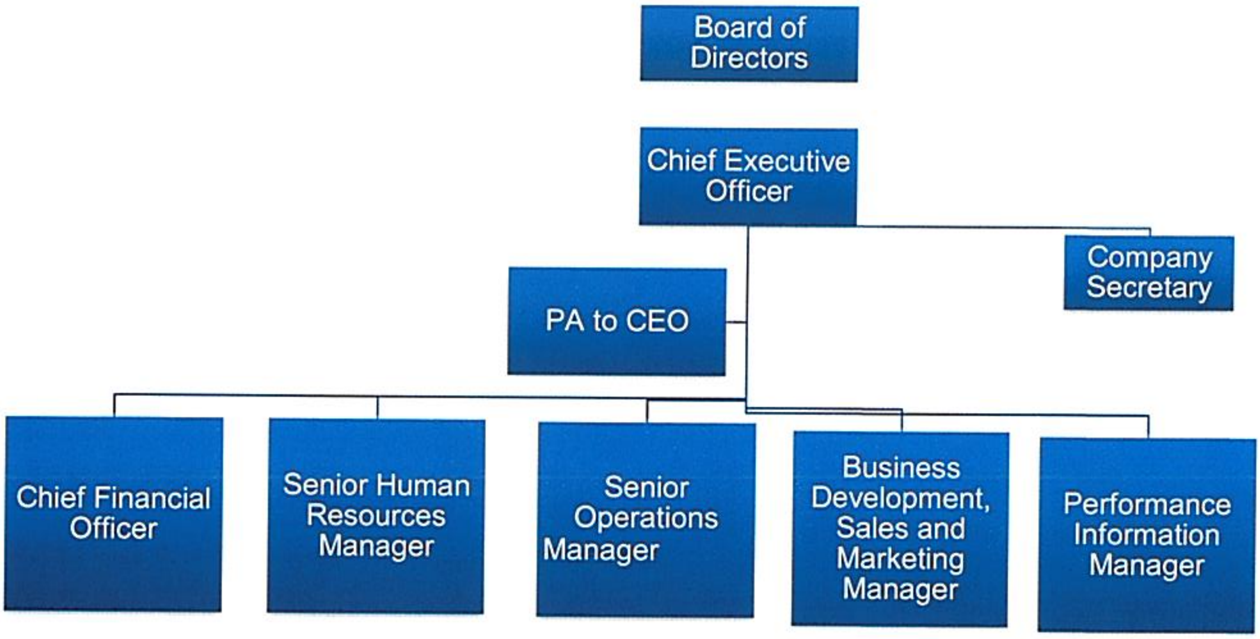
Providing innovative all-round service delivery to the stakeholders' needs and positive experience.

8. LEGISLATIVE AND OTHER MANDATES

GAAL operates in a highly regulated industry. The main legislations governing the Airport include:

- Public Finance Management Act No. 1 of 1999, as amended by Act 29 of 1999 and Treasury Regulations
- Companies Act, 2008, as amended
- Civil Aviation Authority Act, Act No.38 as amended
- Labour Relations Act No. 66 of 1995, as amended
- Occupational Health and Safety Act, Act No.85 of 1993
- Preferential Procurement Policy Framework Act, Act No.5 of 2000
- Memorandum of Incorporation
- King iv
- Framework for Strategic performance plan and annual performance plan (Issued by National Treasury 2009)
- Framework for managing Performance Information (Issued by National Treasury 2009)

ORGANISATIONAL STRUCTURE



PART B:

PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page XXXX of the Report of the Auditors Report, published as Part F: Financial Information

2. OVERVIEW OF PERFORMANCE

2.1 Service Delivery Environment

GAAL is a public Entity that is mandated to manage Polokwane International Airport and other state-owned aerodromes within the province. It is strategically located as the gateway to Africa as Limpopo borders South Africa with Zimbabwe, Botswana, and Mozambique. As a result, it provides ease of access to the Limpopo province for both business and leisure travellers. GAAL has sufficient facilities, such as hangars, adequate aerodrome infrastructure and rental facilities. These, however, are currently underutilised. Beyond serving the needs of both the business and leisure travellers, Polokwane International Airport has the potential to enable the province's strategy of establishing Polokwane as the Logistics hub of the province.

The sustainability will be derived from a combination of; effective and efficient utilization of resources, optimum use of state assets (aeronautical and non-aeronautical) for increased revenue generation, as well as the acquiring of investment funding for operational and capital growth, and where required, shareholder support. This suite of initiatives will, in the medium to long-term, reduce the dependence on shareholder grant funding.
Although the Entity receives a grant from the Department of Transport and Community Safety and has strong leadership support, it has the capabilities to function efficiently on its own.

Finally, the passenger and aircraft movement illustrates evidence of the Airport's efficiency, capabilities as well as improved economic growth. At PIA, the traffic has been gradually increasing since the pandemic and while not completely at the expectant level, the recent performance gives much reason to remain optimistic.

Below, is the history of aircraft and passenger movement over the past five years:

Table 1: The history of aircrafts' movements is tabled below:

TYPE	2019/20	2020/21	2021/22	2022/23	2023/24
Domestic Schedule	1704	133	128	1 245	1 689
Domestic non-scheduled	2377	13	50	977	1 326
Regional non-scheduled	397	1	16	209	284
International non-scheduled	586	5	6	396	537
TOTAL	**5064**	**133**	**200**	**2 827**	**3 836**

Table 2: The history of passengers' movements:

TYPE	2019/20	2020/21	2021/22	2022/23	2023/24
Domestic Schedule	49335	3325	2365	40 412	53 553
Domestic non-scheduled	4767	18	86	4296	6 808
Regional non-scheduled	849	1	32	1294	1 968
International non-scheduled	1020	126	12	1380	1 979
TOTAL	**55 971**	**3470**	**2495**	**47 382**	**64 308**

2.2 Organisational Environment

GAAL has shown improvement in the past year in that there has been leadership stability and sufficient technical skills. This has aided in compliance and improvement in revenue generation. Since then, it has been easier to stabilise the Airport, to put processes and procedures in place and to further focus on the implementation of the Turnaround strategy.

2.3 Key policy developments and legislative changes

GAAL did not have any policy developments and there have not been any legislative changes.

2.4 Progress towards achievement of institutional impacts and outcomes

GAAL's operational performance has shown improvement and while working at that, the Entity strives to improve financial and operating performance as well as brand positioning.
Ultimately, GAAL will focus on expanding the operating model in the next few years.

Furthermore, the Board has also appointed an ethical, experienced and skilled Senior Management which ensures to close gaps in order to maintain the Category 7 airport license.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 ADMINISTRATION

The programme is responsible for the development and execution of the organization's strategy. The primary deliverable is the achievement of the organization's key performance targets aligned with good corporate governance.

Outcomes, Outputs, Output indicators, Targets and Actual Achievement

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for deviation
Safe Air Transport environment	Increase in revenue generation	Amount of revenue collected	R10 577	R11 917	R16 119	R18 026	R1 907	Increase in revenue generated from the aeronautical activities as well as increase in rental income due to Airlink lease that was signed in October 2023.
		Amount spent on CAPEX and assets maintenance	-	-	R9 008	R13 670	4 662	Acceleration of critical maintenance work for airfield ground lighting (runway lights) as well as the repair of the fire truck.
	Improved ICT systems	Number of ICT initiatives implemented	-	-	3	1	(2)	Lack of proper budget alignment to the indicators. The budget for ICT was underestimated as the entity lacked ICT human resources required to formulate a well-informed budget The entity will ensure proper budget alignment with the output indicators to ensure that planned performance will be achieved. ICT projects

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for deviation
								are sufficiently and adequately budgeted for in the 2024/25 financial year.
	Improved HR processes	Number of HR initiatives implemented	4	9	4	4	0	None
	Ensure compliance to regulatory requirements	Number of Compliance Training courses completed	-	12	12	14	2	Additional training conducted was to address the SACAA findings

3.2 BUSINESS DEVELOPMENT

The programme is responsible for business development, marketing and stakeholder relationships.

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for deviation
Safe Air Transport environment	Increase in revenue for financial sustainability	Number of new routes introduced	-	-	1	0	0	The Entity could not achieve the target as the operator indicated that there was no business case to pursue the identified route due to low demand. GAAL is in the process of collecting stats for the demand and will continue to engage prospective airline operators for the introduction of a new route. GAAL has engaged the services of the Airports Company South Africa to assist with route and traffic development
		Number of new operators contracted	-	-	1	0	0	The Entity could not achieve the target as the operators had business challenges. GAAL will continue with its efforts to engage with prospective airline operators for the introduction of a new route. Also, GAAL has engaged the services of the Airports Company South Africa to assist on route and traffic development
		Number of Aircraft movement recorded	200	2857	4 532	3 836	(696)	Reduced flights due to the festive season and cancellation of flights during the winter months because of poor weather conditions. Despite the reduction of targets and the additional movement from the SAAF operation, the

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for deviation
								movement has not yet recovered to pre-Covid numbers. The entity has refined its planned target for the 2024/25 financial year to incorporate all possible scenarios.
		Number of units leased as a percentage of units available (Occupancy Rate)	-	-	70%	44%	(26%)	Potential tenants postponed occupancy due to their business challenges. GAAL will ensure that renovation/upgrade of rental infrastructure is prioritised to achieve planned occupancy rates and increase capacity in the Business Development Division to ensure that the division is adequately resourced to meet its planned performance.
	Brand activations implemented	Number of marketing initiatives conducted	-	-	12	7	(5)	Lack of capacity in the Business Development division. GAAL will increase capacity in the Business Development Division to ensure that the division is adequately resourced to meet its planned performance.
		Number of Stakeholder partnerships established	-	-	2	2	-	None

3.3 OPERATIONS

To focus on the operations and infrastructure management at PIA. The sub-programmes include both the Aeronautical and non Aeronautical Operations.

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement	Reasons for deviation
Safe Air Transport environment	Safe and secure airport facilities and services	Number of months the Aerodrome Cat 7 license maintained	6	12	12	10.2 months	1.8 months	The Airport was downgraded to Category 5 because of failure to meet the SACAA requirements for fire-fighting and rescue services. The airport was recertified back to CAT 7 towards the end of April 2024 after the repair of the Oshkosh Fire Truck.
		Infrastructure Maintenance and Replacement Program developed	1	1	1	1	None	None
		Infrastructure Maintenance Plan implemented	-	-	100%	76%	24%	Certain projects could not be implemented due to budget constraints (Air Con repairs, facility management and CCTV cameras)


Things will get better.

4 LINKED PERFORMANCE WITH BUDGETS

PROGRAMME	2022/23			2023/24		
	BUDGET	ACTUAL EXPENDITURE	OVER/ (UNDER) EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	OVER/ (UNDER) EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	34 015	29 694	4 321	40 717	35 319	5 398
Business Development	2 884	2 002	682	3 980	2 252	1 728
Operations	44 849	40 047	4 802	44 920	40 166	4 754

5 REVENUE COLLECTION

SOURCES OF REVENUE	2022/23			2023/24		
	BUDGET	ACTUAL AMOUNT COLLECTED	OVER/ (UNDER) COLLECTION	BUDGET	ACTUAL AMOUNT COLLECTED	OVER/ (UNDER) COLLECTION
Aeronautical	5 817	6 223	406	6 448	7 245	797
Non-Aeronautical	6 100	4 825	(1 275)	9 671	10 781	1 110
Total	**11 917**	**11 048**	**(869)**	**16 119**	**18 026**	**1 907**

6 CAPITAL EXPENDITURE

CAPITAL EXPENDITURE	2022/23			2023/24		
	BUDGET	ACTUAL EXPENDITURE	OVER/ (UNDER) EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	OVER/ (UNDER) EXPENDITURE
Amount spent on capex and assets maintenance	N/A	N/A	N/A	9 008	13 670	(4 662)
Total	**N/A**	**N/A**	**N/A**	**9 008**	**13 670**	**(4 662)**

PART C:

GOVERNANCE

1. INTRODUCTION

The Board is responsible for the strategic direction, oversight of the organisation and for setting the tone for ethical and effective leadership. It approves the policies and plans that give effect to effective governance of the organisation based on good corporate governance practices; and monitors the implementation thereof by executive management. It provides decisive and effective leadership on key matters of strategic direction by bringing an independent and informed view. The Board also promotes an ethical culture through regularly reviewed policies and practices and advocates for uncompromising integrity and transparency to embed excellence in every facet of the business.

2. PORTFOLIO COMMITTEES

As a state-owned entity, GAAL is overseen by the SCOPA. SCOPA considers Annual Financial Statements, business performance and ethical conduct of all executive organs of state, Constitutional institutions and other public bodies. It reviews GAAL's Annual Financial Statements and audit reports submitted by the AGSA.

The Portfolio Committee on Transport, a committee of Provincial Legislature, reviews non-financial information contained in the Annual Report. The committee oversees service delivery and the Entity's performance against key performance indicators included in their Corporate Plans and Annual Performance Plan.

3. THE ACCOUNTING AUTHORITY/ BOARD

a) Board Charter

The Board charter, which regulates Board parameters and ensures good corporate governance in all dealings, outlines the roles and responsibilities of the Board, including adopting strategic plans, defining materiality clearly, monitoring operational performance, determining the integrity of policy processes, risk management and internal controls, and director selection, orientation, and evaluation.

b) Composition of the Board

NAME	DESIGNATION	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTOR SHIP	NO. OF MEETINGS ATTENDED
Xaba VD	Chairperson	26/03/2021	N. Dip: Chemical Engineering B.Tech: Quality Management Dip: Advance Project Management	Aviation	2	4

Ramutanda E	Member	26/03/2021	BA, B. Hon: Transport Economics BA: Business Administration N. Tech: Mechanical Engineering	Aviation	4	5
Mangena JJN	Member	26/03/2021	BA, Public Administration B-Hon: Industrial Psychology	Public Administration	0	9
Phayane S	Member	26/03/2021	B.Sc.: Civil Engineering M.Sc.: Transport Studies	Transportation	2	6
Lambani EN	Member	21/09/2023	B. Proc, LLB, LLM	Legal	1	7
Mabilane SV	Member	21/09/2023	N. Dip: Cost and Management Accounting B. Tech: Cost and Management Accounting	Accounting	5	7
Skeepers NC	Member	21/09/2023	PHD: Engineering Management	Health and Safety	7	7
Maharaj S	Member	21/09/2023	Chartered Accountant CA (SA) MBA B. Com Hon	Finance	1	6

c) Committees of the Board

During the year under review, the Board established four committees:

Committee	No. of meetings held	No. of Members	Committee Members
Board Audit and Risk Committee	3	3	Ms SV Mabilane Mr S Maharaj Mr JJN Managena
Board Operations and Opportunities Committees	0	5	Adv EN Lambani Mr E Ramutanda Dr NC Skeepers Ms S Phayane Mr S Maharaj
Remuneration, HR and Social Ethics Committee	2	4	M S Phayane Mr NJJ Mangena Dr NC Skeepers Ms SV Mabilane
Nominations Committee	0	4	Mr VD Xaba Mr E Ramutanda

			Adv. EN Mangena Mr NJJ Mangena

d) Remuneration of the Board

NAMES	REMUNERATION	OTHER ALLOWANCES	TOTAL
Mr VD Xaba	R242 937	R7 169	R250 107
Ms S Phayane	R129 223	R4 358	R133 581
Mr E Ramutanda	R0	R4 541	R4 541
Mr JJN Mangena	R0	R0	R0
Adv EN Lambani	R7 393	R9 203	R16 956
Ms SV Mabilane	R40 129	R3 635	R43 764
Dr NC Skeepers	R9 074	R220	R9 294
Mr S Maharaj	R15 604	R3 520	R19 124

4. RISK MANAGEMENT

- In carrying out Enterprise Risk Management, GAAL is using the risk management policy and the risk management strategy.
- The Risk management strategy was implemented to ensure that all risks are properly managed to improve the internal control and governance.
- The Entity conducted a regular risk assessment to determine the effectiveness of its risk management strategy and to identify new and emerging risks on a quarterly basis.
- The Entity had established a Risk Management Committee to assist with the overall system of risk management, especially the mitigation of unacceptable levels of risk. The Risk Management Committee had four (4) meetings during the financial year.
- The Entity had made progress on the management of risks to improve its performance however there are challenges on the fully implementation of the risk mitigation measures. The Entity had developed new mitigation measures to address the problem.

5. INTERNAL CONTROL UNIT

- The Internal control unit is combined with Risk Management unit, the work performed by internal control unit relate to following:
- Development of Audit action plan,
- Monitoring of Audit action plan
- Reporting and investigations of unwanted expenditures
- Coordination of internal and external audit work.

6. INTERNAL AUDIT

6.2 The internal Audit Activity has the responsibility to:

- Implement the Annual Internal Audit Plan for the first year of the Strategic Rolling Three Year Internal Audit Plan, as approved, including as appropriate any special tasks or projects requested by the Audit Committee and Board. The terms of reference for those assignments, which may involve some measure of line responsibility.
- Provide professional internal audit staff with sufficient knowledge, skills, experience to meet the requirements of this Charter.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion. The terms of reference for those assignments, which may involve some measure of line responsibility, will however be agreed upon beforehand.
- Issue periodic reports to the BARC and Chief Executive Officer summarising results of audit activities.
- Keep BARC and the Chief Executive Officer informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the BARC.
- Assist in the investigation of significant suspected fraudulent activities within the organisation and notify management and the BARC of the results. The terms of reference for those assignments, which may involve some measure of line responsibility, will however be agreed upon beforehand.
- Consider the scope of the work performed by the external auditors and any other third party, as appropriate, for the purpose of providing optimal combined audit coverage to GAAL at a reasonable overall cost.
- Prepare plans indicating the proposed scope of each audit in the Annual Internal Audit Plan.
- Establish policies and procedures to guide the IAA and direct its administrative functions.
- Maintain a professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this charter.
- Establish a Quality Assurance & Improvement Program by which the Engagement Director assures the operation of internal auditing activities.
- Prepare a quarterly report to BARC detailing its performance against the Annual Internal Audit Plan, to allow effective monitoring and possible intervention.

6.3 Summary of audit work done

- Supply chain Management review.
- Review of Annual Financial Statement.
- Information Communication and Technology (ICT) review
- Interim Financial statements review

- Performance Information and Annual Performance plan review

6.4 Key objectives of the internal Audit and Audit Committees

The primary objective of IA is to assist the Chief Executive Officer and the Board Audit and Risk Committee in the effective discharge of their responsibilities; Internal Audit will provide them with independent analysis, appraisals, recommendations, counsel and information concerning the activities reviewed, with a view to improving accountability and service delivery.

7 COMPLIANCE WITH LAWS AND REGULATIONS

The Accounting Authority should govern compliance with applicable laws and has adopted, non-binding rules, codes and standards in a way that supports the organisation to be ethical and a good corporate citizen. Board has delegated compliance governance to BARC. GAAL established a regulatory universe to ensure compliance with laws and regulations. Board approves policies that give direction on compliance. Board annually reviews and approves a Compliance Audit Plan. Compliance audit reports are submitted quarterly to the BARC. GAAL's Compliance division monitors regulatory compliance, mandate compliance and legal compliance.

8 FRAUD AND CORRUPTION

- GAAL makes use of the Premier's hotline telephone number which is a platform on which concerns relating to fraud and breaches of ethical codes can be reported.
- Anti-corruption workshop was conducted during the financial year with the assistance of Public Service Commission.
- In 2023/24 financial year, the Entity conducted forensic investigation on the suspension of fraud on prepayment of uniforms and the consequence management is underway.
- The were no complaints received during the period from the hotline.

9 MINIMISING CONFLICT OF INTEREST

The Companies Act places a duty on directors to avoid conflicts of interest. Directors must ensure that their own interests, decisions and actions do not take precedence over the interests of the GAAL. This is managed through the Code of Conduct and Conflict of Interest Management Policy, which include responsibilities for identifying, avoiding, declaring and resolving actual, potential or perceived conflicts of interest.

All directors are required on appointment, and thereafter annually or whenever their disclosure circumstances change, to submit a declaration of interest form, disclosing all financial interests held by the director and/or related parties. Each director has a legal duty to complete the form in terms of Section 75(4) of the Companies Act. All information provided by directors is treated confidentially and in accordance with the Protection of Personal Information Act, 4 of 2013 (POPI Act).

At the beginning of each meeting, Board and committee members are obligated to disclose any conflicts of interest related to agenda items. Any conflicts are managed in terms of Section 75(5) of the Companies Act. Directors must be independent in character and in judgment and must avoid situations that are likely to affect, or appear to affect, their independence. Conflict of interest is a concern for external stakeholders, particularly in situations or relationships that may appear to influence the decisions of the Board and management. Recognising that failure to disclose potential conflict may lead to ethics failures, the Board addresses these concerns and perceptions through transparent and proactive communication.

10 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

BOOC receives quarterly reports from the Safety, Health and Environmental division. The office identifies, manages, monitors and reports risks to BOOC. The office ensured that all fire equipment was regularly serviced as per the annual service plan and conducted training for existing and new staff to reinforce the importance of a safe working environment.

11 COMPANY/ BOARD SECRETARY

The Company Secretary plays a key role in guiding the Board members on the execution of their duties, keeping the Board aware of relevant changes in legislation and corporate governance best practice. The Company Secretary is also secretary to the Board committees and the Board members have unrestricted access to the services of the Company Secretary.

During the period under review, Adv K Sebola fulfilled the role of Company Secretary.

PART D:

HUMAN RESOURCES MANAGEMENT

1. INTRODUCTION

The strategic purpose of the Human Resource Department is to partner with other divisions and provide support on matters relating to human capital, with the aim to maximise efficiency and embed the culture of high performance.

The focus of HR for the year under review was to attract and recruit skilled, capable workforce to fill critical vacant posts.

HR policies were reviewed in order to keep abreast with updates and changes in various legislations and new trends.

GAAL ensures that employees are engaged in wellness programmes every year through awareness campaigns, educational workshops, wellness events and employee assistance programmes.

Challenges

- Instability at leadership level.
- High staff turnover which resulted in loss of skills and institutional memory.
- Vacant critical and compliance positions.
- Understaffed Supply Chain Management Department, which creates challenges with segregation of duties.
- Due to budgetary constraints, skills development plans for employees were not achieved.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

2.1 Personnel related expenditure

PROGRAMME	PERSONNEL EXPENDITURE	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Administration	12 190 941	33%	26	468 882
Business Development	1 799 19	5%	3	599 730
Operations	22 702 573	62%	46	493 534
TOTAL	**36 692 706**	100%	**75**	**489 6**

2.2 Levels

LEVEL	PERSONNEL EXPENDITURE	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Top Management	R1 722 304	5%	1	R1 722 304
Senior Management	R2 121 997	6%	2	R1 060 998
Professionally Qualified	R9 577 825	26%	9	R1 064 202
Skilled	R8 269 122	23%	16	R516 820
Semi-Skilled	R14 954 310	41%	46	R325 093
Unskilled	R47 147	0%	1	R47 147
TOTAL	**R36 692 706**	**100%**	**75**	**R489 236**

3. EMPLOYMENT AND VACANCIES

PROGRAMME	VACANCIES	APPOINTMENTS	TERMINATIONS
Administration	5	5	0
Business Development	2	0	0
Operations	5	6	2
Total	**12**	**11**	**2**

4. REASONS FOR EMPLOYEES LEAVING:

REASON	NUMBER	PERCENTAGE
Resignation	2	25%
Retirement	0	0%
Dismissal	0	0%
Total	**2**	**25%**

5. LABOUR RELATIONS, MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	2
Written Warning	2
Final Written Warning	1
Dismissal	0
Precautionary suspension	0
Punitive suspension	1
Number of pending disciplinary hearing	2
Total	**8**

6. EMPLOYMENT EQUITY

LEVEL	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL
Top Management	1	0	0	0	1
Senior Management	2	0	0	0	2
Professionally Qualified	9	0	0	0	9
Skilled	16	0	0	0	16
Semi-Skilled	37	0	0	1	39
Unskilled	1	0	0	0	1
Total	**67**	**0**	**0**	**1**	**68**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PART E:

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSESS

1.1 Irregular expenditure

a) Reconciliation Irregular expenditure

	2023/24	2022/23
	R'000	R'000
Opening balance	50 774	50 589
Add: Irregular expenditure confirmed	353	565
Less: Irregular expenditure condoned	(3 120)	(380)
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	0	0
Closing balance	48 007	50 774

Reconciliation notes

	2023/24	2022/23
Irregular expenditure that was under assessment in 2023/24	0	0
Irregular expenditure that relates to 2022/23 and identified in 2023/24	0	8
Irregular expenditure for the current year	353	557
Total	**353**	**565**

Reconciliation of the irregular expenditure (under assessment, determination and investigation)

	2023/24	2022/23
	R'000	R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	10 155	6 109
Irregular expenditure under investigation	3 561	3 396
Total	**13 716**	**9 505**

Details of current and previous year irregular expenditure (under assessment, determination and investigation)

	2023/24	2022/23
	R'000	R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	10 155	6 109

b) Details of current and previous year condoned

	2023/24	2022/23
	R'000	R'000
Irregular expenditure condoned	**(3 120)**	**(380)**

c) Details of current previous year irregular expenditure recovered

There was no recovery made on irregular expenditure during the year.

1.2 Fruitless and wasteful expenditure

a) Reconciliation and wasteful expenditure

	2023/24	2022/23
Opening balance	10 046	8 886
Add: Fruitless and wasteful expenditure confirmed	676	1 216
Less: Fruitless and wasteful expenditure written off	0	(56)
Less: Fruitless and wasteful expenditure recoverable	0	0
Closing balance	10 722	10 046

Reconciliation notes

	2023/24	2022/23
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2023/24	0	995
Fruitless and wasteful expenditure for the current year	676	221
Total	**676**	**1 216**

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

	2023/24	2022/23
Fruitless and wasteful expenditure under assessment	485	575
Fruitless and wasteful expenditure under determination	181	181
Fruitless and wasteful expenditure under investigation	6 067	6 067
Total[1]	6 733	6 823

c) Details of current and previous year fruitless and wasteful expenditure recovered

	2023/24	2022/23
Fruitless and wasteful expenditure recovered	0	56
Total	0	56

[1] Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

PART F

FINANCIAL INFORMATION

Report of the auditor-general to Limpopo Provincial Legislature on Gateway Airports Authority SOC Limited

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Gateway Airports Authority SOC Limited set out on pages xx to xx, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net asset ,cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of material accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gateway Airports Authority SOC Limited as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and Companies Act 71 of 2008 (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor general for the audit of the financial statements section of my report.

4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 35 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2023.

Material uncertainty related to going concern

8. I draw attention to note 37 to the financial statements, which indicates that a deficit for the year of R10 652 434 was incurred during the year ended 31 March 2024 and, as of that date the current liabilities exceeded its current assets by R16 975 861. As stated in note 37, these events or conditions, along with other matters as set forth in note 32, indicate that a material uncertainty exists that may cast significant doubt on the entity 's ability to continue as a going concern.

Material provision for debt and asset impairment

9. As disclosed in note 11 to the financial statements, the entity made a provision for debt impairment for debtors from exchange transactions of R39 770 099 (2023: R32 498 115) as a result of irrecoverable debts.

10. As disclosed in note 24 to the financial statements, the entity made provision for impairment loss for the property, plant and equipment of R1 468 958 (2023: R4 882 020) as result of physical damages.

An uncertainty relating to the future outcome of exceptional litigation

11. With reference to note 33 to the financial statements, the entity is the defendant in various lawsuits. The entity is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Other matters

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

Unaudited supplementary schedules

13. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedule(s) and, accordingly, I do not express an opinion on them.

Responsibilities of the board of directors for the financial statements

14. The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with the standards of GRAP and the requirements of the PFMA and the Companies Act; and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. In preparing the financial statements, the board of directors is responsible for assessing the 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 appropriate governance structure either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

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

16. My 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 my 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.

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

Report on the audit of the annual performance report

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

19. I selected the following material performance indicators related to programme 2: business development and programme 3: operations presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme 2: Business Development

- Number of new routes introduced.
- Number of new operators contracted.
- Number of aircraft movement recorded.
- Number of units leased as a percentage of units available (occupancy rate).
- Number of stakeholders partnerships established.

Programme 3: Operation

- Number of months the aerodrome CAT 7 licence maintained.
- Infrastructure maintenance and replacement program developed.
- Infrastructure maintenance plan implemented.

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

21. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives.
- the indicators relevant for measuring the entity 's performance against its primary mandated and prioritised functions and planned objectives are included.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I 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.
- the reported performance information presented in the annual performance report in the prescribed manner is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for [the reasons provided for any over- or underachievement of targets.

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

23. I did not identify any material findings on the reported performance information for the selected programme below.

Programme 2: Business development

24. The material findings on the usefulness and reliability of the performance information of the selected programme is as follows:

Programme 3: Operations

Infrastructure Maintenance Plan Implemented

25. An achievement of (76%) was reported against a target of (100%). However, the target had not been clearly defined during the planning process. The supporting evidence for over/under achievement materially differed from the reported achievement. Consequently, the target is not useful for measuring

and reporting on progress against the entity's planned objectives. Furthermore, I was unable to determine whether any further adjustments were required to the reported achievement.

Other matter

26. I draw attention to the matters below.

Achievement of planned targets

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

28. The tables that follow provide information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages xx to xx.

Programme 2: Business development

Targets achieved:17% *Budget spent 57%*		
Key indicators not achieved	**Planned target**	**Reported achievement**
Number of new routes introduced	1	0
Number of new operators contracted	1	0
Number of Aircraft movement recorded	4 532	3 836
Number of units leased as a percentage of units available (Occupancy Rate)	70%	44%

Programme 3: Operations

Targets achieved: 33% *Budget spent 89%*		
Key indicators not achieved	**Planned target**	**Reported achievement**
Number of months the Aerodrome Cat 7 license maintained	12	10,2
Infrastructure Maintenance Plan implemented	100%	76%

Material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 3: operations. Management did not correct the misstatement and I reported material findings in this regard.

Report on compliance with legislation

30. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The board of directors is responsible for the entity's compliance with legislation.

31. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

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

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

Annual financial statements, performance and annual reports

34. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.

    Material misstatements of property, plant and equipment, payables from exchange transactions and provision for doubtful debts identified by the auditors in the submitted financial statements were corrected resulting in the financial statements receiving an unqualified audit opinion with findings.

Revenue management

35. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Expenditure management

36. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 40 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

37. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 39 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

Other information in the annual report

38. The board of directors is responsible for the other 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. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

39. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

40. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

41. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am 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, I 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

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

43. The matters reported below are limited to the significant internal control deficiencies that resulted in material findings on compliance with legislation included in this report.

44. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

45. The board of directors did not adequately exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

46. Management did not adequately review and monitor compliance with applicable legislation resulting in material non-compliances.

47. Daily and monthly internal controls measure in place are not adequate to identify, prevent and correct all the errors and misstatements in the financial statements to ensure compliance with the relevant laws and regulations applicable to the entity for reporting.

48. Management did not design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information relating to user access management, programme change control and service continuity.

Auditor-General

Polokwane

31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor General's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance.

I communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the board of directors with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA) and regulations and instructions issued in terms of the act.	Sections
Preferential Procurement Policy Framework Act 5 of 2000 and regulations and instructions issued in terms of the act.	Regulations
Companies Act 71 of 2008 and regulations and instructions issued in terms of the act	Sections
Civil Aviation Act 2009 (Act No 13 of 2009)	Sections
Civil Aviation Regulations 2011	Sections

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The company is engaged in the provision and maintenance of services and infrastructure of the Polokwane International Airport and operates principally South Africa.
Registered office	N1 North to Makhado Polokwane 0699
Bankers	ABSA Bank
Auditors	Auditor General South Africa Registered Auditors
Company secretary	Advocate S Sebola (Appointed 01 May 2023)
Preparer	The annual financial statements were internally compiled.
Published	31 July 2024

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
MEC	Member of the Executive Council

Accounting Authority's Responsibilities and Approval

The Board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the annual financial statements fairly present the state of affairs of the entity 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 and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or fraud 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is 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 fraud.

The Board has reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the Board is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 4.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the Board on 31 July 2024 and were signed on its behalf by:

Accounting Authority's Report

The Board submit it's report for the year ended 31 March 2024.

1. Incorporation

The entity was incorporated on 01 March 1995 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The entity is engaged in the provision and maintenance of services and infrastructure of the Polokwane International Airport and operates principally in south africa.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. Going concern

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R 264,557,413 and that the entity's total assets exceed its liabilities by R 264,557,425.

The entity realised a deficit of R10 652 434 in the financial year ended 31 March 2024 and also realised a deficit of R13 203 251 for the previous financial year. The entity is in a net-current liability position as its current liabilities exceed its current assets by R16 975 861.

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 operations for the forseeable future and accordingly the annual financial statements have been prepared on the basis of going concern. The Directors have satisfied themselves that the company is in sound financial position and that it has reviewed its strategic plan that will facilitate to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

4. Subsequent events

The Board is not aware of any matter or circumstance arising since the end of the financial year.

5. Company secretary

The company secretary of the entity is Advocate S Sebola (Appointed 01 May 2023) of:

6. Taxation

The entity is exempted for income tax in terms of Section 10(1) (cN) of the Income Tax Act.

7. Share capital/contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

Company secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, 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 Companies Act and that all such returns are true, correct and up to date.

Statement of Financial Position as at 31 March 2024

Figures in Rand	Notes	2024	2023 Restated*
Assets			
Current Assets			
Operating lease asset	6	559,392	563,561
Receivables from exchange transactions	11	2,778,136	8,092,033
VAT receivable	12	2,993,666	-
Prepayments	10	768,247	966,523
Cash and cash equivalents	13	1,381,515	3,601,505
		8,480,956	**13,223,622**
Non-Current Assets			
Investment property	3	40,765,600	42,900,000
Property, plant and equipment	4	240,782,465	247,594,535
Intangible assets	5	244,167	349,640
		281,792,232	**290,844,175**
Total Assets		**290,273,188**	**304,067,797**
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	20,384,734	13,775,176
VAT payable	8	-	7,269,766
Unspent conditional grants and receipts	15	5,072,083	7,572,083
		25,456,817	**28,617,025**
Non-Current Liabilities			
Employee benefit obligation	9	258,946	240,910
Total Liabilities		**25,715,763**	**28,857,935**
Net Assets		**264,557,425**	**275,209,862**
Share capital / contributed capital	14	12	12
Accumulated surplus		264,557,413	275,209,850
Total Net Assets		**264,557,425**	**275,209,862**

* See Note 35

Statement of Financial Performance

Figures in Rand	Notes	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services	16	9,127,211	6,223,400
Rental income	16	4,930,970	4,820,129
Interest received	19	5,038,240	3,848,695
Actuarial gains	18	31,293	34,038
Total revenue from exchange transactions		**19,127,714**	**14,926,262**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	20	68,707,402	63,155,506
Deferred grant income	16	2,500,000	-
Total revenue from non-exchange transactions		**71,207,402**	**63,155,506**
Total revenue	16	**90,335,116**	**78,081,768**
Expenditure			
Employee related costs	21	(37,500,429)	(33,942,021)
Depreciation and amortisation	23	(12,632,555)	(12,223,514)
Impairment loss	24	(1,468,958)	(4,882,020)
Finance costs	25	(616,757)	(837,457)
Lease rentals on operating lease	17	(239,808)	(276,840)
Debt Impairment	26	(7,271,984)	(138,576)
Contracted services	22	(5,278,937)	(4,866,572)
Fair value adjustments	31	(2,134,400)	(988,001)
General Expenses	27	(24,714,133)	(25,281,293)
Repairs and maintenance	28	(9,129,589)	(7,848,725)
Total expenditure		**(100,987,550)**	**(91,285,019)**
Deficit for the year		**(10,652,434)**	**(13,203,251)**

* See Note 35

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	12	291,590,195	291,590,207
Adjustments			
Correction of errors 35	-	(3,177,093)	(3,177,093)
Balance at 01 April 2022 as restated*	**12**	**288,413,101**	**288,413,113**
Changes in net assets			
Surplus for the year as previously reported	-	(12,143,809)	(12,143,809)
Correction of errors 35	-	(1,059,442)	(1,059,442)
Restated surplus for the year	-	(13,203,251)	(13,203,251)
Restated* Balance at 01 April 2023	**12**	**275,209,847**	**275,209,859**
Changes in net assets			
Surplus for the year	-	(10,652,434)	(10,652,434)
Total changes	-	(10,652,434)	(10,652,434)
Balance at 31 March 2024	**12**	**264,557,413**	**264,557,425**
Note(s)	14		

* See Note 35

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		18,015,787	12,242,913
Grants		73,498,000	69,831,000
Interest income		1,934,977	553,222
		93,448,764	82,627,135
Payments			
Employee costs		(35,726,887)	(33,431,922)
Suppliers		(41,256,509)	(50,522,078)
Finance costs		(58,144)	(52,132)
VAT paid	30	(11,378,236)	(2,834,007)
		(88,419,776)	(86,840,139)
Net cash flows from operating activities	29	**5,028,988**	**(4,213,004)**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(7,248,978)	(2,486,789)
Net increase/(decrease) in cash and cash equivalents		**(2,219,990)**	**(6,699,793)**
Cash and cash equivalents at the beginning of the year		3,601,505	10,301,298
Cash and cash equivalents at the end of the year	13	**1,381,515**	**3,601,505**

The accounting policies on pages 12 to 26 and the notes on pages 27 to 49 form an integral part of the annual financial statements.

* See Note 35

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	6,448,000	-	**6,448,000**	9,127,211	**2,679,211**	N1
Rental income	7,691,000	-	**7,691,000**	4,930,970	**(2,760,030)**	N2
Interest received	1,980,000	-	**1,980,000**	5,038,240	**3,058,240**	N3
Total revenue from exchange transactions	**16,119,000**	**-**	**16,119,000**	**19,096,421**	**2,977,421**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	70,498,000	3,000,000	**73,498,000**	68,707,402	**(4,790,598)**	N4
Deferred grant income	-	-	**-**	2,500,000	**2,500,000**	
Total revenue from non-exchange transactions	**70,498,000**	**3,000,000**	**73,498,000**	**71,207,402**	**(2,290,598)**	
Total revenue	**86,617,000**	**3,000,000**	**89,617,000**	**90,303,823**	**686,823**	
Expenditure						
Personnel	(38,401,000)	-	**(38,401,000)**	(37,500,429)	**900,571**	N5
Depreciation and amortisation	-	-	**-**	(12,632,555)	**(12,632,555)**	
Impairment loss	-	-	**-**	(1,468,958)	**(1,468,958)**	
Finance costs	-	-	**-**	(616,757)	**(616,757)**	
Lease rentals on operating lease	-	-	**-**	(239,808)	**(239,808)**	
Debt Impairment	-	-	**-**	(7,271,984)	**(7,271,984)**	
Contracted Services	(13,850,000)	4,350,000	**(9,500,000)**	(5,278,937)	**4,221,063**	N6
General Expenses	(34,362,000)	(7,354,000)	**(41,716,000)**	(33,843,722)	**7,872,278**	N7
Total expenditure	**(86,613,000)**	**(3,004,000)**	**(89,617,000)**	**(98,853,150)**	**(9,236,150)**	
Operating deficit	**4,000**	**(4,000)**	**-**	**(8,549,327)**	**(8,549,327)**	
Fair value adjustments	-	-	**-**	(2,134,400)	**(2,134,400)**	
Actuarial gains	-	-	**-**	31,293	**31,293**	
	-	**-**	**-**	**(2,103,107)**	**(2,103,107)**	
Deficit before taxation	**4,000**	**(4,000)**	**-**	**(10,652,434)**	**(10,652,434)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**4,000**	**(4,000)**	**-**	**(10,652,434)**	**(10,652,434)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

Material variances between actual amounts and budget are explained below:

N1 - Rental Income

Rental income is -R2 760 030 below budget mainly due to cancellation of tenants leases in the current financial year.

N2 - Rendering of services

Rendering of services is R2 679 211 above budget mainly due to an increase in air traffic movements for the current financial year.

N3 - Interest Received

Interest received is R3 058 240 above budget mainly as a result of a decline in debtors collection rate in the current financial year. Interest is charged on debtors when payment is not received within 30 days.

N4 - Government Grant

Government grant is lower than budget by R4 790 598 as a result of the VAT Output being levied on the grant. The grant is budgeted inclusive of VAT.

N5 - Personnel Costs

Personnel costs is R 900 571 below budget as a result of vacant positions only being filled during the middle of the financial year as opposed to the beggining of the financial year as originally planned.

N6 - Contracted services

Contracted services is below budget by R 4 221 063 as a result of decreased spending in the current financial year.

N7 - General Expenses

General expenses is R7 872 278 below budget due to lesser spending in the current financial year than anticipated.

Accounting Policies

Figures in Rand	Notes	2024	2023

1. Significant accounting policies

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

1.1 Basis of preparations

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

In testing for , and determining the value -in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows in the case of cash-generating assets). For non-cash generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

Accounting Policies

1.6 Investment property (continued)

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Average useful life
Plant and machinery	Straight-line	5-50
Furniture and fixtures	Straight-line	5-30
Motor vehicles	Straight-line	5-25
Office equipment	Straight-line	5-30
IT equipment	Straight-line	5-30
Roads	Straight-line	20-50
Infrastructure	Straight-line	20-50
Electric equipment	Straight-line	2-40
Baggage handling equipment	Straight-line	5-30

Accounting Policies

1.7 Property, plant and equipment (continued)

Leased infrastructure	Straight-line	3-50

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

1.8 Intangible assets

An intangible asset is recognised when:

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

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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

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

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	5 - 10

Accounting Policies

1.9 Financial instruments

The company classifies financial instrument, on initial recognition as a financial asset, a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Initial recognition and measurement

Financial assets and financial liabilities are recognized on the company's statement of financial performance when the entity becomes party to the contractual provision of the instrument.

Financial instruments are measured initially at fair value except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

The company does not off-set a financial asset and a financial liability unless a legally enforceable right to set off the recognized amounts currently exists; and the entity intends either to settle on a net basis, or realise the asset and settle the liability simultaneously.

Fair value methods and assumptions

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis , and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instruments.

Non - derivative financial instrument

For financial instruments not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Amortized cost

Amortized cost is the amount at which the financial instrument is measured at initial recognition minus principle repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or un-collectibility.

Measurement

Initial measurement

Financial instruments are initially measured at fair value, plus in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Where the effect of any extended payment terms is not material no adjustments are made. The fair value of financial instruments is normally the transaction price, but may be affected by other factors which the entity takes into account when measuring fair value.

Regular way purchases or sales are recognised using trade date accounting. All other financial instruments are recognised when the entity becomes a party to the contract.

Financial Assets

Financial assets are classified into the following categories:

Accounting Policies

1.9 Financial instruments (continued)

i. Loans and receivables
ii. Financial assets at fair value through profit or loss- (designated and held for trading)
iii. Financial assets held to maturity.
iv. Available for sale financial assets.
v. Cash.

Financial assets for which a reliable fair value cannot practically be determined are carried at cost.

Trade and other receivables

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment loss. Interest income is recognised in the income statement by applying the effective interest rate.

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

Trade and other receivables are classified as loans and receivables.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position

* Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

* It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

* It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Cash and Cash Equivalents:

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date. Cash and cash equivalents includes cash on hand, deposits held at call with banks and other highly liquid investments with original maturities of three months or less. For the purpose of the Cash Flow Statement, cash and cash equivalents comprise cash on hand net of bank overdrafts, all of which are available for use by the Board unless otherwise stated. The cash flow statement is

Accounting Policies

1.9 Financial instruments (continued)

prepared on the basis of the direct method.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:
- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Accounting Policies

1.13 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and

Accounting Policies

1.14 Employee benefits (continued)

- any resulting change in the fair value of the plan assets.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.15 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Accounting Policies

1.15 Provisions and contingencies (continued)

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33. Contingent assets and contingent liabilities are disclosed based on the cost estimates from legal representatives of the entity.

1.16 Commitments

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services);and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded. Commitmnents also include open purchase orders.

Accounting Policies

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Accounting Policies

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Accounting Policies

1.20 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:
- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.22 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance 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.

1.23 Irregular expenditure
- this Act; or
- the State Tender Board Act, 1968 (Act no.86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributable to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be dsiclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.24 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria is met.

The entity's revenues do have certain streams, however, they are not related to any segments or specific divisions within the entity. Furthermore, the entity's expenditure relates mainly to salaries and the rest relates to operational activities and cannot be linked to any specific segments. Resources are not allocated, nor is reporting done or performance measured for any separate activities.

Management is of the opinion that the entity does not have any reportable segments or separate activties that warrants segment reporting.

1.25 Budget information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 Apr 2023 to 31 Mar 2024.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Accounting Policies

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

1.27 Events after reporting date

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 105: Transfer of functions between entities under common control	To be determined by Minister of Finance	Not expected to have a material impact
• GRAP 103 (as revised): Heritage Assets	To be determined by Minister of Finance	Not expected to have a material impact
• GRAP 106: Transfer of functions between entities not under common control	To be determined by Minister of Finance	Not expected to have a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Not expected to have a material impact
• GRAP 107: Mergers	To be determined by Minister of Finance	Not expected to have a material impact
• GRAP 2023: Improvements to the standards of GRAP 2023	Already been applied	Not expected to have a material impact
• GRAP 1 (amended): Presentation of Financial Statements	Already been applied	Not expected to have a material impact

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2024			2023		
	Valuation		Carrying value	Valuation	Fair Value djustment	Carrying value
Investment property	40,765,600	-	40,765,600	42,900,000	-	42,900,000

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	42,900,000	(2,134,400)	40,765,600

Reconciliation of investment property - 2023

	Opening balance	Fair Value Adjustments	Total
Investment property	43,888,001	(988,001)	42,900,000

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

3. Investment property (continued)

Investment property

The entitiy does not own land on which the Airport is situated , the land belongs to and is registered in the name of the National Department of Public Works. The entitiy has the right to use the land on which the Airport is situated for as long as the entity renders aeronautical services . The entity is responsible for all the infrastructure developments and improvements made on the land. The investment property relates to properties located within Polokwane International Airport. The valuation was based on open market value for exisiting use.

Investment properties comprise a number of properties leased to third parties for commercial use. The subsequent lease renewals are negotiated with the lessee and approved by the appropriate level of management before accounting for extensions.

The fair value of investment properties is determined based on the most appropriate methodology applicable to the specific property. The methodology used in valuing the entity's investment properties is the income capitalisation methodology. In estimating the fair value of the properties, the highest and best use of the properties is taken into account. The significant inputs used in determining the fair value of the investment properties are the likely annual rentals that the property could achieve, the risk adjusted vacancy rate and normalised property expenses. To get to the fair value, the significant inputs were discounted by 12.5% capitalisation rate.

The entity has generated rental income from leasing of the invetsment properties. The amount of revenue generated is as follows:

Rental income	4,930,970	4,820,129

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	113,633,338	(50,421,969)	63,211,369	113,609,338	(46,639,290)	66,970,048
Plant and machinery	4,373,065	(2,811,271)	1,561,794	4,062,285	(2,528,243)	1,534,042
Furniture and fixtures	6,810,201	(5,303,026)	1,507,175	6,808,463	(4,885,182)	1,923,281
Motor vehicles	14,832,257	(12,022,107)	2,810,150	14,832,257	(11,418,137)	3,414,120
Office equipment	4,581,285	(3,060,128)	1,521,157	3,941,269	(2,505,907)	1,435,362
IT equipment	5,901,263	(3,460,015)	2,441,248	4,865,563	(2,832,895)	2,032,668
Air traffic equipment	21,289,862	(13,548,559)	7,741,303	17,708,747	(12,189,173)	5,519,574
Electrical equipment	22,826,244	(15,552,679)	7,273,565	21,036,947	(14,508,129)	6,528,818
Baggage and trolley	4,370,689	(3,594,656)	776,033	4,370,689	(3,299,508)	1,071,181
Work In-Progress	478,973	-	478,973	2,024,219	-	2,024,219
Roads	181,694,649	(30,234,951)	151,459,698	180,348,081	(25,206,859)	155,141,222
Total	**380,791,826**	**(140,009,361)**	**240,782,465**	**373,607,858**	**(126,013,323)**	**247,594,535**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Transfers received	Transfers Out	Other Changes	Depreciation	Impairment loss	Total
Buildings	66,970,048	-	24,000	-	-	(3,782,679)	-	63,211,369
Plant and machinery	1,534,042	29,630	-	-	281,150	(225,089)	(57,939)	1,561,794
Furniture and fixtures	1,923,281	1,739	-	-	-	(284,130)	(133,715)	1,507,175
Motor vehicles	3,414,120	-	-	-	-	(544,410)	(59,560)	2,810,150
Office equipment	1,435,362	640,017	-	-	-	(487,181)	(67,041)	1,521,157
IT equipment	2,032,668	760,700	-	-	275,000	(576,304)	(50,816)	2,441,248
Air traffic equipment	5,519,574	390,762	3,190,353	-	-	(437,324)	(922,062)	7,741,303
Electrical equipment	6,528,818	-	1,789,297	-	-	(953,842)	(90,708)	7,273,565
Baggage and trolley	1,071,181	-	-	-	-	(208,031)	(87,117)	776,033
Work In-Progress	2,024,219	5,426,130	-	(7,175,347)	203,971	-	-	478,973
Roads	155,141,222	-	282,483	-	1,064,085	(5,028,092)	-	151,459,698
	247,594,535	**7,248,978**	**5,286,133**	**(7,175,347)**	**1,824,206**	**(12,527,082)**	**(1,468,958)**	**240,782,465**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Impairment loss	Total
Buildings	70,632,860	96,000	(3,758,812)	-	66,970,048
Plant and machinery	1,361,391	499,116	(184,573)	(141,892)	1,534,042
Furniture and fixtures	2,351,795	-	(295,871)	(132,643)	1,923,281
Motor vehicles	3,928,528	26,675	(541,083)	-	3,414,120
Office equipment	1,958,876	21,230	(494,736)	(50,008)	1,435,362
IT equipment	2,396,113	310,410	(524,535)	(149,320)	2,032,668
Air traffic equipment	8,918,888	-	(576,123)	(2,823,191)	5,519,574
Electrical equipment	7,550,642	-	(899,693)	(122,131)	6,528,818
Baggage and trolley	1,286,775	-	(212,679)	(2,915)	1,071,181
Work In-Progress	2,005,667	1,533,358	-	(1,514,806)	2,024,219
Roads	160,143,705	-	(5,002,483)	-	155,141,222
	262,535,240	**2,486,789**	**(12,490,588)**	**(4,936,906)**	**247,594,535**

Reconciliation of Work-in-Progress 2024

	Opening balance	Additions	Transfer Out	Total
Car home rental	275,001	-	-	275,001
Air traffic equipment	1,725,218	5,630,101	(7,151,348)	203,971
Wendy house	24,000	-	(24,000)	-
	2,024,219	**5,630,101**	**(7,175,348)**	**478,972**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Opening balance	Additions	Impairment	Total
Car home rental	1,466,330	-	(1,191,329)	275,001
Aircraft museum	323,477	-	(323,477)	-
Air traffic equipment	215,860	1,509,357	-	1,725,217
Wendy house	-	24,000	-	24,000
	2,005,667	**1,533,357**	**(1,514,806)**	**2,024,218**

Projects that are taking a substantial time to complete

The work on the Car home rental project as been temporarily suspended and will be continued in the future. The project is for the relocation of the Car rental parking to allow more parking space for clients and other airport users. An impairment loss of R1 191 329 was recognised in the year ended 31 March 2023.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	2024	2023
Computer Equipments	156,335	163,367
Air Traffic Equipments	3,977,453	1,003,191
Electrical Equipments	2,321,657	4,102,571
Plant and Machinery	546,666	534,120
Motor Vehicle	1,741,313	521,416
	8,743,424	**6,324,665**

Notes to the Annual Financial Statements

Figures in Rand

5. Intangible assets

	2024			2023		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,520,179	(1,276,012)	244,167	1,520,179	(1,170,539)	349,640

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	349,640	(105,473)	244,167

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	512,803	(163,163)	349,640

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

6. Operating lease asset

Current assets	559,392	563,561

Gaal leases its office space and hangars to tenants. The lease arrngement is operating lease as defined by GRAP 13. The future minimum lease receipts are disclosed below:

Within 1 year	3,575,210	2,417,931
Between 2 - 5 years	13,079,650	3,088,918
	16,654,860	**5,506,849**

7. Payables from exchange transactions

Trade payables	15,623,765	9,027,113
Salary control	1,698,700	1,050,033
Accrued leave pay	921,398	829,341
Accrued bonus	586,918	497,208
Accrued expenses	514,882	1,627,049
Operating lease payables	124,796	124,796
Deposits received	489,085	220,818
Retensions	145,051	145,051
Receivables with credit balances	280,139	253,767
	20,384,734	**13,775,176**

8. VAT payable

VAT payable	-	7,269,766

9. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Opening balance	(240,910)	(238,205)
Current service costs	(27,996)	(21,522)
Interest costs	(23,414)	(23,221)
Actuarial gains/(loss)	31,293	34,038
Actual benefits paid	7,000	8,000
Actuarial gain on experience	(4,919)	-
	(258,946)	**(240,910)**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(31,293)	(34,038)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.65 %	9.01 %
Proportion of employees opting for early retirement	90.22 %	90.22 %

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

10. Prepayments

	2024	2023
Insurance prepayment	768,247	685,374
Purchase of property, plant and equipment	-	281,150
	768,247	**966,524**

11. Receivables from exchange transactions

	2024	2023
Trade debtors	42,053,730	39,900,118
Provision for doubtful debts	(39,770,099)	(32,498,115)
Staff debtors - Tax Advance	66,363	-
Unallocated receipts	60,223	60,223
Staff Debtors	294,812	294,812
Payables with debit balances	73,107	334,995
	2,778,136	**8,092,033**

Trade debtors ageing

	2024	2023
Current (0 - 30 days)	2,925,937	(483,313)
31 to 60 days	1,254,245	555,222
61 to 90 days	1,253,928	457,203
91 to 120 days	1,133,766	881,800
Above 120 days	35,485,854	38,489,206
	42,053,730	**39,900,118**

12. VAT Receivable

	2024	2023
VAT Receivable	2,993,666	-

13. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Cash on hand	1,977	2,001
Bank balances	1,379,538	3,599,504
	1,381,515	**3,601,505**

14. Share capital / contributed capital

Issued

	2024	2023
Ordinary	12	12

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Opening balance	7,572,083	7,572,083
Utilised during the year	(2,500,000)	-
	5,072,083	**7,572,083**

Movement during the year

Balance at the beginning of the year	7,572,083	7,572,083
Income recognition during the year	(2,500,000)	-
	5,072,083	**7,572,083**

The conditional grant relates to money received from Provincial Treasury for special projects.

16. Revenue

Rendering of services	9,127,211	6,223,400
Rental income	4,930,970	4,820,129
Interest received	5,038,240	3,848,695
Actuarial Gain	31,293	34,038
Government grants & subsidies	68,707,402	63,155,506
Deferred grant income	2,500,000	-
	90,335,116	**78,081,768**

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	9,127,211	6,223,400
Rental income	4,930,970	4,820,129
Interest received	5,038,240	3,848,695
	19,096,421	**14,892,224**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Transfer revenue		
Government grants & subsidies	68,707,402	63,155,506
Deferred grant income	2,500,000	-
	71,207,402	**63,155,506**

17. Lease rentals on operating lease

Lease rentals on operating lease		
Contractual amounts	239,808	276,840

18. Actuarial gain

Actuarial gain/(loss)	31,293	34,038

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

19. Interest Received

Interest revenue		
Bank	492,604	379,626
Interest charged on trade and other receivables	4,545,636	3,469,069
	5,038,240	**3,848,695**

20. Government grants & subsidies

Operating grants		
Equitable share	68,707,402	63,155,506

21. Employee related costs

Basic	24,106,263	21,794,632
Medical aid - company contributions	3,365,940	3,101,090
UIF	143,008	132,219
WCA	165,081	192,908
SDL	309,463	293,839
Leave pay provision charge	42,859	52,096
Defined contribution plans	3,670,188	3,079,640
Travel, motor car, accommodation, subsistence and other allowances	32,758	20,903
Overtime payments	2,454,754	2,159,381
13th Cheques	1,852,762	1,527,343
Acting allowances	402,387	781,657
Housing benefits and allowances	788,535	780,030
Other Payroll Costs	166,431	26,283
	37,500,429	**33,942,021**

22. Contracted services

Contracted services	5,278,937	4,866,572

23. Depreciation and amortisation

Property, plant and equipment	12,527,081	12,060,352
Intangible assets	105,474	163,162
	12,632,555	**12,223,514**

24. Impairment loss

Impairments		
Property, plant and equipment	1,468,958	4,882,020

25. Finance costs

SARS	616,757	837,457

26. Debt impairment

Contributions to debt impairment provision	7,271,984	138,576

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. General expenses

	2024	2023
Advertising	345,886	80,563
Auditors remuneration	3,826,147	2,995,181
Bank charges	81,442	85,359
Cleaning	1,278,319	1,247,338
Commission paid	143,319	101,824
Consulting and professional fees	1,218,400	1,961,709
Entertainment	74,516	94,442
Fines and penalties	58,144	90,306
Hire	-	1,622
Insurance	1,540,555	1,134,114
IT expenses	598,824	1,448,809
Medical expenses	1,302	5,201
Fuel and oil	2,362,840	795,267
Placement fees	168,876	122,292
Printing and stationery	486,591	128,410
Protective clothing	2,007	718,130
Royalties and license fees	151,316	126,238
Security expenses	8,406,284	9,382,192
Software expenses	8,765	11,571
Staff welfare	6,752	3,006
Subscriptions and membership fees	10,342	41,466
Telephone and fax	353,753	546,106
Training	379,536	643,588
Travel - local	226,083	235,736
Electricity	2,935,248	2,095,487
CCMA settlement	-	1,126,808
Other expenses	48,886	58,528
	24,714,133	**25,281,293**

28. Repairs and maintenance

The repairs and maintenance expense is now disclosed on the face of the statement of financial performance in the current financial year as this provides for more adequate disclosure. The expense was previously disclosed under general expenses, the comparative amounts have been reclassified.

	2024	2023
Repairs and maintenance	9,129,589	7,848,725

29. Cash generated from (used in) operations

	2024	2023
Deficit	(10,652,434)	(13,203,251)
Adjustments for:		
Depreciation and amortisation	12,632,555	12,223,514
Fair value adjustments	2,134,400	988,001
Impairment loss	1,468,958	4,882,020
Debt impairment	7,271,984	138,576
Movements in operating lease assets and accruals	4,169	133,932
Movements in retirement benefit assets and liabilities	18,036	2,705
Other non-cash items	65,005	566
Changes in working capital:		
Receivables from exchange transactions	5,313,897	(3,918,464)
Debt impairment added back	(7,271,984)	(138,576)
Prepayments	198,276	(599,325)
Payables from exchange transactions	6,609,558	(6,066,513)
VAT	(10,263,432)	(1,156,189)
Unspent conditional grants and receipts	(2,500,000)	2,500,000
	5,028,988	**(4,213,004)**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
30. VAT paid		
Balance at beginning of the year	(7,269,766)	(8,425,955)
Transactions during the year	(1,114,804)	(1,677,818)
Balance at end of the year	(2,993,666)	7,269,766
	(11,378,236)	**(2,834,007)**
31. Fair value adjustments		
Investment properties	(2,134,400)	(988,001)
32. Commitments		
Operational Commitments		
Already contracted for but not provided for		
• Long term	6,600,545	17,292,568
• Short term	17,948,706	13,687,434
	24,549,251	**30,980,002**
Total operational commitments		
Already contracted for but not provided for	24,549,251	30,980,002
Total commitments		
Total commitments		
Authorised operational expenditure	24,549,251	30,980,002

Commitments relates to outstanding orders issued to suppliers for services not rendered as at year end and also commitments relating to long term and short term contracts with service providers of which as at year end the contracts were still active. There were no capital commitments for the period under review.

Operating leases - as lessee (expense)

	2024	2023
Minimum lease payments due		
- within one year	1,926,871	1,924,827
- between 2 - 5 years	1,574,284	3,463,424
	3,501,155	**5,388,251**

GAAL leases its printing machines and x-ray machines on an average period of 1 to 5 years. No contingent rent is payable.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

33. Contingencies

Figures in Rand	2024	2023
Contingent liabilities		
Claims on disputed invoices	384,000	384,000
Unfair dismissal of a Board Member	-	11,500,000
The entity is sued for undue enrichment	4,200,000	4,200,000
Labour dispute regarding unfair dismissal	450,000	584,000
Civil claim against GAAL for services rendered	3,000,000	3,000,000
	8,034,000	**19,668,000**

Unfair dismissal of a Board Member

Former Board member suing GAAL for loss of income and other incidental claims for an amount of R11 500 000. The matter was withdrawn.

Entity is sued for undue enrichment

GAAL sued for undue enrichment. The former advertising service provider suing GAAL for undue enrichment as a result of advertising right for an amount of R4 200 000. GAAL defending the civil action.

Civil claim against GAAL for services rendered

The former facilities management service provider suing GAAL for an amount of R5 100 000 for breach of contract after termination of the contract on the basis of irregularity in appointing the service provider. GAAL is defending the case in the High Court for viva voce evidence. The revised estimated costs as per the entity's legal counsel is R3000 000.

Labour dispute regarding unfair dismissal

- Labour court review application by the former employee. GAAL won the case of dismissal at CCMA against former employee. The employee referred the matter to the Labour Court. Review case still pending. Applicant untraceable and application to dismiss to be embarked upon.
- Employee's dismissal confirmed by the CCMA. He filed a review application in the Labour Court and Gaal is defending the case. GAAL won the case of dismissal at CCMA against former employee. The employee referred the matter to the Labour Court. Review case still pending. Applicant untraceable and application to dismiss to be embarked upon.
- The former employee is refusing to go on pension, and once his services were terminated, he took the matter to the labour court. The employee passed on in January 2021. The matter is not on the roll.GAAL received a favourable ruling in CCMA against the former employee and the employee referred the matter to labour court for appeal.The matter was closed the employee at CCMA. The employee retired before the internal process completed. The employer does not have due restriction to the employee. The employer took the matter to the Labour Court

Claims on prepayment of invoices

Summons issued against GAAL for the outstanding payment. GAAL is defending the matter because the tender is one of the irregular tenders as per Provincial Treasury Report. The Board resolved that all outstanding payments for tenders implicated in the report must be stopped. NOTICE OF WITHDRWAL IN TERMS OF RULE 41 (1) (A) 28 AND RULE 30 - IRREGULAR STEP. November 2020.The plaintiff's withdrawn its action against the defendant under the above case.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

33. Contingencies (continued)

Contingent assets

GAAL and Department of Transport have instituted civil claim against the former CEO to recover R400 000 for Fruitless and Wasterful expenditure. The employee is deceased and prospects of recovery is remote, the matter will be withdrawn.

Contingent Assets		
Civil case against former CEO	-	400,000

Notes to the Annual Financial Statements

Figures in Rand

34. Related parties

Relationships	
Parent Department	Limpopo Department of Transport and Community Safety
Key Management	Refer to note

Related party transactions

Limpopo Department of Transport and Community Safety	73,498,000	69,831,000
Executive Management	4,103,214	3,753,044
Board of Directors	536,239	309,856

Remuneration of management

Management class: Board members

2024

Name	Board fees	Total
D V Xaba (Chairperson)	224,504	224,504
Ms S Mabilane	59,231	59,231
Adv. EN Lambani	34,997	34,997
Dr. N Skeepers	31,711	31,711
S Maharaj	43,428	43,428
S Phayane	142,368	142,368
	536,239	**536,239**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

34. Related parties (continued)

2023

Name	Board fees	Total
D V Xaba (Chairperson)	170,486	170,486
S Phayane	139,370	139,370
	309,856	**309,856**

* Resigned in the financial year ended 31 March 2022.

Management class: Executive management

2024

Name	Basic salary	Other benefits received	Total
M Matli (ActingChief Executive Officer) (01 April 2023 - 30 September 2023)	594,369	251,277	845,646
M Matli (Chief Executive Officer) (Appointed 01 October 2023)	867,994	8,665	876,659
J Khuloane (Chief Financial Officer) (Appointed July 2022)	1,256,536	1,170	1,257,706
J Manyakoana (Senior Operations Manager) (01 April 2023 - 30 June 2023)	258,354	229	258,583
K Sebola (Company Secretary) (Appointed 01 May 2023)	864,620	-	864,620
	3,841,873	**261,341**	**4,103,214**

2023

Name	Basic salary	Other benefits received	Total
M Matli (Acting Chief Executive Officer) (August 2022 - 31 March 2023)	1,051,199	472,887	1,524,086
J Khuloane (Chief Financial Officer) (Appointed July 2022)	725,432	135,125	860,557
P Moloto (Acting Chief Executive officer) (April 2022 - 31 July 2022)	-	200,490	200,490
J Manyakoana (Senior Operations Manager) (Appointed 01 June 2022)	775,043	144,409	919,452
P Khumalo (Company Secretary) (Acting Company Secretary) (April 2022 - 30 September 2022)	-	248,459	248,459
	2,551,674	**1,201,370**	**3,753,044**

Notes to the Annual Financial Statements

Figures in Rand | 2024 | 2023

35. Prior period errors

BALANCE SHEET NARRATIONS:-

Operating Lease Asset - Correction of prior period error as a result of incorrect calculation of smothing amount

Receivable from Exchange Transactions - Previously recognised receivable was derecognised in the current year as it was not meeting the requirement of current asset.

Property, Plant and Equipments - The prior period error relates to assets that were found on the floor in the current year and were not in the Fixed Assets Register. Assets that were under investigation were impaired in the prior years. The said assets were found in the current year and the impairment was reversed.

VAT Payable - Derecognition of net assets due to adjusment of VAT liability account..

Payables from Exchange Transactions - Recognition of payables previously not recognised.

INCOME STATEMENT NARRATIONS:-

Rental Income - Lease asset adjustment in the prior year resulted in th correction of prior period error

Depreciation and amortisation - Assets found on the floor resulting in increase in the accumulated depreciation..

Impairment Loss- Reversal of impairment on assets that were under investigation

Lease Rentals on Operating Lease - Correction of prior period error as a result of incorrect calculation of smothing amount

Finance Cost - Recognition of payables previously not recognised.

General expenses - Due to an adjustment of amount previously not recognised in the prior year.

CASHFLOW NARRATIONS:-

Cashflow - The cashflow was adjusted due to the new cashflow method that was applied.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

	As previously reported	Correction of error	Restated
Operating lease asset	568,484	(4,923)	563,561
Receivables from exchange	8,323,168	(231,134)	8,092,034
Property, plant and equipment	244,869,473	2,725,062	247,594,535
Payables from exchange	(12,903,896)	(871,280)	(13,775,176)
VAT Payable	(1,415,507)	(5,854,260)	(7,269,767)
Accumulated surplus (31 March 2022)	(291,590,195)	3,177,093	(288,413,102)
	(52,148,473)	**(1,059,442)**	**(53,207,915)**

Statement of Financial Performance

	As previously reported	Correction of error	Restated
Rental income	(4,825,052)	4,923	(4,820,129)
Depreciation and amortisation	12,223,514	-	12,223,514
Impairments loss	4,936,906	(54,886)	4,882,020
Lease Rentals on Operating Lease	276,840	-	276,840
Finance Cost	220,918	616,539	837,457
General expenses	32,637,152	492,866	33,130,018
	45,470,278	**1,059,442**	**46,529,720**

Notes to the Annual Financial Statements

Figures in Rand | 2024 | 2023

35. Prior period errors (continued)

Cash flow statement

	As previously reported	Correction of error	Restated
Sale of Goods and Services	10,392,393	1,850,520	12,242,913
Grants	65,655,506	4,175,494	69,831,000
Interest Income	379,625	173,597	553,222
Employee Costs	(34,443,804)	1,011,882	(33,431,922)
Suppliers	(43,237,782)	(7,284,296)	(50,522,078)
Finance Costs	(124,935)	72,803	(52,132)
VAT Paid	(2,834,007)	-	(2,834,007)
	(4,213,004)	**-**	**(4,213,004)**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

36. Risk management

Financial risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 31 March 2024

	Carrying amount	Total contractual cashflows	Less than 1 year	Between 2 and 5 years	Over 5 years
Trade and other payables	20,384,734	20,384,734	20,384,734	-	-
Subtotal	20,384,734	20,384,734	20,384,734	-	-
	20,384,734	**20,384,734**	**20,384,734**	-	-

At 31 March 2023

	Carrying amount	Total contractual cashflows	Less than 1 year	Between 2 and 5 years	Over 5 years
Trade and other payables	13,775,176	13,775,176	13,775,176	-	-
Subtotal	13,775,176	13,775,176	13,775,176	-	-
	13,775,176	**13,775,176**	**13,775,176**	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
Cash and cash equivalents	1,381,515	3,601,505
Receivables from exchange transactions	2,778,136	8,092,033
Payables from exchange transactions	20,384,734	13,775,176

Market risk

Interest rate risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the entity's income or the value of its holdings of financial instruments.

The entity has no exposure to interest rate risk as it levies interest to all outstanding receivables at a variable rate linked to the prime interest rate, furthermore the entity has no interest bearing debt.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

37. Going concern

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R 264,557,413 and that the entity's total assets exceed its liabilities by R 264,557,425.

The entity realised a deficit of R10 652 434 in the financial year ended 31 March 2024 and also realised a deficit of R13 203 251 for the previous financial year. The entity is in a net-current liability position as its current liabilities exceed its current assets by R16 975 861.

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 operations for the forseeable future and accordingly the annual financial statements have been prepared on the basis of going concern. The Directors have satisfied themselves that the company is in sound financial position and that it has reviewed its strategic plan that will facilitate to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

38. Events after the reporting date

Management is not aware of any events after the reporting date that will have a material impact on the results of the entity.

39. Fruitless and wasteful expenditure

	2024	2023
Add: Fruitless and wasteful expenditure identified - current period	676,502	220,920
Add: Fruitless and wasteful expenditure identified - prior period	-	995,277
Closing balance	**676,502**	**1,216,197**

Fruitless and wasteful expenditure incurred in the current year was in respect of SARS interest and penalties, for non-compliance as well as interest levied on late payments to suppliers.

40. Irregular expenditure

	2024	2023
Add: Irregular Expenditure - current period	-	-
Add: Irregular Expenditure - prior period (identified in the current year)	353,431	557,208
	-	8,064
Closing balance	**353,431**	**565,272**

Irregular expenditure is presented inclusive of VAT

1. Procurement without obtaining three quotations non-compliance with SCM Policy.

2. Variation work on electrical assessment

3. Deviation not in compliance with SCM regulations.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

40. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Incidents of irregular expenditure		
SCM process not followed		353,431	557,208

41. Accounting by principals and agents

Agent relationship

Agent: ATNS

	2024	2023
Opening	21,580,566	19,494,307
Additions	3,114,268	2,201,707
Payments collected	(2,622,459)	(1,947,231)
Rejections	(11,076)	(4,851)
Interest charged	2,598,862	1,836,634
	24,660,161	**21,580,566**

Gateway Airport Authority Limited (the principal) has duly appointed ATNS (the agent) with power of principal agent to perform approach fees billing and collection on which Polokwane International Airport Airspace is situated, and in respect of which the South African Civil Aviation Authority has duly licensed the principal to act as the airport authority.

The aggregate amount that the entity recognised as commission for the transactions carried out is R 177 694 (2022: R111 985)

42. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.