



# AIRPORTS COMPANY SOUTH AFRICA



# 2019

[CONSOLIDATED ANNUAL  
FINANCIAL STATEMENTS]

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## GROUP INFORMATION


FOR THE YEAR ENDED 31 MARCH 2019

Country of incorporation and domicile	South Africa	
Company registration number	1993/004149/30	
Directors		
Non-executive directors	D Botha	S Nogxina
	D Hlatshwayo	N Nokwe-Macamo
	M Mabela	I Phenyane
	K Matlou	Y Pillay
	B Mohale	S Simelane
	P Mokupo	N Zikalala Mvelase
Executive directors	B Maseko	
Registered office	The Maples Riverwoods Office Park 24 Johnson Road Bedfordview 2008	
Postal address	PO Box 75480 Gardenview	
Bankers	Standard Bank Nedbank	
Secretary	Fefekazi Sefara	
Nature of business and principal activities	Airports Company South Africa is mandated to undertake the acquisition, establishment, development, provision, maintenance, management, operation and control of any airport, any part of any airport, or any facility or service at any airport normally related to an airport function.	

## AIRPORT CONTACT DETAILS

Use the contact information below to engage with us on airport specific inquiries

Airport	Direct web address	Telephone number
O.R. Tambo International Airport	 <a href="http://www.airports.co.za/airports/or-tambo-international">www.airports.co.za/airports/or-tambo-international</a>	011 921 6262
Cape Town International Airport	 <a href="http://www.airports.co.za/airports/cape-town-international">www.airports.co.za/airports/cape-town-international</a>	021 937 1200
King Shaka International Airport	 <a href="http://www.airports.co.za/airports/king-shaka">www.airports.co.za/airports/king-shaka</a>	032 436 6000
Port Elizabeth International Airport	 <a href="http://www.airports.co.za/airports/port-elizabeth">www.airports.co.za/airports/port-elizabeth</a>	041 507 7348
East London Airport	 <a href="http://www.airports.co.za/airports/east-london">www.airports.co.za/airports/east-london</a>	043 706 0306
George Airport	 <a href="http://www.airports.co.za/airports/george-airport">www.airports.co.za/airports/george-airport</a>	044 876 9310
Bram Fischer International Airport	 <a href="http://www.airports.co.za/airports/bram-fischer">www.airports.co.za/airports/bram-fischer</a>	051 407 2200
Kimberley Airport	 <a href="http://www.airports.co.za/airports/kimberley">www.airports.co.za/airports/kimberley</a>	053 830 7106
Upington International Airport	 <a href="http://www.airports.co.za/airports/upington-international">www.airports.co.za/airports/upington-international</a>	054 337 7900

For all queries, visit [www.airports.co.za](http://www.airports.co.za) or email us at [customer@airports.co.za](mailto:customer@airports.co.za).  For annual financial statement comments or queries, email Refentse Shinnars, Group Executive: Corporate Affairs at [Refentse.Shinnars@airports.co.za](mailto:Refentse.Shinnars@airports.co.za).

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2019

## REPORT OF THE BOARD AUDIT AND RISK COMMITTEE

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I am pleased to present you with the report of the Airports Company South Africa Audit and Risk Committee (the committee) for the financial year ended 31 March 2019. The committee is responsible for overseeing:

- Quality and integrity of the company's integrated planning and reporting including its financial statements and sustainability issues;
- Overseeing the appointment, remuneration, independence and performance of the external auditor and the integrity of the audit process including the approval of non-audit services;
- Effectiveness of the internal financial controls and systems of internal control and risk management; and
- Effectiveness of the governance and assurance processes within the company, including the adequately resourced internal audit function.

### Statutory duties

The committee is constituted as a statutory committee of Airports Company South Africa SOC Limited in line with the Companies Act No. 71 of 2008 and Public Finance Management Act of South Africa, No. 1 of 1999 (PFMA) and is accountable in this regard to both the Board and Airports Company South Africa's shareholders. It is a committee of the Board in respect of all duties the Board assigns to it and has been delegated extensive powers to perform its functions in accordance with the Companies Act, PFMA and National Treasury Regulations. The committee fulfilled all its statutory duties as required by section 94(7) of the Companies Act and National Treasury Regulation 3.1.10 of the PFMA. The committee also acts as the audit committee for all its wholly owned subsidiaries. Prior to the establishment of the Information and Communication Technology Governance Committee by the Board, the committee provided oversight on information and technology. The committee, in this regard, considered the IT reports and the IT Governance Framework.

The committee provided significant oversight and monitoring over the following key areas:

- Volatile macroeconomic environment and management's responses thereto;
- Internal controls, risk management and compliance processes;
- Delegated levels of authority, combined assurance, business continuity; and
- Controls to prevent irregular, fruitless and wasteful expenditure.

In responding to changes in the environment in which the company operated during FY2018/19, the committee considered the strategic risks and their impact on achieving the Group's strategy and assessed the adequacy of controls and the combined assurance delivered over the identified risks. The committee monitored the effectiveness of the control environment through the review of reports from internal audit, management and the external auditor, and ensured the quality of financial reporting through the review of the financial statements submitted to the committee.

The committee noted the irregular expenditure incurred in the past and that it was due to control weaknesses in supply chain management ("SCM") and poor contract management. Considerable efforts have been expended in improving the SCM processes. The root causes are being addressed and adequate control measures are in place to prevent recurrence. The committee has taken a stance of zero tolerance for irregular expenditure.

### Significant financial statement reporting issues

Assumptions and estimates or judgements are a significant part of the financial reporting process and are evaluated carefully by the committee ahead of the finalisation of the Group's financial statements. The committee reviewed in detail the main judgements and assumptions made by management, relevant sensitivity analyses performed, and the conclusions drawn from the available information and evidence, with the main areas of focus during the year set out below. Where appropriate, the committee sought input and views from the external auditor and encouraged rigorous engagement on control, accounting and disclosure matters. In addition to these main areas of focus, the committee also covered matters relating to budgeting and forecasting, funding, taxation and legal matters.

### Composition and meeting

The majority of the committee members are independent non-executive directors, all of whom are adequately financially skilled. The members consist of Mr Pascal Mokupo (Chairman), Ms Dudu Hlatshwayo, Mr Yershen Pillay, Ms Nosizwe Nokwe-Macamo and Ms Ntombifuthi Zikalala Mvelase. We believe the deep and varied experience of the committee members gives perspective and insight to the committee's deliberations and decisions. Further details of the experience of the members can be found in their biographies. (Refer to the Integrated Report page 96)

The committee has met all legal and regulatory requirements from a composition and independence perspective.

The Acting Chief Executive Officer, Acting Chief Financial Officer, Chief Audit Executive, External Auditor, Group Executive: Governance and Assurance and other Group subject matter experts attended all committee meetings for the period under review. The chairman of the committee reports to the Board on key matters arising after each of these meetings.

At each meeting, management, internal audit and external audit are afforded an opportunity to have separate meetings with the committee. Also, where a need arises, the chairman encourages meetings prior to committee meetings with all relevant experts.

The committee met five times during the period under review, with attendance as per the table below. Two of the meetings were special meetings convened to discuss the committee's approach in dealing with forensic reports regarding reported allegations of wrongdoing against the former CEO, the approach to be adopted in dealing with the forensic reports which were commissioned by the previous Board and anonymous electronic mails which were sent to the Board members who were appointed with effect from 1 September 2018, and the draft 2020-2022 Corporate Plan.

Subsequent to the resignation of former directors and committee members, namely, Mr Siyakhula Simelane (former committee chairman) and Matlodi Mabela in April 2018, the number of non-executive directors remaining was insufficient to constitute the committee. This impacted for a brief period on the continued functionality of the committee. The committee was then constituted on 7 September 2018 subsequent to the appointment of new Board members.

Member	1 October 2018	4 October 2018	30 October 2018	14 November 2018	30 January 2019
Ms Dudu Hlatshwayo <sup>6</sup>	Present	Present	Apology	Present	Present
Mr Matlodi Mabela <sup>2</sup>	N/A	N/A	N/A	N/A	N/A
Mr Pascal Mokupo <sup>3</sup> (Chairman)	Present	Present	Present	Present	Present
Ms Nosizwe Nokwe-Macamo <sup>5</sup>	Apology	Present	Present	Present	Present
Mr Yershen Pillay <sup>7</sup>	Present	Present	Apology	Present	Present
Mr Siyakhula Simelane <sup>1</sup>	N/A	N/A	N/A	N/A	N/A
Ms Ntombifuthi Zikalala Mvelase <sup>4</sup>	Present	Present	Present	Present	Present

1 Resigned on 20 April 2018

2 Resigned on 19 April 2018

3 Appointed to the committee on 7 September 2018

4 Appointed to the committee on 7 September 2018

5 Appointed to the committee on 7 September 2018

6 Appointed to the committee on 7 September 2018

7 Appointed to the committee on 7 September 2018

The committee operated under terms of reference which were reviewed by the committee and approved by the Board. The committee has carried out its duties per the Companies Act, PFMA and applicable National Treasury Regulations and its terms of reference.

In line with their set terms of reference, the committee also considered the following in the period under review:

- Quarterly Performance Reports;
- Quality and integrity of integrated reporting and disclosure;
- Tax reports;
- Effectiveness of the Group's system of internal control over financial reporting;
- Significant and material matters;
- Assessment of significant investigations and allegations reports;
- Legal status reports;
- Assessment of compliance dashboard and compliance profile;
- Planning for and effectiveness of the Group's combined assurance for the next financial year and updates on the 2018/19 combined assurance plan;
- Reports on the implementation of the business continuity management plan;
- Approved internal audit plan and monitored internal audit findings reported by internal audit and proposed remedial action by management;
- Recommended to the Board the appointment of the external auditor at the Annual General Meeting;
- Approved external audit strategy;

## REPORT OF THE BOARD AUDIT AND RISK COMMITTEE (CONTINUED)

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- Reviewed Governance and Control Framework, Subsidiary Governance Framework;
- Assessed regulatory updates and their impact on the Group's business;
- Considered the gap analysis on implementation of the King IV Report; and
- Reviewed Audit and Risk Committee Charter and annual work plans.

### Committee performance

The Audit and Risk Committee's performance was considered as part of the Board effectiveness evaluation conducted at the end of the financial year, which was carried out using an internal self-assessment questionnaire. This evaluation did not identify any material areas of concern about the functioning of the committee.

### Role of the Audit and Risk Committee Chairman

The role of the chairman of the committee requires regular meetings with the heads of internal audit, risk management, finance and external audit in order to understand the Group's operations and risks facing the business. These interactions are an essential part of the role of the chairman as they provide an additional layer of assurance to gain comfort that these control functions are aligned in terms of their understanding of the risks facing the business and mitigation thereof.

### Looking ahead

In advancing the committees' efforts, focus will be centred on improving the balance sheet through optimum and efficient utilisation of assets, measures to increase revenue, adequately strengthening the SCM function and reduction of irregular expenditure.

The committee reports that it has discharged its responsibilities relating to the following:

### Financial statements

The committees' primary responsibility in relation to the Group's financial reporting is to review with both management and the external auditor who is the Auditor General, the appropriateness and accuracy of the annual financial statements. In this process, amongst other matters, the committee has considered the appropriateness of accounting policies and practices and any areas of judgement, and significant issues that have been discussed with the external auditor; the clarity of disclosures and compliance with financial reporting standards and other relevant financial and governance reporting requirements.

The committee has received financial reports from Group finance at each quarterly meeting. The consolidated annual financial statements are considered and recommended for approval to the Board by the committee.

The committee has considered reports on taxation and legal matters.

One of the key roles of the committee is to review the going concern concept as presented by management and, if appropriate, make the necessary recommendation to the Board in this regard. Whilst the liquidity and solvency of the Group is closely monitored on a daily basis by management, the committee and Board expressly consider the assumptions underlying the going concern of Group as part of the annual financial statements approval.

For the year ended 31 March 2019, the committee recommended to the Board that, based on its knowledge of the Group, key processes in operation and enquiries, it is appropriate for the financial statements to be prepared on a going concern basis.

The committee has considered whether, in its opinion, the annual report and financial statements for the year ended 31 March 2019 are fair, balanced and understandable, and whether it provides the information necessary for shareholders to assess the Group's position and performance, and prospects. The committee has formed the view that the annual report and financial statements for the year ended 31 March 2019 are fair, balanced and understandable.

The committee has considered the Group's dividend policy and has recommended it for approval by the Board. The policy remained unchanged.

### External Audit

The Auditor General South Africa ("AG") is the external auditor for Group. The committee considers the re-appointment of the external auditors each year before making a recommendation to the Board and shareholders in terms of the Companies Act.

The committee has considered the independence and evaluated the effectiveness of the auditor through completion of a questionnaire which, amongst other things, assessed the audit team and audit approach, auditor's understanding of the risks facing the company and the response to these in the audit plan, performance and delivery against the audit plan, professional scepticism, and communication and interaction. The committee is satisfied the quality of service provided by the external auditor is satisfactory and that there were no matters that might reasonably be thought to bear on the audit team's independence.

The committee approved the scope of the external audit plan and audit fees.

The external auditor is invited to attend committee meetings and has access to the committees' chairman.

The Board and the committee is recommending the re-election of the Auditor-General South Africa as the auditor for the Group.

There were no non-audit services provided by the external auditor.

### **Integrated reporting**

The committee guides the integrated reporting process, which includes reporting on sustainability matters, having regard to all factors and risks, including any significant legal and tax matters and any concerns identified that may impact on the integrity of the integrated report or could have a material impact on the financial statements. The committee has considered the integrated report at its quarterly meetings.

The committee has reviewed the disclosure of sustainability issues in the quarterly and annual integrated report to ensure that the information is reliable and does not conflict with the financial information.

The committee relies on management, the external auditor, internal audit as well as the Group's compliance and ethics reporting telephone line to highlight any concerns, complaints or allegations relating to internal financial controls, the content of the financial statements and potential violations of the law.

The committee has formed the view that the information in the integrated report provides a balanced view and has recommended the annual integrated report to the Board for approval.

### **Corporate Plan and Business Plan**

The committee has considered and reviewed Corporate Plan, which includes the budget of the Group, paying due attention to the projection of revenue, expenditure and borrowings, key performance indicators, and recommended the Corporate Plan to the Board for approval.

### **Integrated / Combined assurance**

The committee has reviewed and approved the combined assurance plan. The committee has monitored progress against the assurance plan. The committee has reviewed the outcome of assurance activities and ensured gaps in assurance and findings are addressed.

### **Internal control and risk assessment**

The committee reviewed the plans and outputs of the external and internal auditors. The committee has received regular reports on internal financial controls, strategic risks, legal and regulatory compliance and business continuity from internal and external auditors, and Governance and Assurance Department.

### **Internal audit**

The committee approved the internal audit plan. The internal audit function will be subject to an independent quality review in the 2019/20 financial year. The committee has reviewed and approved the internal audit charter. The committee has:

- Reviewed significant findings in the Internal Audit's reports and management's responses thereto;
- Reviewed the co-operation and co-ordination between the internal and external audit functions and ensured co-ordination between the internal audit work plan with the external auditors' strategy to avoid unnecessary duplication of work;
- Provided an opportunity for the Chief Audit Executive at every committee meeting to meet the committee, without the presence of management, to discuss any issues arising from the internal audits carried out; and
- Ensured that the Chief Audit Executive has unrestricted access to the chairman of the committee.

## REPORT OF THE BOARD AUDIT AND RISK COMMITTEE (CONTINUED)

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The committee has assessed the internal audit function and is satisfied that all the statutory requirements provided in the PFMA and National Treasury Regulations have been complied with.

### **Risk Management**

The committee has considered integrated risk management reports and progress made on implementation of the enterprise risk management plan and risk performance at its meetings. The Group is well on its way to improving the risk culture with the aim of reaching a risk intelligence status in support of the Group's vision. The committee has considered updates on the treatment plans for the identified strategic risks. The strategic risk register has been reviewed by the Board.

The committee has considered the enterprise risk management framework.

The committee is satisfied that the Company has implemented an effective enterprise risk management policy and plan which has enhanced the Company's ability to achieve its strategic objectives.

### **Compliance with laws and regulations**

The committee has assessed the compliance status dashboard, legislative updates, the compliance profile and regulatory updates.

### **Corporate governance**

The committee has considered the reviewed governance and control framework, subsidiary governance framework and the gap analysis on the implementation of King IV.

### **Conclusion**

The committee is satisfied that it has complied with all its terms of reference determined by the Board incorporating statutory and other responsibilities. Having had regard to all material risks and factors that may impact on the integrity of the annual financial statements and following appropriate review, the committee recommended the Group Annual Financial Statements of Airports Company South Africa SOC Limited for the year ended 31 March 2019 for approval to the Board.



**Mr P Mokupo**

Chairman

10 September 2019



## DIRECTORS' RESPONSIBILITIES AND APPROVAL

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The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the Group's cash flow forecast for the year to 31 March 2020 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the Group's external auditors and their report is presented on page 10.

The consolidated annual financial statements set out on pages 18 to 80, which have been prepared on the going concern basis, were approved by the Board on 27 August 2019 and were signed on their behalf by:



**Adv Sandile Nogxina**

Chairman

10 September 2019

## COMPANY SECRETARY'S CERTIFICATION

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### Declaration by the Company Secretary in respect of Section 88 (2) (e) of the Companies Act

I declare that the COR39 for Airports Company South Africa SOC Limited has not been updated with with the Commissioner of the Companies and Intellectual Property pursuant to the Public Investment Corporation's withdrawal of Ms Hlatshwayo's nomination from the ACSA Board on 3 September 2019.

The Company has not lodged with the Commissioner of the Companies and Intellectual Property the annual return as required of Airports Company South Africa SOC Limited in terms of the Companies Act and that such return is true, correct and up to date.

The COR39 notices for the following subsidiaries are not up to date due to the recent resignation and end of term of directors, and appointment of new directors:

- Airports and Consultancy Advisory Services SOC Ltd;
- Precinct 2A Investments SOC Ltd; and
- JIA Piazza SOC Ltd.



**Fefekazi Sefara**

Company Secretary  
10 September 2019

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF AIRPORTS COMPANY SOUTH AFRICA SOC LIMITED

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### Opinion

1. I have audited the consolidated and separate financial statements of the Airports Company South Africa SOC Limited and its subsidiaries (the group) set out on pages 18 to 80, which comprise the consolidated and separate statement of financial position as at 31 March 2019, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 March 2019, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No. 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 auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.
4. I am independent of the group in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* and the 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified audit opinion.

### Key audit matters

6. Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole and in forming my opinion, and I do not provide a separate opinion or conclusion on these matters.

Key audit matter	How the matter was addressed in the audit
<p><b>Expected credit losses on trade and other receivables</b></p> <p>The group adopted IFRS 9 "Financial Instruments" with effect from 01 April 2018 and this new standard supersedes the requirements of IAS 39 "Financial Instruments- Recognition and Measurement".</p> <p>IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model for financial assets. Management has determined that the most significant impact of the new standard on the group's financial statements relates to the calculation of the expected credit losses (ECL) of Trade receivables.</p> <p>As at 31 March 2019 the carrying value of Trade and other receivables amounted to R916 million (2017/18: R1 077 million) (Company: R899 million; 2017/18: R 1017 million) and the expected credit losses (ECL) of trade and other receivables amounted to R283 million (2017/18: R253 million) (Company R233 million; 2017/18: R250 million).</p> <p>Refer to note 2.1 and D.1 to the consolidated financial statements for accounting policies and the relevant detailed disclosures respectively.</p> <p>The group measures the loss allowance for trade and other receivables by applying the simplified approach prescribed by IFRS 9.</p> <p>The ECL model involves the use of significant judgements which include, among others historical trends, history of collection of trade and other receivables and forward looking information which include macro-economic factors.</p> <p>The assessment and calculation of expected credit losses (ECL) require management to make significant estimations and use significant judgements. Due to the subjectivity of the estimations and judgement, I consider the impairment of trade and other receivables to be a key audit matter.</p>	<p>My audit procedures included the assessment of the appropriateness and reasonableness of the expected credit losses for trade and other receivables. These audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• assessing the design and testing the operating effectiveness of controls related to trade and other receivables;</li> <li>• verifying whether the expected credit loss (ECL) model developed by management is consistent with the requirements of IFRS 9;</li> <li>• evaluating the appropriateness and reasonableness of key assumptions and judgements such as the default rate by comparing these to historical data;</li> <li>• evaluating the change in accounting policy and satisfying myself that it was consistent with the requirements of the standard;</li> <li>• testing the accuracy and completeness of underlying data used in the model and the arithmetical accuracy of the computation of ECL;</li> <li>• testing key assumptions and judgments, such as those used to calculate the likelihood of default by comparing to historical data.</li> <li>• evaluating the appropriateness of forward looking factors (macroeconomic factors) used to determine expected credit losses;</li> <li>• assessing the appropriateness of transitional disclosures to ensure that they are consistent with the requirements of IFRS 9.</li> </ul> <p>Based on procedures performed above, I was satisfied that the expected credit losses on trade and other receivables were reasonable, in line with my expectation and appropriately disclosed.</p>

Key audit matter	How the matter was addressed in the audit
<p><b>Valuation of Investment Property</b></p> <p>The carrying value of investment properties for the group amounted to R7 023 million (2017/18: R7 120 million) (Company R6 631 million; 2017/18: R6 793 million) and the fair value adjustment recorded in the statement of comprehensive income for the year in respect of investment properties was a loss of R134 million (2017/18: R537 million gain) (Company R200 million loss; 2017/18: R554 million gain). Significant judgement is required in determining the fair value of investment properties and for the purposes of my audit I identified the valuation of investment properties as representing a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement associated with determining the fair value.</p> <p>Independent valuers are used to determine the fair values for all of the properties held in these categories annually.</p> <p>The inputs with the most significant impact on these valuations are disclosed in note B.1.</p> <p>The valuation of the investment properties involves the use of an expert who is required to make significant assumptions and use significant judgements. Due to the subjectivity of the assumptions and judgements, I consider the valuation of the investment properties to be a key audit matter.</p>	<p>I assessed the design and the operating effectiveness of internal controls relating to investment properties and I have developed an understanding of the relevant business processes relating to investment properties.</p> <p>I placed reliance on the management expert. Before I placed reliance on management's expert, I satisfied myself with their independence, objectivity and competency in line with the requirements of ISA 500.</p> <p>I performed the following procedures before reliance could be placed on management experts:</p> <ul style="list-style-type: none"> <li>I discussed the scope of the work that managements' expert completed with management and reviewed their terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them;</li> <li>I have assessed the assumptions, methods and models used by the management expert and confirmed that they are consistent with the requirements of IFRS, as the fair value determination was in done in accordance with IFRS 13 and IAS 40;</li> <li>I confirmed the appropriateness of judgements used by the management expert where they made use of market inputs which are consistent with the requirements of IFRS 13 and valuation norms;</li> <li>I have also confirmed that the assumptions, methods and models used by the expert are consistent with those of management and the company's accounting policy for investment property.</li> </ul> <p>I engaged an auditor's expert to perform a peer review on the work performed by management's expert to confirm whether the reasonability of the assumption made by management's expert and whether the approach followed is consistent with the industry norms.</p> <p>Before I placed reliance on the work of the auditor's expert, I satisfied myself with their independence, objectivity and competency in line with the requirements of ISA 620.</p> <p>The auditor's expert confirmed that the approaches used by the management expert are consistent with applicable financial reporting framework (IFRS) and industry norms.</p> <p>Based on the procedures performed I am satisfied that the revaluation of investment property is appropriate, reasonable, fairly valued and appropriately disclosed in the annual financial statements.</p>
<p><b>Valuation of and accounting for the associate: Aeroporto de Guarulhos Participacoes S.A.</b></p> <p>Note E.3 to the Consolidated Financial Statements describes the associate relationship between Airports Company South Africa (ACSA) and Aeroporto de Guarulhos Participações S.A. (GRUPAR)</p> <p>The group and Company have a 20% equity interest in GRUPAR, in the 20-year concession to modernise the Guarulhos International Airport (GRU Airport)</p> <p>The group and Company have accounted for the investment in line with IAS 28 -Investments in Associates and Joint Ventures.</p> <p>The carrying amount of the Investment in Aeroporto de Guarulhos Participações S.A was disclosed in note E.3 of the Annual Financial statements.</p> <p>The company in which the group is invested in (GRU Airport) has been making net losses in the past financial year which is an impairment indicator and therefore management applied significant judgement in determining the carrying value of investment and the recoverable amount in accordance with IAS 36.</p> <p>For the purposes of my audit I identified the valuation of investment Aeroporto de Guarulhos Participações S.A. as representing a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement associated with determining the recoverable amount.</p> <p>The recoverable amount was calculated by management using inputs received from the management of GRU Airport and the discounted cash flow model was applied to determine the net present value of the investment.</p> <p>The calculated net present value was then compared to the carrying amount and management confirmed that there was no impairment loss to be recognised as the carrying amount did not exceed the recoverable amount of the investment.</p> <p>The recoverable amount calculation involves the use of complex valuation techniques and significant judgements in relation to the future profitability of the investment. Due to the complexity of the valuation technique and subjectivity of the assumptions and judgements, I consider the valuation of the investment in associate to be a key audit matter.</p>	<p>I assessed the design and the operating effectiveness of internal controls relating to the investment in the associate and I obtained an understanding of the nature of the investments made by ACSA.</p> <p>I assessed the appropriateness of the valuation model used in determining the recoverable amount. I performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>Evaluated whether the valuation method applied to compute the value in use amount was appropriate;</li> <li>confirmed as per the requirements of IAS 36 paragraph 30 that the value in use can be calculated using an estimate of the future cash flows the public entity expects to derive from the asset.</li> </ul> <p>I performed the following procedures to confirm the reasonableness of the assumptions used in calculating the recoverable amount:</p> <ul style="list-style-type: none"> <li>Assessed the appropriateness of the discount rate used by management which was equal to the required rate of return that the Regulating Committee (the Regulator) for Airports Company South Africa and Air Traffic Navigation Services Company (ATNS) had approved in October 2017;</li> <li>Confirmed that there were no subsequent changes to the required rate of return provided by the regulator;</li> <li>Confirmed that the discount rate included an assessment of the time value of money represented by the current market risk-free rate of interest which the regulator had calculated when determining the required rate of return of ACSA;</li> <li>Assessed the exchange rate used by management to convert the future cash flows which were quoted at the Brazilian Real currency and confirmed that the rate is reasonable;</li> <li>In light of net losses being incurred by the GRU airport I considered whether management's calculation considered all the identifiable liabilities and assets that relate to the concession, whether the trend in losses indicate a better or worse position for ACSA when compared to the prior financial years;</li> <li>Confirmed the reasonability of the cash flow forecast in line with growth in passenger numbers against historical numbers growth rate and the expected Gross Domestic Product (GDP) growth rate of Brazil; and</li> <li>Conducted certain stress tests on the discount rate and the cash flow forecasts used in the valuation model.</li> </ul> <p>Based on the procedures performed above, I am satisfied that the recoverable amount calculated by management is reasonable and is in line with my expectation.</p>

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF AIRPORTS COMPANY SOUTH AFRICA SOC LIMITED

## Emphasis of matter

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

## Restatement of prior year amounts

8. As disclosed in note G.16 to the financial statements, the corresponding figures for 31 March 2017 and 31 March 2018 have been restated as a result of errors discovered during the 2018-19 financial year.

## Share buy-back

9. As disclosed in note G.15 to the financial statements, the public entity is in an ongoing court case with its minority shareholders regarding the buy-back of the company's shares.

## Unaudited supplementary schedules

10. The supplementary information set out on pages 2 to 9 and 16 to 17 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

## Responsibilities of the Board of directors

11. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS), the requirements of the PFMA and Companies Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

## Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

13. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.
14. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the Public Entity for the year ended 31 March 2019:

Objectives	Pages in the annual integrated report
Objective 1: Create value for our shareholders.	50
Objective 3: Increase stakeholder satisfaction through effective partnership	50
Objective 4: Improve the passenger experience through demonstrated operational excellence	50
Objective 5: Contribute to increase traffic through the airports we operate.	50
Objective 14: Improve connectivity to the regions we serve.	50

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

19. I did not raise any material findings on the usefulness and reliability of the reported performance information for these objectives

- Objective 1: Create value for our shareholders
- Objective 3: Increase stakeholder satisfaction through effective partnership
- Objective 4: Improve the passenger experience through demonstrated operational excellence
- Objective 5: Contribute to increase traffic through the airports we operate.
- Objective 14: Improve connectivity to the regions we serve

#### Other matters

20. I draw attention to the matters below.

#### Achievement of planned targets

21. Refer to the annual performance report on pages 50 to 51 for information on the achievement of planned targets for the year and explanations provided for the under achievement of a number of targets.

### REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

#### Introduction and scope

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

23. The material findings on compliance with specific matters in key legislations are as follows:

#### Annual Financial statements

24. 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 and section 29(1)(a) of the Companies Act.

25. Material misstatements of non-current assets, current assets and disclosure items were identified by the auditors in the submitted annual financial statements which were subsequently corrected which resulted in the financial statements receiving an unqualified audit opinion.

#### Procurement and contract management

26. Some of the goods, works and services were not procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA. Similar non-compliance was reported in the prior year.

27. Some of the contracts were awarded to bidders based on pre-qualification criteria that differed from those stipulated in the original invitation for bidding, in contravention of the 2017 preferential procurement regulation 4(1) and 4(2).

28. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board in accordance with section 18(1) of the CIDB Act.

#### Consequence management

29. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure and fruitless and wasteful expenditure as required by section 51(1) (e) (iii) of the PFMA. This was due to proper and complete records not being maintained as evidence to support the investigations into irregular and fruitless and wasteful expenditure.

#### Expenditure management

30. Effective and appropriate steps were not taken to prevent irregular expenditure in the amount of R 264 million, as disclosed in note G.13, as required by section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with section 51(1) (a) (iii) of the PFMA and contravention of the 2017 preferential procurement regulation 4(1) and 4(2).

31. Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure in the amount of R 63 million, as disclosed in note G.14 as required by section 51(1) (b) (ii) of the PFMA. The majority of the fruitless and wasteful expenditure was incurred on interest and penalties imposed by the South African Revenue Service (SARS) on revised tax assessments raised for prior periods.

### OTHER INFORMATION

32. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

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

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF AIRPORTS COMPANY SOUTH AFRICA SOC LIMITED

34. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## INTERNAL CONTROL DEFICIENCIES

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
37. There has been slow response in implementing the commitments made in the prior year to address the internal control deficiencies in the areas of financial reporting and compliance.
38. Lack of implementation of consequence management for transgressions and poor performance.
39. The public entity developed a plan to address internal and external audit findings, but the appropriate level of management did not monitor adherence to the plan in a timely manner.
40. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is easily accessible and readily available to support financial reporting and compliance with legislation.
41. Inadequate review of the financial statements submitted for audit resulted in material adjustments being made to non-current assets, current assets and disclosure notes.

## OTHER REPORTS

42. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
43. There are various investigations being conducted on supply chain management non-compliance matters and irregular expenditure by both internal audit and other external parties. At the date of this report, the investigations were still ongoing.

*Auditor General*

**Auditor-General South Africa**

Pretoria  
9 September 2019



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

### Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the consolidated and separate 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.
  - conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Airports Company South Africa and its subsidiaries ability 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 the 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 a public entity to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
  - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion]

### Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.
5. From the matters communicated to those charged with governance, I determine those matters that were of the most significance in the audit of the consolidated and separate financial statements of the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

## DIRECTORS' REPORT

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The directors have pleasure in submitting their report on the consolidated annual financial statements of Airports Company South Africa SOC Limited for the year ended 31 March 2019.

The Company was established in terms of the Airports Company Act, No.44 of 1993 as amended.

### Nature of business

The principal activities of the Company are the acquisition, establishment, development, provision, maintenance, management, control and operation of airports or part of any airport or any facilities or services that are normally performed at an airport.

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

### Review of operations

Revenue for the Group amounted to R7,1 billion (March 2018: R6,8 billion), including non-aeronautical revenue of R3,3 billion (March 2018: R3,3 billion).

Profit before income tax for the Group amounted to R615 million (March 2018: R1,2 billion). The profit for the year for the Group was R227 million (March 2018: R552 million).

### Dividends

The Board of Directors has approved but not yet paid an ordinary dividend of R57 million for the current financial year (March 2018: R146 million ordinary dividend).

### Capital expenditure

During the current year, R1,1 billion (March 2018: R914 million) was spent on capital relating to improvements, expansions and replacements by the Group. (Refer to notes B1, B2 and G1 for more details).

### Share capital

There were no changes to the authorised and issued share capital of the Company and the Group during the financial period.

### Going concern

The consolidated 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.

### Subsidiaries, joint ventures and associates

There were no acquisitions or disposals during the year ended 31 March 2019. Airports Company South Africa SOC Ltd is the ultimate parent company of the Group.

The Group has a 100% interest in ACSA Global Ltd, a management company incorporated in Mauritius. ACSA Global Ltd is registered in Mauritius with a financial year end of 31 March. The investment has been accounted for as a subsidiary.

ACSA Global Ltd holds a 10% interest in the Mumbai International Airport concession (MIAL). The investment has been accounted for as an associate using the equity accounting method. The investment has been accounted for as held for sale as at 31 March 2019.

Airports Company South Africa SOC Ltd holds a 100% interest in JIA Piazza Park SOC Ltd with a financial year end of 31 March. The investment has been accounted for as a subsidiary.

Airports Company South Africa SOC Ltd holds a 100% interest in Precinct 2a SOC Ltd with a financial year end of 31 March. The investment has been accounted for as a subsidiary.

The Group has a 50% interest in Airport Logistics Property Holdings (Pty) Ltd with a financial year end of 30 June, which is a joint venture between the Company and The Bidvest Group Ltd. The investment has been accounted for as a joint venture using the equity accounting method.

Airports Company South Africa SOC Ltd has a 40% interest in the La Mercy JV Property Investments (Pty) Ltd, a property holding, development and letting company with a financial year end of 31 March. The investment has been accounted for as an associate using the equity accounting method.

Airports Company South Africa SOC Ltd holds a 20% interest in Aeroporto de Guarulhos Participações S.A. Aeroporto de Guarulhos Participações S.A. is registered in Brazil with a financial year-end of 31 December. The investment has been accounted for as an associate using the equity accounting method.

Airports Company South Africa SOC Ltd holds 100% of Sakhisizwe Community Programme NPC which is a special purpose entity (SPE) created and controlled by Airports Company South Africa to administer a government grant received from the Department of Transport.

Details of the assets, liabilities, revenues and expenses of the subsidiaries, joint ventures and associates that are included in the consolidated statement of comprehensive income and the consolidated statement of financial position are set out in notes E1, E2 and E3 of the consolidated annual financial statements.

## Directors and Secretary

Details of the directors and secretary of the Company are given on the inside front cover of this report.

## Interests of Directors and Officers

No contracts were entered into in which directors and officers of the Company had an interest and which affect the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group. The emoluments of directors are determined by the Board Remuneration Committee. (Directors emoluments can be found in note G11).

## Information required in terms of the Public Finance Management Act

In terms of the materiality framework agreed with the shareholder and as per S55(2) (b) (i) & (ii) of the PFMA, any losses due to criminal conduct or irregular or fruitless and wasteful expenditure that individually (or in aggregate) exceed R60 million for the Group, must be disclosed separately, including any criminal or disciplinary steps taken as a consequence of such losses or irregular or fruitless and wasteful expenditure.

Cumulative fruitless and wasteful expenditure amounted to R103 million (March 2018: R39 million). The fruitless and wasteful expenditure relates mainly to non-compliance with National Treasury cost containment measures.

Cumulative irregular expenditure is R983 million (March 2018: R1 billion).

The irregular expenditure incidents relate to contravention of the supply chain management policy and the Preferential Procurement Policy Framework Act (PPPFA) and regulations.

Management has controls in place to monitor and report on this type of expenditure on a regular basis. This information is considered and presented to the Executive Committee (EXCO) and the Audit and Risk Committee for review on a quarterly basis.

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

		Group			Company		
Figures in Rand thousand	Note	Mar 2019	Restated Mar 2018	Restated 1 April 2017	Mar 2019	Restated Mar 2018	Restated 1 April 2017
ASSETS							
Non-Current Assets							
Property and equipment	B.2	18 992 487	19 401 027	19 543 422	18 940 902	19 353 492	19 496 061
Investment property	B.1	7 023 109	7 120 025	6 583 947	6 631 029	6 793 962	6 240 958
Intangible assets	G.1	92 602	130 174	134 367	92 446	129 966	134 221
Investments in joint ventures	E.2	190 669	170 862	175 221	-	-	
Investments in associates	E.3	1 073 321	1 564 315	998 527	1 188 840	1 188 840	814 820
Other non-current assets	D.6	238 402	225 307	241 551	240 448	227 953	244 197
Investments	G.4	-	-	-	718 838	704 445	819 745
		27 610 590	28 611 710	27 677 035	27 812 503	28 398 658	27 750 002
Current Assets							
Inventories		1 577	1 660	2 237	-	-	788
Current tax receivable		340 143	390 669	4 263	334 850	386 333	-
Trade and other receivables	D.1	916 722	1 077 253	1 099 469	899 199	1 017 734	1 072 583
Investments	G.4	769 369	1 826 009	1 524 993	962 936	1 983 428	1 524 993
Cash and cash equivalents	D.2	1 123 643	1 373 840	1 721 023	1 065 603	1 350 030	1 697 502
		3 151 454	4 669 431	4 351 985	3 262 588	4 737 525	4 295 866
Non-current assets held for sale	B.3	785 570	-	-	-	-	-
Total Assets		31 547 614	33 281 141	32 029 020	31 075 091	33 136 183	32 045 868
EQUITY AND LIABILITIES							
EQUITY							
Share capital – ordinary	G.5	500 000	500 000	500 000	500 000	500 000	500 000
Share premium	G.5	250 000	250 000	250 000	250 000	250 000	250 000
Treasury share reserve		(44 024)	(44 024)	(44 024)	-	-	-
Other reserves	G.6	1 676 805	1 399 862	868 298	203 411	200 108	201 141
Retained income		19 709 509	19 628 417	18 550 924	20 927 691	20 760 665	19 194 915
		22 092 290	21 734 255	20 125 198	21 881 102	21 710 773	20 146 056
LIABILITIES							
Non-Current Liabilities							
Derivative financial instruments	C.3	2 041	3 630	3 449	2 041	3 630	3 449
Retirement benefit obligation	G.3	29 904	30 649	28 475	29 904	30 649	28 475
Deferred income	G.7	54 352	60 717	62 109	54 352	59 052	62 109
Deferred tax liability	G.2	1 671 329	1 597 953	1 250 084	1 436 429	1 499 820	1 268 868
Interest-bearing borrowings	C.1	5 760 519	5 789 163	8 269 957	5 760 520	5 789 164	8 268 457
		7 518 145	7 482 112	9 614 074	7 283 246	7 382 315	9 631 358
Current Liabilities							
Derivative financial instruments	C.3	1 711	2 384	2 224	1 711	2 384	2 224
Current tax payable		462	525	254 562	-	-	254 562
Trade and other payables	D.3	907 293	853 541	782 675	903 491	851 630	765 965
Deferred income	G.7	3 935	815	2 799	3 935	3 058	3 058
Provisions	G.8	169 121	155 912	185 950	148 449	135 926	181 107
Interest-bearing borrowings	C.1	854 657	3 051 597	1 061 538	853 157	3 050 097	1 061 538
		1 937 179	4 064 774	2 289 748	1 910 743	4 043 095	2 268 454
Total Liabilities		9 455 324	11 546 886	11 903 822	9 193 989	11 425 410	11 899 812
Total Equity and Liabilities		31 547 614	33 281 141	32 029 020	31 075 091	33 136 183	32 045 868

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

Figures in Rand thousand	Note	Group		Company	
		Mar 2019	Restated Mar 2018	Mar 2019	Restated Mar 2018
Revenue	A.1	7 125 547	6 753 294	6 961 854	6 594 272
Other income	A.2	17 714	11 177	1 879	11 126
Employee costs	A.3	(1 636 774)	(1 401 840)	(1 604 577)	(1 372 086)
Operating expenses	A.4	(2 587 678)	(2 308 657)	(2 506 786)	(2 223 887)
Impairment of trade and other receivables		(54 295)	(50 496)	(5 969)	(50 639)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>2 864 514</b>	<b>3 003 478</b>	<b>2 846 401</b>	<b>2 958 786</b>
Fair value (losses)/gains on investment properties	B.1	(134 222)	537 247	(200 239)	554 173
Depreciation, amortisation and impairments	B.2&G.1	(1 422 202)	(1 247 477)	(1 416 436)	(1 241 437)
Losses from equity accounted investments	E.2&E.3	(97 782)	(476 499)	-	-
Finance income	C.2	147 907	150 330	207 363	208 260
Finance costs	C.2	(879 206)	(873 117)	(879 212)	(872 912)
Gains on remeasurement and disposal of financial instruments	C.2	135 510	133 780	135 510	133 780
Losses on property and equipment		-	(6 857)	-	(6 857)
<b>Profit before taxation</b>		<b>614 519</b>	<b>1 220 885</b>	<b>693 387</b>	<b>1 733 793</b>
Taxation	G.9	(387 746)	(668 463)	(378 922)	(689 223)
<b>Profit for the year</b>		<b>226 773</b>	<b>552 422</b>	<b>314 465</b>	<b>1 044 570</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Actuarial gains/(losses)	G.6	2 769	(1 435)	2 769	(1 435)
Deferred tax relating to items that will not be reclassified	G.6	534	402	534	402
<b>Total items that will not be reclassified to profit or loss</b>		<b>3 303</b>	<b>(1 033)</b>	<b>3 303</b>	<b>(1 033)</b>
<b>Items that may be reclassified to profit or loss:</b>					
Exchange differences on translating foreign operations	G.6	359 696	681 234	-	-
Deferred tax relating to foreign currency translation differences	G.6	(86 056)	(148 638)	-	-
<b>Total items that may be reclassified to profit or loss</b>		<b>273 640</b>	<b>532 596</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income/(loss) for the year net of taxation</b>		<b>276 943</b>	<b>531 563</b>	<b>3 303</b>	<b>(1 033)</b>
<b>Total comprehensive income for the year</b>		<b>503 716</b>	<b>1 083 985</b>	<b>317 768</b>	<b>1 043 537</b>
<b>Earnings per share Per share information</b>					
Basic and Diluted earnings per share (cents)	G.10	<b>45,90</b>	<b>111,82</b>	<b>62,89</b>	<b>208,91</b>

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

### Group

Figures in Rand thousand	Share capital	Share premium	Treasury share reserve	Other reserves	Retained income	Total equity
<b>Balance at 01 April 2017 - previously stated</b>	500 000	250 000	(44 024)	868 298	17 772 281	19 346 555
Adjustments-prior period error G.16	-	-	-	-	778 643	778 643
<b>Balance at 01 April 2017 - restated</b>	<b>500 000</b>	<b>250 000</b>	<b>(44 024)</b>	<b>868 298</b>	<b>18 550 924</b>	<b>20 125 198</b>
Profit for the year	-	-	-	-	552 422	552 422
<b>Other comprehensive income:</b>						
Actuarial losses on defined benefit post-retirement medical aid liability, net of tax	-	-	-	(1 033)	-	(1 033)
Foreign currency translation differences, net of tax	-	-	-	532 597	-	532 597
Dividends declared	-	-	-	-	(353 452)	(353 452)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>531 564</b>	<b>(353 452)</b>	<b>178 112</b>
<b>Balance at 31 March 2018 - previously stated</b>	500 000	250 000	(44 024)	1 399 862	18 749 894	20 855 732
Adjustments-prior period error G.16	-	-	-	-	948 830	948 830
<b>Balance at 31 March 2018 - restated</b>	<b>500 000</b>	<b>250 000</b>	<b>(44 024)</b>	<b>1 399 862</b>	<b>19 698 724</b>	<b>21 804 562</b>
Adjustment-Accounting policy changes. Note 3	-	-	-	-	(70 307)	(70 307)
<b>Balance at 1 April 2018</b>	<b>500 000</b>	<b>250 000</b>	<b>(44 024)</b>	<b>1 399 862</b>	<b>18 628 417</b>	<b>21 734 255</b>
Profit for the year	-	-	-	-	226 773	226 773
<b>Other comprehensive income:</b>						
Actuarial gains on defined benefit post-retirement medical aid liability, net of tax	-	-	-	3 303	-	3 303
Foreign currency translation differences, net of tax	-	-	-	273 640	-	273 640
Dividends declared	-	-	-	-	(145 681)	(145 681)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>276 943</b>	<b>(145 681)</b>	<b>131 262</b>
<b>Balance at 31 March 2019</b>	<b>500 000</b>	<b>250 000</b>	<b>(44 024)</b>	<b>1 676 805</b>	<b>19 709 509</b>	<b>22 092 290</b>
Note	G.5	G.5	G.10	G.6		

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

### Company

Figures in Rand thousand	Share capital	premium	Other reserves	Retained income	Total equity
<b>Balance at 01 April 2017 - previously stated</b>	500 000	250 000	201 141	18 416 272	19 367 413
Adjustments-prior period error G.16	-	-	-	778 643	778 643
<b>Balance at 01 April 2017 - restated</b>	<b>500 000</b>	<b>250 000</b>	<b>201 141</b>	<b>19 194 915</b>	<b>20 146 056</b>
Profit for the year	-	-	-	1 044 570	1 044 570
Other comprehensive income:					
Actuarial losses on defined benefit post-retirement medical aid liability, net of tax	-	-	(1 033)	-	(1 033)
Dividends declared	-	-	-	(357 718)	(357 718)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(1 033)</b>	<b>(357 718)</b>	<b>(358 751)</b>
<b>Balance at 31 March 2018 - previously stated</b>	500 000	250 000	200 108	19 881 768	20 831 876
Adjustment-prior period error G.16	-	-	-	949 204	949 204
<b>Balance at 31 March 2018 - restated</b>	<b>500 000</b>	<b>250 000</b>	<b>200 108</b>	<b>20 830 972</b>	<b>21 781 080</b>
Adjustment-Accounting policy changes. Note 3	-	-	-	(70 307)	(70 307)
<b>Balance at 1 April 2018</b>	<b>500 000</b>	<b>250 000</b>	<b>200 108</b>	<b>20 760 665</b>	<b>21 710 773</b>
Profit for the year	-	-	-	314 465	314 465
<b>Other comprehensive income:</b>					
Actuarial gain on defined benefit post-retirement medical aid liability, net of tax	-	-	3 303	-	3 303
Cash flow hedge reserve on derivative financial instruments, net of tax	-	-	-	-	-
Dividends declared	-	-	-	(147 439)	(147 439)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>3 303</b>	<b>(147 439)</b>	<b>(144 136)</b>
<b>Balance at 31 March 2019</b>	<b>500 000</b>	<b>250 000</b>	<b>203 411</b>	<b>20 927 691</b>	<b>21 881 102</b>
Note	G.5	G.5	G.6		

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

		Group		Company	
Figures in Rand thousand	Note(s)	Mar 2019	Mar 2018	Mar 2019	Mar 2018
<b>Cash flows from operating activities</b>					
Cash receipts from customers		7 392 793	6 686 512	7 171 265	6 560 123
Cash paid to suppliers and employees		(4 157 737)	(3 450 317)	(3 993 425)	(3 347 708)
Cash generated from operations	D.4	3 235 056	3 236 195	3 177 840	3 212 415
Interest received		131 121	133 544	192 588	208 260
Tax paid	D.5	(431 463)	(484 988)	(431 463)	(485 162)
<b>Net cash inflow from operating activities</b>		<b>2 934 714</b>	<b>2 884 751</b>	<b>2 938 965</b>	<b>2 935 513</b>
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	B.2	(1 012 490)	(850 105)	(1 002 809)	(843 698)
Sale of property and equipment		2 668	20 762	(33 761)	20 475
Purchase of investment property	B.1	(37 923)	(4 144)	(37 923)	(4 144)
Purchase of intangible assets	G.1	(6 407)	(21 091)	(6 327)	(20 926)
Loans to Group companies advanced		-	-	(11 813)	(42 191)
Decrease/(increase) in income funds	G.4	1 056 640	(301 016)	1 056 640	(301 016)
Increase in investments in associates	E.3	-	(358 875)	-	(374 020)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>2 488</b>	<b>(1 514 469)</b>	<b>(35 993)</b>	<b>(1 565 520)</b>
<b>Cash flows from financing activities</b>					
Financial instruments held for trading		(2 103)	(2 289)	(2 103)	(2 289)
Interest-bearing borrowings repaid		(2 296 355)	(552 953)	(2 296 355)	(552 953)
Dividends paid		(115 604)	(353 452)	(115 604)	(353 452)
Interest paid		(773 337)	(808 771)	(773 337)	(808 771)
<b>Net cash outflow from financing activities</b>		<b>(3 187 399)</b>	<b>(1 717 465)</b>	<b>(3 187 399)</b>	<b>(1 717 465)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(250 197)</b>	<b>(347 183)</b>	<b>(284 427)</b>	<b>(347 472)</b>
Cash and cash equivalents at the beginning of the year		1 373 840	1 721 023	1 350 030	1 697 502
<b>Cash and cash equivalents at the end of the year</b>	D.2	<b>1 123 643</b>	<b>1 373 840</b>	<b>1 065 603</b>	<b>1 350 030</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 1.1 Accounting policies

The most significant accounting policies appear in the relevant notes in the consolidated annual financial statements. The remainder of the accounting policies not relating to a specific note are dealt with herewith. All accounting policies are consistent with the previous period, except where new standards were applied in the current year.

#### 1.2 Statement of compliance and basis of preparation

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB), as well as the requirements of the South African Companies Act of 2008 and the Public Finance Management Act No.1 of 1999, as amended.

The financial statements have been prepared on the historical cost basis, except for investment property and certain financial instruments that are carried at fair value.

#### 1.3 Basis of consolidation

The Group controls and consolidates an entity where the Group has power over the entity's relevant activities; is exposed to variable returns from its involvement with the investee; and has the ability to affect the returns through its power over the entity, including structured entities.

Determining whether the Group controls another entity requires judgement by identifying an entity's relevant activities, being those activities that significantly affect the investee's returns, and whether the Group controls those relevant activities by considering the rights attached to both current and potential voting rights, de facto control and other contractual rights, including whether such rights are substantive.

#### 1.4 Estimates and assumptions

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

- Accounting for investment in associate – note E.3
- Fair value of financial instruments – note F.1
- Post-retirement medical aid obligation – note G.3
- Fair value of investment property – note B.1
- Useful lives and residual values of assets – note B.2
- Contingencies - note G.15
- Property and equipment - note B.2
- Current and Deferred Tax – note G.9 and G.2

#### 1.5 Changes in accounting policies and disclosures

The accounting policies are consistent with those adopted in the prior period and the accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except where new standards were applied in the current year.

#### 1.6 Functional and presentation currency

These financial statements are presented in South African Rand, which is the Company's functional currency. All financial information presented in Rand has been rounded to the nearest thousand unless otherwise indicated.

#### 1.7 Comparative figures

Comparative figures are restated in the event of a change in accounting policy, prior period error or reclassification.

### 2. NEW STANDARDS AND INTERPRETATIONS

#### 2.1 Standards and interpretations effective for the first time in the current year

There were a number of new standards and interpretations effective and adopted in the current period; none of these have had a material impact on the Group. The relevant accounting policies have been updated in these financial statements where necessary.

The Group has initially applied IFRS 15 and IFRS 9 from 1 April 2018. A number of other new standards are also effective from 1 April 2018 but they do not have a material effect on the Group's financial statements.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

#### 2.1 Standards and interpretations effective for the first time in the current year (continued)

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for separately presenting impairment loss on trade receivables. The effects of initial application of IFRS 15 and IFRS 9 are set out below.

##### IFRS 9 – Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in other expenses. Consequently, the Group reclassified impairment losses amounting to R143 million, recognised under IAS 39, from 'other expenses' to 'impairment loss on trade receivables and contract assets' in the statement of profit or loss and OCI for the year ended 31 March 2019. Impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Additionally, the Group has adopted consequential amendments to IFRS 7 - Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information.

##### IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time - requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations.

#### 2.2 Standards and interpretations not yet effective

There are a number of new standards and amendments which will only be effective after the 2019 financial year-end and early adoption is permitted. Management has not opted to early adopt any of the standards and interpretations in preparing these consolidated financial statements.

Topic	Key Requirements	Effective Date
IFRS 16 'Leases'	<p>The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 31 March 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.</p> <p>So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of the Corporate and Regional office facilities. As at 31 March 2019, the Group's future minimum lease payments under non-cancellable operating leases amounted to R13.6 million (see note A.4).</p> <p>In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.</p> <p>The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the Company's debt covenants (see note F.2 – Capital risk management).</p>	Annual periods beginning on or after 1 January 2019

IFRIC 23 'Uncertainty over Income Tax Treatments'	<p>The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credit and tax rates, when there is uncertainty over income tax treatments under IAS 12 It specifically considers:</p> <ul style="list-style-type: none"> <li>· Whether tax treatments should be considered collectively</li> <li>· Assumptions for taxation authorities' examinations</li> <li>· The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credit and tax rates</li> <li>· The effect of changes in facts and circumstances</li> </ul> <p>Management of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.</p>	Annual periods beginning on or after 1 January 2019
IFRS 9 Prepayment Features	<p>Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.</p> <p>Management of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.</p>	Annual periods beginning on or after 1 January 2019
IAS 28 Long-term Interests in Associates and Joint Ventures	<p>The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).</p> <p>Management of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.</p>	Annual periods beginning on or after 1 January 2019
IAS 19 Employee Benefits	<p>The amendments in Plan Amendment, Curtailment or Settlement are:</p> <ul style="list-style-type: none"> <li>· If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.</li> <li>· In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.</li> </ul> <p>Management of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.</p>	Annual periods beginning on or after 1 January 2019

## Annual Improvements to IFRS Standards 2017-2019 Cycle

Topic	Key Requirements	Effective Date
IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements'	<p>The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.</p> <p>The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.</p>	Annual periods beginning on or after 1 January 2017
IAS 12 'Income Taxes'	The amendments clarify that all income tax consequences of dividends (i.e. distribution of profit) should be recognised in profit or loss, regardless of how the tax arises.	Annual periods beginning on or after 1 January 2019
IAS 23 "Borrowing Costs"	The amendments clarify that if any specific borrowing remains out-standing after the related assets is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	Annual periods beginning on or after 1 January 2019

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 2.3 Foreign currency

#### 2.3.1 Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to South African Rand at closing rate. The income and expenses of foreign operations are translated at the dates of the transactions using an average rate.

Differences arising upon the translation of the foreign operation into South African Rand are recognised directly in other comprehensive income as part of the foreign currency translation reserve account.

#### 2.3.2 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities that are retranslated at year-end at the closing rate (exchange rate at year-end). Non-monetary assets and liabilities that are measured at historical cost are not retranslated at year-end, while non-monetary assets and liabilities measured at fair value are retranslated at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit and loss. Refer to note F.2. (price risk) for the significant exchange rates that applied throughout the period.

### 2.4 Impairment of non-financial assets

The carrying amounts of property, equipment and intangible assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Assets are grouped together into the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit').

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

## 3. CHANGE IN ACCOUNTING POLICY

### IFRS 9 Financial Instruments

The Group adopted IFRS 9 - Financial Instruments for the first time in the current financial year. Details of the requirements are set out in note 2.1 - Standards and interpretations effective for the first time in the current year

Due to the transition methods chosen by the Group in applying this standard, comparative information throughout these financial statements have not been restated to reflect the requirements of the new standard.

The effect of the transition is detailed below:

### IFRS 9 - Financial Instruments

#### Classification of financial assets and financial liabilities

Under IAS 39, the Group and company classified trade and other receivables, investments, cash and cash equivalents, interest bearing borrowings and trade and other payables as 'loans and receivables' (measured at amortised cost less impairments) and derivative financial instruments at 'fair value through profit and loss' (measured at fair value).

Under IFRS 9, trade and other receivables, investments, cash and cash equivalents, interest bearing borrowings and trade and other payables are classified as at 'amortised cost' (measured at amortised cost less impairments) and derivative financial instruments at 'fair value through profit and loss' (measured at fair value).

Therefore there has been no impact on the measurement of financial instruments as a result of the implementation of IFRS 9.

## Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income (FVOCI), but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements results in an increase in the prior year provision for impairment of R89 million through application of the simplified method in IFRS 9. Additional information about how the Group measures the allowance for impairment is described in note D.1.

The Group has determined that the application of IFRS 9's impairment requirements at 1 April 2018 results in an additional allowance for impairment of trade and other receivables of R89 million, which - net of the related deferred tax impact of R19 million - has been recognised against retained earnings, resulting in a net decrease in retained earnings of R70 million.

Additional information about how the Group measures the allowance for impairment is described in note D.1.

Cash and cash equivalents and income funds are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.

## Hedge accounting

The Group has not elected to adopt the new general hedge accounting model in IFRS 9, and therefore still uses the IAS 39 model. The Group uses interest rate swaps to hedge the cash flows of its variable rate borrowings.

Under IAS 39, for all effective cash flow hedges the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged expected cash flows affected profit or loss. It should be noted, however, that the Group and Company's hedging relationships did not meet the hedge accounting criteria before and after the implementation of IFRS 9 and therefore there has not been any impact on the financial statements of the hedging criteria of IFRS 9.

## IFRS 15 - Revenue from contracts with customers

Due to the transition methods chosen by the Group in applying this standard, comparative information throughout these financial statements have not been restated to reflect the requirements of the new standard. The cumulative impact on retained earnings at 1 April 2018 of initially applying IFRS 15 is nil, but has resulted in a reclassification of recoveries of R152 million to operating expenses. Refer to note A.1 for further information about how revenue is recognised and determining timing of transfer of control.

## 4. SEGMENTAL INFORMATION

The Group's reported segments are based on reports reviewed by the Executive Committee (EXCO) to make strategic decisions. Five reportable segments were identified namely:

- O.R. Tambo International
- Cape Town International
- King Shaka International
- Regional Airports
- Corporate and Other<sup>1</sup>

The Regional Airports segment comprises the smaller airports in South Africa which the Group manages, namely:

- Bram Fischer International Airport
- East London Airport
- Port Elizabeth International Airport
- George Airport
- Kimberley Airport
- Upington International Airport

<sup>1</sup>"Other" comprises the results of the subsidiaries, joint ventures and associates outlined in the directors' report on pages 16 to 17 of these consolidated annual financial statements.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

Management has considered the following factors to identify the reportable segments including the basis of the organisation:

- The size of the airports (international vs domestic)
- The nature of operations (airport operations, property, hotel operations, administration)
- The type of services (airport operations, property, hotel operations, administration)

The results of each reportable segment's operations are provided in the segmental analysis. Management assesses the performance of the operating segments as a measure of earnings before interest, taxation, depreciation and amortisation expense (EBITDA),

The Group calculates EBITDA as follows:

- Profit/ (loss) before tax-
- Add/ Finance costs
- Less Finance income.
- Add Depreciation, amortisation and impairment.
- Add losses from equity accounted investments
- Add/subtract Fair value losses/gains on investment properties.

### Items not allocated to segments

Current and deferred tax liabilities, derivative financial instruments and interest-bearing liabilities have not been allocated to operating segments as these are managed centrally.

Similarly, finance income and costs are not allocated to operating segments as they are driven largely by the Corporate segment, which manages the cash requirements of the Company. Corporate overhead expenses are not allocated to the reportable segments.

	O.R. Tambo International		Cape Town International		King Shaka International	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018
<b>Revenue from external customers</b>						
- Aeronautical	2 343 287	2 219 549	876 419	819 771	366 813	333 388
- Non-aeronautical	1 986 099	1 972 167	681 795	685 692	282 691	284 329
<b>Total revenue</b>	<b>4 329 386</b>	<b>4 191 716</b>	<b>1 558 214</b>	<b>1 505 463</b>	<b>649 504</b>	<b>617 717</b>
<b>EBITDA</b>	3 030 072	2 987 216	932 803	949 845	183 763	212 996
- Fair value gains/ (losses) on investment properties	(53 996)	263 573	(278 217)	249 146	110 360	1 969
Depreciation, amortisation and impairments	(662 587)	(465 231)	(231 535)	(558 474)	(285 868)	(269 191)
- Losses from equity accounted investments	-	-	-	-	-	-
Segment profit/(loss) before tax	2 329 930	2 800 740	430 876	648 218	10 025	(52 949)
<b>Reportable total assets*</b>	40 331 337	44 317 141	10 302 596	14 548 238	3 937 626	8 676 221
<b>Reportable total liabilities</b>	(272 393)	265 358	(144 608)	186 241	(105 720)	92 806

\*Negative balances occur mainly as a result of a bank sweeping account, from which the airports bank balances transfer each business day. No revenue has been derived from transactions with other operating segments within the Company.

### Major customer

Included in revenue is an amount of R857 million from one significant customer (2018: R1 billion). There are no other customers who represent more than 10% of revenue for both 2019 and 2018.

Regional Airports		Corporate and Other		Elimination		Total	
Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018
222 572	211 158	-	-	-	-	3 809 091	3 583 866
182 518	175 995	246 416	116 052	(63 062)	(64 807)	3 316 456	3 169 428
<b>405 090</b>	<b>387 153</b>	<b>246 416</b>	<b>116 052</b>	<b>(63 062)</b>	<b>(64 807)</b>	<b>7 125 547</b>	<b>6 753 294</b>
89 658	118 727	(1 370 023)	(1 261 315)	(1 758)	(3 991)	2 864 514	3 003 478
21 614	39 485	18 555	22 400	47 462	(39 326)	(134 222)	537 247
(191 454)	(197 784)	(50 759)	243 203	-	-	(1 422 202)	(1 247 477)
-	-	(97 782)	(476 499)	-	-	(97 782)	(476 499)
(78 229)	(37 914)	(2 123 884)	(2 013 389)	45 802	(43 276)	614 519	1 220 885
2 563 931	5 162 531	(25 320 053)	(39 161 399)	(607 966)	(652 260)	31 207 470	32 890 472
(39 185)	52 357	(623 854)	523 934	21 157	(19 061)	(1 164 605)	1 101 635

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### A. MANAGING EBITDA

#### A.1 Revenue

##### Accounting policy

The Group and Company earn revenue from aeronautical and non-aeronautical goods and services:

##### Aeronautical revenue

Aeronautical revenue relates to the following services and is recognised in accordance with IFRS 15:

Type of Revenue	Determination
Landing fees	Using regulated tariffs for aircraft landings based on maximum take-off weight for each landing by an airline.
Passenger service charges	Using regulated tariffs for each departing passenger at an airport of departure.
Aircraft parking	On regulated tariffs for each aircraft parked by an airline for more than four hours, based on the maximum take-off weight per 24-hour period.

The Company accounts for contracts with customers for each revenue stream when all the following criteria have been met:

- the contract has been approved by the parties to the contract - the contracts are implied based on aviation business practises;
- each party's rights in relation to the goods or services to be transferred can be identified - the Company has the right to restrict access to the facilities it provides to customers should they not pay as stipulated by agreed terms for the services it provides;
- the payment terms for the goods or services to be transferred can be identified (see below);
- the contract has commercial substance - the contracts affect the Company's cashflows and risk as transactions are entered into to earn a profit;
- and it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected - the Company considers the customer's ability and intention to pay the amount of consideration based on prior business dealings with the customer .

The Company satisfies its performance obligations in relation to its revenue streams at a point in time, as follows:

- Landing Fees - upon landing of an aircraft at the Company's airports
- Passenger service fees - upon departure by a passenger from the Company's airports
- Aircraft parking - upon parking by an aircraft at the Company's airports

##### Payment terms

Revenue is due within 30 days of satisfaction of a performance obligation

There are no warranties, returns and any related obligations in relation to the Company's revenue streams. Revenue is measured at the transaction price allocated to that performance obligation.

##### Non-aeronautical revenue

Non-aeronautical revenue relates to lease income and other revenue.

Revenue from leasing activities is recognised in accordance with IAS 17 on a straight line basis over the lease term. Other revenue is recognised in accordance with IFRS 15 as detailed above.

Type of Revenue	Determination	Examples
Advertising	Based on the higher of a minimum guaranteed rental and/or a percentage of turnover.	Rental of advertising space to concessionaires.
Retail	Based on the higher of a minimum guaranteed rental and/or a percentage of turnover.	Rental of retail space to concessionaires.
Parking	Based on time-based tariffs.	Providing short and long-term parking facilities.
Car hire	Rental is based on the higher of a minimum guaranteed rental and/or a percentage of turnover.	Concession fees and the rental of space and kiosks to car hire companies.
Property rental	Based on medium and long-term rental agreements with tenants.	Rentals of office space, air lounges, aviation fuel depots, warehousing, logistics facilities, hotels and filling stations.
Other	Recognised based on type of permit as well as the access that the permit grants or services provided	Permits and airport management services e.g. Vehicle access, cellphone permit, fire arm access, camera access, consulting services, groundhandling services, etc.

	Group		Company	
Figures in Rand thousand	Mar 2019	Mar 2018	Mar 2019	Mar 2018
<b>Revenue from contracts with customers</b>				
<b>Aeronautical</b>				
Landing fees	1 323 549	1 254 558	1 323 549	1 254 558
Passenger service charges	2 432 338	2 282 560	2 432 338	2 282 560
Aircraft parking	53 206	46 748	53 206	46 748
	<b>3 809 093</b>	<b>3 583 866</b>	<b>3 809 093</b>	<b>3 583 866</b>
<b>Non-aeronautical</b>				
Hotel operations	155 504	150 075	-	-
Other <sup>1</sup>	96 530	95 937	80 928	81 649
	<b>252 034</b>	<b>246 012</b>	<b>80 928</b>	<b>81 649</b>
Total revenue from contracts with customers	4 061 127	3 829 878	3 890 021	3 665 515
<b>Other revenue</b>				
<b>Non-aeronautical</b>				
Advertising	181 972	189 759	181 972	189 759
Retail	1 178 999	1 185 357	1 178 574	1 184 961
Parking	593 401	551 836	593 401	551 836
Car hire	354 060	306 141	354 060	306 141
Property rental	755 988	690 323	763 826	696 060
Total other revenue	3 064 420	2 923 416	3 071 833	2 928 757
<b>Total Revenue</b>	<b>7 125 547</b>	<b>6 753 294</b>	<b>6 961 854</b>	<b>6 594 272</b>
Aeronautical	3 809 093	3 583 866	3 809 093	3 583 866
Non-Aeronautical	3 316 454	3 169 428	3 152 761	3 010 406
	<b>7 125 547</b>	<b>6 753 294</b>	<b>6 961 854</b>	<b>6 594 272</b>

<sup>1</sup> Other includes permits and airports management services.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### A.1 Revenue (continued)

#### Impact of initial application of IFRS 15

The Company has elected to apply IFRS 15 retrospectively with the cumulative effect recognised at 1 April 2018 in retained earnings. The Company has not elected to early adopt IFRS 16.

All contracts from customers were completed in the prior year and as at the date of initial application of IFRS 15 there were no uncompleted contracts. Therefore the cumulative effect of initially applying IFRS 15 is zero.

There has, however, been a reclassification of recoveries from revenue to operating expenses due to the initial application of IFRS 15, as follows:

Figures in Rand thousand	March 2018			
	Group	Company	Group	Company
	Revenue		Operating expense	
<b>Restated amount</b>	<b>6 753 294</b>	<b>6 594 272</b>	<b>2 286 222</b>	<b>2 201 596</b>
Previously reported	6 906 047	6 738 070	2 438 975	2 345 394
Reclassification of recoveries to operating expenses	(152 753)	(143 798)	(152 753)	(143 798)

At the reporting date, the Group had contracts with tenants for the following future minimum cash lease payments in respect of advertising, retail and property leases:

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
<b>Contractual future cash lease payments (unrecognised)</b>	<b>8 137 431</b>	<b>7 521 527</b>	<b>7 510 541</b>	<b>7 032 867</b>
Within one year	1 230 190	1 171 610	1 115 292	1 062 182
Between one to two years	1 291 700	1 171 610	1 241 320	1 062 182
Between two to five years	2 889 823	2 752 212	2 477 807	2 359 816
After five years	2 725 718	2 426 095	2 676 122	2 548 687
<b>Contingent Rents recognised as income in the period</b>				
Variable rental Consideration	109 007	359 073	109 007	359 073

### A.2 Other income

Other income is any income that accrued to the Group from activities that are not part of the normal operations and is recognised as earned.

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Foreign currency gains	15 764	-	-	-
Other <sup>3</sup>	1 950	11 177	1 879	11 126
	<b>17 714</b>	<b>11 177</b>	<b>1 879</b>	<b>11 126</b>

<sup>3</sup> Other includes training income and rates refunds.

### A.3 Employee costs

#### Accounting policy

Employee costs are recognised as an operating expense in the period during which services are rendered by the employees.

Type of benefit	Policy
Defined contribution plans	Obligations for contributions to defined contribution pension plans and medical aid schemes are recognised as an employee benefit expense in profit and loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.
Defined benefit plans	<p>The Group operates a number of defined benefit retirement and medical aid plans. Employer companies contribute to the cost of benefits taking account of the recommendations of the actuaries.</p> <p>Net interest income/ (expense) is determined on the defined benefit asset/(liability) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset/(liability).</p> <p>Other expenses related to the defined benefit plans are also recognised in operating expenses. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in employee costs. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. Past service cost is recognised as an expense at the earlier of plan amendment curtailment, and recognition of related restructuring or termination benefits.</p>
Short-term benefits	<p>Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.</p> <p>A liability is recognised for the amount expected to be paid under short-term cash bonus or incentive scheme plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.</p>

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Basic	1 297 265	1 106 551	1 268 380	1 079 892
Performance bonus	139 454	116 078	139 454	116 078
Medical aid - Company Contributions	87 251	79 134	85 954	77 940
Pension benefits	112 804	100 077	110 789	98 176
	<b>1 636 774</b>	<b>1 401 840</b>	<b>1 604 577</b>	<b>1 372 086</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### A.4 Operating expenses

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Repairs and maintenance	430 933	377 226	426 825	373 014
Security	453 704	295 163	451 991	292 037
Electricity and water	178 662	172 810	175 987	171 887
Auditors remuneration	18 638	16 900	18 041	16 006
Operating lease expense*	35 412	40 200	35 136	39 916
Information systems expenses	253 706	294 717	253 706	292 829
Rates and taxes	336 264	309 086	323 469	297 433
Cleaning	162 480	141 626	160 975	140 275
Marketing	109 433	74 803	105 136	71 468
Managerial, technical and other fees	111 476	149 558	106 022	146 373
Travel - local	58 263	35 438	57 783	34 947
Travel - overseas	11 017	6 477	10 792	6 452
Insurance	39 565	20 820	39 385	20 668
Administration	99 219	129 047	71 886	103 967
Training	44 044	17 830	43 707	17 358
Consumables	30 394	24 293	29 982	23 649
Socio-economic and enterprise development	-	24	-	24
Telephone and fax	12 919	17 716	12 854	17 629
Recruitment expenses	16 621	18 139	16 621	18 139
Legal expenses	40 490	51 903	40 490	51 903
Other expenses	75 495	61 240	57 296	43 816
Bank charges	11 824	9 776	11 677	9 554
Service standards monitoring	18 020	10 457	18 020	10 457
Membership fees	5 244	16 783	5 244	16 783
Loss on sale of assets	33 855	7 592	33 761	7 303
Foreign currency losses	-	9 033	-	-
	<b>2 587 678</b>	<b>2 308 657</b>	<b>2 506 786</b>	<b>2 223 887</b>

#### \*Accounting policy

Operating lease payments are recognized 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 liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

The Company leases properties for its Corporate and Regional head offices.

At the reporting date, the Group has outstanding commitments under non-cancellable operating leases for future minimum lease payments. The commitments comprise a number of separate operating leases in relation to properties, none of which is individually significant to the Group or Company.

At the reporting date, the Group has contracted with tenants for the following future minimum cash lease payments in respect of advertising, retail and property leases:

Figures in Rand thousand	Group and Company	
	Mar 2019	Mar 2018
<b>Contractual future cash lease payments (unrecognised)</b>	<b>69 164</b>	<b>13 588</b>
Within one year	34 844	11 551
One to two years	21 922	1 982
Two to five years	12 398	55

**B. ASSETS****B.1 Investment property****Accounting policy**

Investment property comprises a number of commercial properties that are leased to third parties. Investment property is carried at fair value, determined annually using discounted cash flow projections performed by an accredited independent valuer. Changes in fair values are recorded in profit or loss.

**Significant judgement, estimate and source of estimation uncertainty**

Fair values are determined using the income capitalisation technique, which uses transactions observable in the market at the reporting date. The Group and Company use their judgement to select a variety of methods and makes assumptions relating to market yields, escalation rates and key valuation inputs that are mainly based on market conditions existing at each reporting date.

Refer to Note G.16 for details of the restatement

**Reconciliation of Investment property****Group**

Figures in Rand thousand	Mar 2019	Mar 2018	Mar 2017
<b>Restated balance at beginning of year</b>	7 120 025	6 583 947	5 960 288
Balance at beginning of year previously reported	-	6 603 637	4 963 908
Restatement	-	(19 690)	996 380
Improvements/additions	37 923	4 144	70 427
Write-offs	(617)	(531)	(4 125)
Change in fair value			
<b>Recognised in profit for the year</b>	<b>(134 222)</b>	<b>537 247</b>	<b>543 777</b>
-Originally stated	-	-	483 286
-Prior period error	-	(4 782)	60 491
Reclassification from property and equipment	-	-	13 580
<b>Balance at end of year</b>	<b>7 023 109</b>	<b>7 120 025</b>	<b>6 583 947</b>

**Company**

Figures in Rand thousand	Mar 2019	Mar 2018	Mar 2017
<b>Restated balance at beginning of year</b>	<b>6 793 962</b>	<b>6 240 958</b>	<b>5 597 819</b>
Balance at beginning of year previously reported	-	6 260 647	4 601 439
Restatement	-	(19 690)	996 380
Improvements/additions	37 923	4 144	70 427
Write-offs	(617)	(531)	(4 125)
Change in fair value			
<b>Recognised in profit for the year</b>	<b>(200 239)</b>	<b>554 173</b>	<b>563 257</b>
-Originally stated	-	-	502 765
-Prior period error	-	(4 782)	60 492
Reclassification from property and equipment	-	-	13 580
<b>Balance at end of year</b>	<b>6 631 029</b>	<b>6 793 962</b>	<b>6 240 958</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### B.1 Investment property (continued)

The amount of rental income from investment properties recognised in profit for the period was as follows:

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
<b>Rental payments received</b>	<b>755 988</b>	<b>690 323</b>	<b>763 826</b>	<b>696 060</b>
Included in Revenue (note A.1)	755 988	690 323	763 826	696 060

Operating expenses directly incurred in relation to investment properties amounted to R8 million (2018: R8 million) in the current financial year.

#### Fair Values

The following main inputs have been used in determining the fair values of investment properties:

Figures in Rand thousand	Group and Company	
	Mar 2019	Mar 2018
Market yield of comparable properties (%)	8.5-12	8-10
Average escalation of lease rentals (%)	7-8	7-9
Average duration of lease (years)	3-5	3-5

#### Fair value hierarchy

The fair values of these investment properties are determined using valuation techniques which uses inputs that are directly or indirectly observable. They are therefore classified as Level 2 on the fair value hierarchy.

### B.2 Property and equipment

#### Accounting policy

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Gains and losses on disposal are recognised within profit or loss. The costs of day-to-day maintenance are recognised in profit and loss. Depreciation is recognised on a straight-line basis to reduce the assets to their residual values over their estimated useful lives. Land is not depreciated.

A summary of the estimated useful lives of different asset groups is as follows:

Category	Useful Lives
Office Furniture and Fittings	1 - 25 years
Computer Equipment	3 - 25 years
Equipment	1 - 50 years
Motor Vehicles	1 - 30 years
Pavements	7 - 60 years
Buildings	2 - 50 years

### Impairment

The carrying amounts of property and equipment, and intangible assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to determine recoverable amounts for individual assets, assets are grouped together into the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit').

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

### Derecognition

The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognised. The gain or loss arising is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Refer to Note G.16 for further details on restatements.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### B.2 Property and equipment (continued) Group

Figures in Rand thousand	Cost	Mar 2019 Accumulated depreciation	Carrying value	Cost
Land	826 747	-	826 747	826 065
Buildings	12 878 714	(4 367 229)	8 511 485	12 789 659
Equipment	5 501 872	(2 960 141)	2 541 731	5 437 232
Motor vehicles	497 096	(255 292)	241 804	494 149
Pavements	8 535 306	(3 865 120)	4 670 186	8 556 645
Work in progress	1 716 339	-	1 716 339	1 247 098
Office furniture and fittings	144 994	(83 112)	61 882	136 455
Computer equipment	716 787	(294 474)	422 313	492 504
<b>Total</b>	<b>30 817 855</b>	<b>(11 825 368)</b>	<b>18 992 487</b>	<b>29 979 807</b>

### Company

Figures in Rand thousand	Cost	Mar 2019 Accumulated depreciation	Carrying value	Cost
Land	826 747	-	826 747	826 065
Buildings	12 847 000	(4 357 211)	8 489 789	12 764 436
Equipment	5 488 326	(2 956 077)	2 532 249	5 424 256
Motor vehicles	497 096	(255 292)	241 804	494 149
Pavements	8 535 306	(3 865 120)	4 670 186	8 556 645
Work in progress	1 716 188	-	1 716 188	1 246 947
Office furniture and fittings	112 355	(68 928)	43 427	103 534
Computer equipment	714 986	(294 474)	420 512	490 731
<b>Total</b>	<b>30 738 004</b>	<b>(11 797 102)</b>	<b>18 940 902</b>	<b>29 906 763</b>

Mar 2018 Accumulated depreciation	Carrying value	Cost	Mar 2017 Accumulated depreciation	Carrying value
-	826 065	825 879	-	825 879
(3 985 053)	8 804 606	12 661 381	(3 941 235)	8 720 146
(2 586 185)	2 851 047	5 442 491	(2 146 425)	3 296 066
(214 395)	279 754	424 724	(188 659)	236 065
(3 496 304)	5 060 341	8 323 203	(3 368 501)	4 954 702
-	1 247 098	1 187 295	-	1 187 295
(69 104)	67 351	95 361	(45 552)	49 809
(227 739)	264 765	416 589	(143 129)	273 460
<b>(10 578 780)</b>	<b>19 401 027</b>	<b>29 376 923</b>	<b>(9 833 501)</b>	<b>19 543 422</b>

Mar 2018 Accumulated depreciation	Carrying value	Cost	Mar 2017 Accumulated depreciation	Carrying value
-	826 065	825 879	-	825 879
(3 975 659)	8 788 777	12 644 584	(3 936 766)	8 707 818
(2 582 839)	2 841 417	5 394 374	(2 133 008)	3 261 366
(214 395)	279 754	424 724	(188 659)	236 065
(3 496 304)	5 060 341	8 323 203	(3 368 501)	4 954 702
-	1 246 947	1 187 144	-	1 187 144
(56 335)	47 199	93 099	(43 472)	49 627
(227 739)	262 992	416 589	(143 129)	273 460
<b>(10 553 271)</b>	<b>19 353 492</b>	<b>29 309 596</b>	<b>(9 813 535)</b>	<b>19 496 061</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### B.2 Property and equipment (continued) Group

Figures in Rand thousand	Land	Buildings	Equipment
<b>Opening balance at 1 April 2017 - Restated</b>	825 879	8 720 146	3 619 336
Opening balance - previously reported	825 879	7 921 813	3 619 336
Restatement	-	798 333	-
Split of equipment class	-	-	(346 438)
Additions	-	5 254	161
Disposal	-	(2 498)	(8 841)
Transfers	709	88 909	102 900
Transfers to other assets classes	-	-	-
Depreciation	-	(329 729)	(356 339)
<b>Opening balance at 1 April 2018 - Restated</b>	826 065	8 804 606	2 851 047
Opening balance at 1 April 2018 - previously reported	826 588	8 482 081	3 010 779
Restatement	(523)	322 525	(159 733)
Additions	-	54 971	38 273
Disposals	-	(7 187)	(3 404)
Transfers	682	59 317	37 874
Depreciation	-	(400 060)	(382 050)
Impairment	-	(163)	(10)
<b>Closing balance at 31 March 2019</b>	<b>826 747</b>	<b>8 511 485</b>	<b>2 541 731</b>

Office furniture and fitting	Motor vehicles	Computer equipment	Pavements	Work in progress	Total
-	236 065	-	4 954 702	1 187 285	19 543 422
-	236 065	-	4 954 702	1 187 285	18 745 090
-	-	-	-	-	798 333
72 783	-	273 460	-	-	-
520	-	2 526	-	841 644	850 105
(398)	(2 978)	(764)	(731)	(12 144)	(28 354)
11 229	76 408	46 794	238 736	(565 405)	280
-	-	-	-	(25 074)	(25 074)
(15 894)	(36 100)	(65 781)	(376 884)	-	(1 180 727)
67 351	279 754	264 765	5 060 341	1 247 098	19 401 027
68 240	273 395	256 430	4 815 824	1 426 315	19 159 652
(889)	6 359	8 336	244 517	(179 217)	238 374
13 410	420	936	3 718	900 762	1 012 490
(1 896)	(211)	(4 663)	(19 163)	-	(36 524)
5 193	2 918	240 718	78 002	(431 521)	(6 817)
(22 177)	(41 077)	(79 444)	(452 713)	-	(1 377 521)
-	-	-	-	-	(173)
<b>61 882</b>	<b>241 804</b>	<b>422 313</b>	<b>4 670 186</b>	<b>1 716 339</b>	<b>18 992 487</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### B.2 Property and equipment (continued) Company

Figures in Rand thousand	Land	Buildings	Equipment
<b>Opening balance at 1 April 2017 - Restated</b>	825 879	8 707 818	3 584 454
Opening balance - previously reported	825 879	7 909 485	3 584 454
Restatement	-	798 333	-
Split of equipment class	-	-	(321 407)
Additions	-	-	-
Disposals	-	(1 653)	(9 267)
Transfers	709	88 910	102 900
Transfers to other asset classes	-	-	-
Depreciation	-	(328 822)	(355 530)
<b>Opening balance at 1 April 2018</b>	826 065	8 788 777	2 841 417
Opening balance - previously reported	826 588	8 466 252	3 001 150
Restatement	(523)	322 525	(159 733)
Additions	-	48 020	37 825
Disposals	-	(7 187)	(3 404)
Transfers	682	59 317	37 874
Depreciation	-	(398 975)	(381 453)
Impairment	-	(163)	(10)
<b>Closing balance at 31 March 2019</b>	<b>826 747</b>	<b>8 489 789</b>	<b>2532249</b>

#### Split of Work in Progress

Buildings  
Equipment  
Furniture & Fittings  
IT Equipment  
Motor Vehicles  
Pavements

Office furniture and fitting	Motor vehicles	Computer equipment	Pavements	Work in progress	Total
-	236 065	-	4 954 702	1 187 144	<b>19 496 061</b>
-	236 065	-	4 954 702	1 187 144	<b>18 697 729</b>
-	-	-	-	-	<b>798 333</b>
50 001	-	271 406	-	-	-
-	-	2 054	-	841 644	<b>843 698</b>
(398)	(2 978)	(607)	(731)	(12 144)	<b>(27 778)</b>
10 948	76 408	46 794	238 736	(565 405)	-
-	-	-	-	(25 074)	<b>(25 074)</b>
(12 463)	(36 100)	(64 991)	(376 883)	-	<b>(1 174 789)</b>
47 199	279 754	262 992	5 060 341	1 246 947	<b>19 353 492</b>
48 088	273 395	254 656	4 815 824	1 426 164	<b>19 115 117</b>
(889)	6 359	8 336	244 517	(179 217)	<b>238 374</b>
11 816	420	248	3 718	900 762	<b>1 002 809</b>
(1 896)	(211)	(4 663)	(19 163)	-	<b>(36 524)</b>
5 193	2 918	240 718	78 002	(431 521)	<b>(6 817)</b>
(18 885)	(41 077)	(78 783)	(452 713)	-	<b>(1 371 886)</b>
-	-	-	-	-	<b>(173)</b>
<b>43 427</b>	<b>241 804</b>	<b>420 512</b>	<b>4 670 186</b>	<b>1 716 188</b>	<b>18 940 902</b>
			<b>2019</b>	<b>2018</b>	<b>2017</b>
			530 677	385 578	367 086
			242 009	175 839	167 406
			1 765	1 282	1 221
			422 433	306 932	292 211
			46 105	33 499	31 892
			473 199	343 817	327 328
			<b>1 716 188</b>	<b>1 246 947</b>	<b>1 187 144</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### B.3. Non-current assets held for sale

On 22 January 2019, the Group received an offer of INR9.25 billion (approximately R1.75 billion) for the acquisition of its 10.0% stake in MIAL from Adani Properties Private Limited.

The Group accepted the offer and has complied with all the provisions of the shareholders agreement.

The stake in MIAL was previously treated as an investment in associate and equity accounted in terms of IAS 28. In the current financial year, it has been classified as a non-current asset held for sale due to the circumstances described above, and has been accounted for in terms of IFRS 5.

#### Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The following amounts have been recognised in the financial statements in the current year in relation to this investment:

#### Assets and liabilities

For a detailed description of the assets, liabilities, income and expenses of the asset held for sale, refer to note E.3 - Investments in associates.

Figures in Rand thousand	Group and Company	
	Mar 2019	Mar 2018
<b>Non-current assets held for sale</b>		
Assets held for sale	785 570	-
Equity accounted profit	18 876	-
Amounts recognised in other reserves - translation gains	96 113	-
	<b>114 989</b>	<b>-</b>

## C. DEBT AND CASH MANAGEMENT

### C1. Interest-bearing borrowings

Please refer to note F for the accounting policy.

#### Group

Figures in Rand thousand	Mar 2019		Mar 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Unsecured</b>				
Long-term bonds	4 735 855	4 523 121	6 662 955	7 100 538
Infrastructure finance	89 674	94 960	108 875	107 235
Southern Sun Hotel Interests (Pty) Ltd	1 500	1 500	1 500	1 500
L'Agence Francaise de Developpement (AFD)	425 650	449 859	510 612	548 449
L'Agence Francaise de Developpement (AFD1)	1 362 497	1 444 327	1 556 818	1 716 818
	<b>6 615 176</b>	<b>6 513 767</b>	<b>8 840 760</b>	<b>9 474 540</b>

**C.1 Interest-bearing borrowings (continued)****Company**

Figures in Rand thousand	Mar 2019		Mar 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Unsecured</b>				
Long-term bonds	4 735 855	4 523 121	6 662 955	7 100 538
Infrastructure finance	89 674	94 960	108 875	107 235
L'Agence Francaise de Developpement (AFD)	425 650	449 859	510 613	548 449
L'Agence Francaise de Developpement (AFD1)	1 362 498	1 444 327	1 556 818	1 716 818
	<b>6 613 677</b>	<b>6 512 267</b>	<b>8 839 261</b>	<b>9 473 040</b>

**Group**

Carrying values in Rand thousand		Interest rate	Maturity date	Mar 2019 Carrying Value	Mar 2018 Carrying Value
<b>Long-term bonds</b>	<b>Nominal amount</b>				
AIR01	R 0	8,63%	Mar-19	-	2 005 115
AIR02	R 1,712 billion	11,68%	Apr-23	1 818 239	1 821 401
AIRL01	R 851 million	Inflation + 3,64%	Apr-28	1 592 003	1 510 825
AIR04U	R 500 million	11,59%	Oct-29	524 836	524 836
AIR04	R 544 million	9,25%	May-24	560 959	560 959
AIR05	R 232 million	10,00%	May-30	239 819	239 819
				<b>4 735 856</b>	<b>6 662 955</b>
<b>Long-term loans</b>					
Southern Sun Hotel Interests (Pty) Ltd	R 1,5 million	2%	NA	1 500	1 500
L'Agence Francaise de Developpement (AFD)	R 985,49 million	10,35%	Nov-23	425 650	510 612
L'Agence Francaise de Developpement (AFD1)	R 1,95 billion	10,55%	Jan-26	1 362 497	1 556 818
Infrastructure Finance Corporation Limited (INCA)	R 250 million	Jibar-linked	Nov-23	89 674	108 875
				<b>1 879 321</b>	<b>2 177 805</b>
				<b>6 615 177</b>	<b>8 840 760</b>

The table below analyses the Group's interest-bearing borrowings in terms of their maturities.

Figures in Rand thousand	Carrying amount	Contractual cash flows	6 months or fewer	Between 6 – 12 months	Between 1 – 2 years	Between 2 – 5 years	More than 5 years
<b>2019</b>	6 615 176	10 447 462	429 814	423 343	825 668	3 925 717	4 842 920
<b>2018</b>	8 840 760	9 414 624	529 168	2 520 928	854 253	2 360 531	3 149 744

The cash to meet these maturities will be obtained from operating activities and reserves.

Repayments of R2,3 billion (2018: R553 million) were made in the current financial year and R71 million (2018: R62 million) was the non-cash adjustment which arose due to the effects of amortisation.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### C.1 Interest-bearing borrowings (continued)

List of the persons (natural and incorporated) who hold beneficial interests equal to or in excess of 5% of the total number of listed securities of that class issued by the Group as at the 31st of March 2019:

#### Bond: AIRL01

Bond Holder	Holding %
MMI GROUP LIMITED	36 %
SBSA ITF PRUD INFL PLUS FND	11 %
STANDARD CHARTERED BANK AS TRUSTE	11 %
OLD MUTUAL LIFE ASSURANCE CO SA LTD	6 %
	- %
STANLIB INFLATION LINKED	- %
OLD MUTUAL LIFE ASSURANCE CO SA LTD	- %
	- %
	- %
	- %

#### Bond: AIR02

Bond Holder	Holding %
INVESTEC CORPORATE BOND FUND	6 %
NEDCOR CAPITAL TREASURY	15 %
OLD MUTUAL LIFE ASSURANCE CO SA LTD	15 %
GEPF BONDS	9 %
NEDCOR BANK NOMINEES (RF) (PTY) LTD	19 %
SBSA ITF PRUDENTIAL CORPORATE BOND	6 %
METAL INDUSTRIES PROVIDENT FUND IN H	6 %
ABCAP ILM IBANK COLLATERAL GIVER	6 %
STANDARD BANK OF SOUTH AFRICA CAPIT	6 %
FRB ITF ALLAN GRAY STABLE FUND	6 %

#### Bond: AIR04

Bond Holder	Holding %
GEPF BONDS	22 %
SBSA ITF OLD MUTUAL MULTI-MANAGERS I	13 %
INVESTEC ASSET MANAGEMENT	11 %
PIC UIF	9 %
AIPF-NT(STD007)	6 %
FRB ITF ALLAN GRAY BALANCED FUND	6 %

#### Bond: AIR02

Bond Holder	Holding %
SBSA ITF PRUDENTIAL CORPORATE BOND	21 %
ALEXANDER FORBES INVESTMENTS LTD F	9 %
ALLAN GRAY BALANCED FUND	9 %
RAND MUTUAL ASSURANCE COMPANY	5 %
LIMIT ED - OMIG	

### C.2 Finance income and expense

#### Accounting policy

Finance income comprises of interest income on funds invested and charged on overdue debtors, is recognised using the effective interest method in profit and loss.

Finance expenses comprise interest expense on borrowings and are recognised using the effective interest method in profit and loss.

Finance income and expenses are recognised as an expense in the period in which they are incurred.

	Group		Company	
Figures in Rand thousand	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Interest received on cash and cash equivalents	125 114	124 403	184 570	182 333
Interest charged on overdue debtors	22 793	25 927	22 793	25 927
<b>Finance income</b>	<b>147 907</b>	<b>150 330</b>	<b>207 363</b>	<b>208 260</b>
<b>Finance costs</b>	(879 206)	(873 117)	(879 212)	(872 912)
<b>Gains on re-measurement and disposal of trading financial instruments</b>	135 510	133 780	135 510	133 780
<b>Total finance expense</b>	(743 696)	(739 337)	(743 702)	(739 132)
<b>Net finance expense</b>	<b>(595 789)</b>	<b>(589 007)</b>	<b>(536 339)</b>	<b>(530 872)</b>

### C.3 Derivative financial instruments and hedging information

#### Accounting policy

##### Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

The following information relates to derivative financial instruments included in the consolidated annual financial statements:

Group and Company		Mar 2019		Mar 2018	
Figures in Rand thousand		Assets	Liabilities	Assets	Liabilities
Interest rate swaps - cash flow hedges		-	3 752	-	6 014
Current		-	1 711	-	2 384
Non-current		-	2 041	-	3 630
		-	3 752	-	6 014

##### Interest rate swaps - cash flow hedge

The notional principal amounts of the outstanding derivative contracts were as follows (figures in Rand thousand):

The notional principal amounts of the outstanding derivative contracts were as follows (figures in Rand thousand):

			Notional amount		Fair value	
Interest rate swaps	Receive	Pay	Mar 2019	Mar 2018	Mar 2019	Mar 2018
30 November 2023	3month JIBAR + 1.90%	10,98 %	250 000	250 000	3 752	(6 014)
Total derivatives					3 752	(6 014)

The table below analyses the Group and Company's derivative financial instruments in terms of their maturities. The amounts disclosed are the contractual undiscounted cash flows:

Figures in Rand thousand	Carrying amount	Contractual cash flows	6 months or fewer	Between 6 – 12 months	Between 1 – 2 years	Between 2 – 5 years	More than 5 years
Mar 2019	3 752	3 752	852	859	1 013	1 028	-
Mar 2018	6 014	6 014	1 128	1 256	1 592	1 979	59

Repayments of R2,1(2018: 2,3) million were made in the current financial year and R1,4(2018: R1) million was the non-cash adjustment which arose due to the fair value adjustments in the current financial year.

The derivative financial instruments are allocated as follows:

Figures in Rand thousand	Mar 2019	Mar 2018
Current	1 711	2 384
Non-current	2 041	3 630
	3 752	6 014

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### D. MANAGING WORKING CAPITAL

#### D.1 Trade and other receivables

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Trade receivables	921 094	1 070 060	854 808	1 008 101
Impairment of trade receivables	(283 676)	(253 527)	(233 741)	(253 527)
Loan to joint venture/associate	51 617	62 503	51 617	62 503
Loans and receivables	689 035	968 034	672 684	908 975
Prepayment	22 918	21 056	22 840	20 903
Insurance receivable*	108 724	103 144	108 724	103 144
Lease receivables	71 630	38 546	71 630	38 546
Other receivables	24 415	35 471	23 321	35 164
	<b>916 722</b>	<b>1 077 253</b>	<b>899 199</b>	<b>1 017 734</b>

\* Includes a contingency policy underwritten by Guardrisk. The amount receivable represents the balance of the special experience account. The special experience account is payable on demand.

The average credit period is 31 days (2018: 31 days). Trade receivables are carried at cost which normally approximates their fair value due to the short-term maturity thereof. An adjustment for impairment of receivables has been made for estimated irrecoverable amounts.

Loans to joint ventures and associates bear no interest and have no fixed repayment terms.

The maximum exposure to credit risk for trade receivables at the reporting date before the impairment provision, guarantees and deposits held by type of customer was:

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Aeronautical	558 216	666 653	558 216	666 653
Commercial	218 488	327 053	218 488	327 053
Other	164 171	87 272	97 885	44 947
	<b>940 875</b>	<b>1 080 978</b>	<b>874 589</b>	<b>1 038 653</b>

Figures in Rand thousand	Group		Company	
	Trade and other receivables	Allowance for impairment	Trade and other receivables	Allowance for impairment
<b>Mar 2019</b>				
Not past due	599 599	-	533 313	-
Past due 0 -30 days	70 669	(13 069)	70 669	-
Past due 31 -60 days	45 344	(45 344)	45 344	(8 478)
Past due 61 days and above	225 263	(225 263)	225 263	(225 263)
<b>Total trade and other receivables</b>	<b>940 875</b>	<b>(283 676)</b>	<b>874 589</b>	<b>(233 741)</b>
<b>Mar 2018</b>				
Not past due	699 476	-	657 151	-
Past due 0 -30 days	47 327	-	47 327	-
Past due 31 -60 days	158 354	(77 706)	158 354	(74 806)
Past due 61 days and above	175 821	(175 821)	175 821	(175 821)
<b>Total trade and other receivables</b>	<b>1 080 978</b>	<b>(253 527)</b>	<b>1 038 653</b>	<b>(250 627)</b>

## D.1 Trade and other receivables (continued)

### Impairment

Any subsequent reversals of impairment, or recoveries of amounts previously impaired (including debt that had been written off), are reflected within impairment of trade receivables credit impairment charges in profit or loss.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Any subsequent reversals of impairment, or recoveries of amounts previously impaired (including debt that had been written off), are reflected within impairment of trade receivables credit impairment charges in profit or loss.

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Balance at 01 April	253 527	114 186	250 627	111 115
Adjustment due to IFRS 9 application	-	88 997	-	88 997
Increase in allowance	54 295	50 344	5 968	50 515
Bad debts written-off	(24 146)	-	(22 854)	-
<b>Balance at 31 March</b>	<b>283 676</b>	<b>253 527</b>	<b>233 741</b>	<b>250 627</b>

### Credit quality of financial instruments

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about the customer. Before accepting any new customer, the Group and Company use an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. 68% of the trade receivables that are neither past due nor impaired were recovered within one month after the reporting date. Of the trade receivables balance, for both the Group and Company, at the end of the year, R104 million (March 2018: R155 million) is due from one significant client. As at 31 March 2019, the Group and Company had no significant concentration of credit risk (March 2018: Nil).

The allowance account in respect of trade receivables is used to record impairment losses unless the Group and Company is satisfied that no recovery of the amounts owing is possible. At that point the amounts considered irrecoverable are written off against the allowance account.

### Recognition of expected credit losses

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the Simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for forward looking factors that are specific to the debtors, in relation to economic conditions in which the debtors operate in and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group has determined that trade and lease receivables are not credit impaired.

There have not been any significant modifications to trade and lease receivables on the contractual cashflows.

None of the trade and lease receivables are held as collateral or have any other credit enhancements

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### D.2 Cash and cash equivalents

Cash and cash equivalents consist of:

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Cash on hand	607	660	405	509
Bank balances	804 726	855 614	746 888	831 955
Money markets	318 310	517 566	318 310	517 566
	<b>1 123 643</b>	<b>1 373 840</b>	<b>1 065 603</b>	<b>1 350 030</b>

The Group and Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note F.2. Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly-liquid investments with original maturities of three months or fewer, and bank overdrafts and is available for use by the Group and Company.

### D.3 Trade and other payables

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Trade payables	591 039	588 349	598 149	598 596
VAT	50 044	42 024	48 686	39 642
13th Cheque accrual	14 596	13 143	14 596	13 143
Leave payable	72 119	64 951	72 115	63 431
Deposits received	133 821	118 138	125 400	110 853
Lease payable	2 024	2 904	-	1 954
Other payables*	43 650	24 032	44 545	24 011
	<b>907 293</b>	<b>853 341</b>	<b>903 491</b>	<b>851 630</b>

The Group and Company's exposure to liquidity risk related to trade and other payables is disclosed in note F2.

\* Other payables includes overtime accruals.

The table below analyses the Group and Company's trade and other payables in terms of their maturities. The amounts disclosed are the contractual undiscounted cash outflows:

#### Group

Figures in Rand thousand	Carrying amount	Contractual cash flows	6 months or fewer	Between 6 – 12 months	Between 1 – 2 years	Between 2 – 5 years	More than 5 years
Mar 2019	905 836	905 836	905 836	-	-	-	-
Mar 2018	854 127	854 127	854 127	-	-	-	-
Mar 2017	779 072	779 072	779 072	-	-	-	-

#### Company

Figures in Rand thousand	Carrying amount	Contractual cash flows	6 months or fewer	Between 6 – 12 months	Between 1 – 2 years	Between 2 – 5 years	More than 5 years
Mar 2019	902 877	902 877	902 877	-	-	-	-
Mar 2018	851 632	851 632	851 632	-	-	-	-
Mar 2017	761 330	761 330	761 330	-	-	-	-

**D.4 Cash generated from operations**

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Profit before taxation	614 519	1 220 885	693 387	1 733 793
<b>Adjustments for:</b>				
Depreciation and amortisation	1 422 202	1 247 477	1 416 436	1 241 437
Impairment of trade receivables	54 295	50 496	5 969	50 639
Loss on sale of assets	33 855	7 592	33 761	7 303
Fair value loss/(gain) on investment property	134 222	(537 247)	222 016	(554 173)
Loss from equity accounted investments	97 782	476 499	-	-
Finance income	(147 919)	(150 330)	(207 363)	(208 260)
Finance costs	879 370	873 117	879 212	872 912
Foreign exchange differences	(16 496)	8 600	(675)	408
Movements in retirement benefit obligation	2 022	3 607	2 023	3 207
Movements in provisions	13 209	(30 038)	12 524	(45 181)
Deferred income	(3 245)	(3 376)	(3 823)	(3 057)
Movement in non current assets	(13 095)	16 244	(12 495)	16 244
Gain on property and equipment	-	6 857	-	6 857
Unrealised gains and losses	(1 176)	83 820	66 590	114 598
Gains/(losses) on remeasurement of financial instruments	(135 510)	(133 780)	(135 510)	(133 780)
	2 934 035	3 140 423	2 950 275	3 102 947
<b>Changes in working capital:</b>				
Inventories	83	577	-	788
Trade and other receivables	249 531	22 216	207 532	54 849
Trade and other payables	51 407	72 979	20 033	53 830
	<b>3 235 056</b>	<b>3 236 195</b>	<b>3 177 840</b>	<b>3 212 415</b>

**D.5 Tax paid**

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Balance at beginning of the year	(390 145)	250 299	(386 333)	254 562
Current tax for the year recognised in profit or loss	291 341	(476 289)	272 159	(476 560)
Provision adjustment reversal	7 022	131 147	17 561	123 170
Balance at end of the year	(339 681)	(390 145)	(334 850)	386 333)
	<b>(431 463)</b>	<b>(484 988)</b>	<b>(431 463)</b>	<b>(485 162)</b>

**D.6 Other non-current assets**

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Lease receivable non-current portion	222 100	208 674	222 100	208 674
Investments#	16 302	16 633	18 348	19 279
	<b>238 402</b>	<b>225 307</b>	<b>240 448</b>	<b>227 953</b>

#Investments relate to the acquisition made by the Company of 100 % shareholding in a cell captive with Guardrisk Life Ltd in September 2003 to fund its obligation arising from 2002, whereby the Company agreed to increase the minimum pension payout to employees. Guardrisk performs a half-yearly review per individual covered to establish the present value of the Company's obligation on the prescribed valuation basis (as approved by Guardrisk Life Statutory Actuaries) in order to assess the Company's commitment as per the assets and expressed liabilities and ensure sufficient life funds are transferred to the non-distributable reserves.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### E. INVESTMENTS

#### E.1 Subsidiaries

##### Accounting policy

Subsidiaries are all entities (including structured entities) over which the Company has control.

The Company uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Intra-Group transactions, balances and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

The Company's investments in subsidiaries are carried at cost, net of accumulated impairment losses.

The Company treats transactions with non-controlling interests that do not result in a loss of control, as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Details of the Company's subsidiaries at 31 March 2019 are indicated below. All subsidiaries are incorporated in South Africa except for Airports Company South Africa Global Ltd which is incorporated in Mauritius.

Subsidiaries	Principal activity	Interest held	
		Mar 2019	Mar 2018
OSI Airport Systems (Pty) Ltd	Dormant	51 %	51 %
Precinct 2A (Pty) Ltd	Property owning	100 %	100 %
JIA Piazza Park (Pty) Ltd	Hotel operations	100 %	100 %
Airports Company South Africa Global Ltd	Management company	100 %	100 %
<b>Special purpose entities#</b>			
Lexshell 342 Investment Holdings (Pty) Ltd*	Employee share option plan	- %	- %
Airports Management Share Incentive Scheme Company (Pty) Ltd*	Employee share option plan	- %	- %
Sakhisizwe Community Programme (NPC)*	Non-profit company (Education)	- %	- %

#The Company's accounts include the consolidation of the Airport Management Share Incentive Scheme Company Proprietary Limited and Lexshell 342 Investment Holdings Proprietary Limited. Although the Airport Management Share Incentive Scheme Company Proprietary Limited is wholly owned by the Airports Company Management Share Incentive Scheme Trust and Lexshell 342 Investment Holdings Proprietary Limited is wholly owned by the ACSA Kagano Trust, in terms of IFRS 10: "The Group consolidates these entities as it is exposed to significant risks that are associated with loans extended to the entities to acquire shares of the Company." Sakhisizwe Community Programme NPC is a Special Purpose Entities created and controlled by the company from a government grant received from the Department of Transport.

## E.2. Joint venture

### Accounting policy

The Group holds a 50% interest in Airports Logistics Property Holdings (Pty) Ltd. It has been classified as a joint venture due to the decisions about the relevant activities requiring unanimous consent of the parties sharing control.

Associates and joint ventures are initially measured at cost for Group and Company purposes. Subsequently they are accounted for using the equity method for Group purposes at an amount that reflects the Group's share of the net assets of the associate or joint venture (including goodwill), except when the investment is classified as held for sale in accordance with IFRS 5 (refer to note B.3). Equity accounting is applied from the date on which the entity becomes an associate or joint venture up to the date on which the Group ceases to have significant influence or joint control. Equity accounting of losses is restricted to the interests in these entities, including unsecured receivables or other commitments, unless the Group has an obligation or has made payments on behalf of the associate or joint ventures.

Unrealised profits from transactions are eliminated in determining the Group's share of equity accounted profits. Unrealised losses are eliminated in the same way as unrealised gains (but only to the extent that there is no evidence of impairment). Where there is an indicator of impairment the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount.

Impairment losses are recognised in profit or loss in the period in which they arise. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined, net of equity accounted losses, if no impairment loss had been recognised.

For a disposal of an associate or joint venture, being where the Group loses significant influence over an associate or loses joint control over a joint venture, the difference between the sales proceeds and any retained interest and the carrying value of the equity accounted investment is recognised as a gain or loss in profit or loss. On disposal of an associate or joint venture that is a foreign operation, the relevant amount in the Foreign Currency Translation Reserve (FCTR) is reclassified to non-trading and capital related items at the time at which the profit or loss on disposal is recognised. Any gains or losses in other OCI reserves that relate to the associate or joint venture are reclassified to profit or loss at time of the disposal.

Distributions (dividends) received from the entities reduce the carrying amount of the investment. If the entity incurs losses, the Group will only recognise these losses until the carrying amount of the investment reaches zero, unless the Group has incurred obligations or made payments on behalf of the entity.

The Company subsequently measures its investment in joint venture at cost less accumulated impairment losses.

The following represents the Group's share of assets, liabilities, revenue and expenses of the joint venture:

Figures in Rand thousand	Airport Logistics Property Holdings (Pty) Ltd
Opening balance at 1 April 2017	175 221
Share of losses	(4 359)
<b>Opening balance at 1 April 2018</b>	<b>170 862</b>
Share of profits	19 807
<b>Closing balance at 31 March 2019</b>	<b>190 669</b>

Figures in Rand thousand	Group	
	Mar 2019	Mar 2018
<b>Summarised statement of financial position</b>		
Revenue	17 762	14 747
(Loss)/ profit for the period	19 807	8 718
<b>Total comprehensive income</b>	<b>19 807</b>	<b>8 718</b>

Figures in Rand thousand	Group	
	Mar 2019	Mar 2018
<b>Summarised statement of financial position</b>		
Non-current assets	471 000	454 500
Current assets	20 607	33 343
Non-current liabilities	(120 092)	(145 615)
Current liabilities	(2 811)	(503)
<b>Total net assets</b>	<b>368 704</b>	<b>341 725</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### E.3 Investments in associates

#### Accounting policy

The Group accounts for its investments in associates using the equity method of accounting (refer to the investment in joint ventures accounting policy for more detail).

The Company accounts for its investment in associates at cost less any impairment losses.

#### Significant judgement, estimates and sources of estimation uncertainty

Associates are entities that the Group and Company believe that they have the ability (and power) to participate in the financial and operating policy decisions of the entities, which gives the Group and Company significant influence over them. The following associates exist in the Group and Company:

#### Investment in Mumbai International Airport Private Limited

The Group and Company have a 10% equity interest, through ACSA Global Limited, in the 30-year concession (with an option for a further 30 years) to modernise the Chhatrapati Shivaji International Airport in Mumbai. Airports Company South Africa is an integral investor in the project, as well as being the designated airport operator.

#### Aeroporto de Guarulhos Participações S.A.

The Group and Company have a 20% equity interest, in the 20-year concession to modernise the Guarulhos International Airport. Airports Company South Africa is an integral investor in the project, as well as being the designated airport operator for a five-year period.

#### La Mercy Joint Venture Company (Proprietary) Limited (Dube Trade Port)

Airports Company South Africa and the Dube Trade Port Company Limited ("LMJVC") has 40% and 60% interest in La Mercy Joint Venture Company (Proprietary) Limited respectively. This joint venture arrangement objective is to commercially enable land holdings in excess of 848 hectares. The vast majority of the land is zoned undetermined and the objective is to rezone and service the properties to unlock development opportunities.

### Investments in Associate: Company

Name of company	% ownership interest		Carrying amount 2019		Country of incorporation
Carrying amounts in Rand thousand	Mar 2019	Mar 2018	Group	Company	
<b>Direct associates</b>					
La Mercy JV Property Investments (Pty) Ltd	40 %	40 %	225 563	38 173	South Africa
Aeroporto de Guarulhos Participações S.A	20 %	20 %	847 758	1 150 667	Brazil
			<b>1 073 321</b>	<b>1 188 840</b>	
<b>Indirect associates</b>					
Mumbai International Airport Private Limited	10 %	10 %	-	-	India

The investment in Mumbai International Airport Private Limited has been classified as held for sale in the current financial year. Refer to note B.3.

### Guarantees issued

Equity guarantee - an Airport Operator guarantee has been issued by ACSA Global Ltd to Mumbai International Airport Private Ltd for an amount of INR 3 billion, R623,1 million for March 2019 (2018: R543 million). This guarantee is limited to ACSA Global's performance fee of USD 1.2 million for both years.

**E.3 Investments in associates (continued)****Reconciliation of movement in investments in associates - Group**

Figures in Rand thousand	La Mercy JV Property Investments (Pty) Ltd	Mumbai International Airport Private Ltd	Aeroporto de Guarulhos Participações S.A	Total
Investment at 31 March 2017	224 683	754 199	19 645	998 527
Acquisitions	-	-	374 020	374 020
Share of profit/(loss)	1 585	10 319	(480 841)	(468 936)
Share of OCI	-	(93 937)	754 642	660 705
Investment at 31 March 2018	226 268	670 581	667 466	1 564 315
Share of profit/(loss)	(705)	18 876	(135 760)	(117 589)
Share of OCI	-	96 113	316 052	412 165
Assets held for sale	-	(785 570)	-	(785 570)
<b>Investment at 31 March 2019</b>	<b>225 563</b>	<b>-</b>	<b>847 758</b>	<b>1 073 321</b>

**Summarised financial information of associates for March 2019**

Figures in Rand thousand	La Mercy JV Property Investments (Pty) Ltd	Mumbai International Airport Private Ltd	Aeroporto de Guarulhos Participações S.A	Total
<b>Summarised statement of comprehensive income</b>				
Revenue	6 082	7 557 114	7 300 229	14 863 425
Profit/(Loss) for the period	3 763	188 758	(678 802)	(486 281)
<b>Total comprehensive loss</b>	<b>3 763</b>	<b>188 758</b>	<b>(678 802)</b>	<b>(486 281)</b>

**Summarised statement of financial position**

Non-current assets	285 045	31 480 080	56 598 858	88 363 983
Current assets	280 965	1 760 606	3 148 254	5 189 825
Non-current liabilities	(526)	(20 948 165)	(56 872 345)	(77 821 036)
Current liabilities	(1 578)	(4 436 820)	(7 450 202)	(11 888 600)
<b>Total net assets</b>	<b>563 906</b>	<b>7 855 701</b>	<b>(4 575 435)</b>	<b>3 844 172</b>

**Summarised financial information of associates for March 2018**

Figures in Rand thousand	La Mercy JV Property Investments (Pty) Ltd	Mumbai International Airport Private Ltd	Aeroporto de Guarulhos Participações S.A	Total
<b>Summarised statement of comprehensive income</b>				
Revenue	5 722	4 353 898	7 124 899	11 484 519
Profit/(Loss) for the period	5 137	103 191	(2 404 204)	(2 295 876)
<b>Total comprehensive loss</b>	<b>5 137</b>	<b>103 191</b>	<b>(2 404 204)</b>	<b>(2 295 876)</b>

**Summarised statement of financial position**

Non-current assets	289 449	26 207 920	55 947 829	82 445 195
Current assets	278 973	3 538 559	1 305 659	5 123 191
Non-current liabilities	(2 038)	(3 677 466)	(56 764 674)	(60 444 178)
Current liabilities	(713)	(19 363 189)	(3 964 973)	(23 328 875)
<b>Total net assets</b>	<b>565 671</b>	<b>6 705 824</b>	<b>(3 476 159)</b>	<b>3 795 336</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### E.4 Commitments

#### Capital commitments

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
<b>Contracted for</b>				
· Within one year	213 485	145 312	213 485	145 312
· One to two years*	949 105	291 409	949 105	291 409
· Two to five years	402 176	103 033	402 176	103 033
<b>Not yet contracted for</b>				
	<b>1 564 766</b>	<b>539 754</b>	<b>1 564 766</b>	<b>539 754</b>

\*The 2018 amount (one to two years) has been restated, due to operational expenditure items of R2.2 million included in error.

## F. FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENT RISK MANAGEMENT

### F.1.1.A Accounting classifications and fair values

#### Accounting Policy

#### Classification of financial instruments

Financial liabilities held at amortised cost comprise trade and other payables, interest bearing borrowings.

Financial assets held at amortised cost comprise trade and other receivables, investments and cash and cash equivalents.

Financial liabilities held at fair value comprise of derivatives.

#### Initial Recognition and measurement

The Group and Company initially record both financial assets and financial liabilities at fair value. Where transaction costs are incurred, they are recognised as part of the initial cost of the financial instrument, unless the financial assets or liabilities are classified as at fair value through profit or loss, in which case the transactional costs are recognised in profit or loss.

#### Subsequent measurement

The Group's and Company's financial assets and liabilities (with the exception of derivative financial instruments) are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### Impairment of financial assets

Financial assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Impairment is normally determined based on a realistic assessment of future cash flows discounted using the original effective interest rate compared with contractual amounts. For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. Impairment losses are recognised in profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

For the purpose of impairment assessment of intercompany loans, cash and investments, they are considered to have a low credit risk. The loss allowance is measured at 12 months expected credit losses. In determining the expected credit losses, management has taken into account the historical default practises, the financial position of the counterparties as well collateral held against the loans and has determined that there is no probability of default. The expected credit loss is therefore immaterial and no impairment has been recognised in the current year.

## Derecognition of financial liabilities

The Group's and Company's financial liabilities are derecognised from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancels or expires.

## Derecognition of financial assets

The Group's and Company's financial assets are derecognised from the statement of financial position when, and only when:

- a. the contractual rights from the cash flows expire; or
- b. there are transfers that qualify for derecognition

## Fair Values

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1	Derived from quoted prices (unadjusted) in active markets for identical
Level 2	Derived from inputs other than quoted prices included within Level 1
Level 3	Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There were no transfers between levels 1, 2 or 3 in the hierarchy in the current financial year (2018: derivative financial instruments of R6.3 million were transferred from level 1 to a level 2). The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

### Mar 2019

		Carrying amount			Fair value			
Figures in Rand thousand	Note	Amortised cost	Fair value – derivatives	Other financial liabilities	Total	Level 1	Level 2	Total
Financial assets not measured at fair value								
- Trade and other receivables <sup>1</sup>	D.1	822 174	-	-	822 174	*	*	*
- Income funds	G.4	769 369	-	-	769 369	*	*	*
- Cash and cash equivalents	D.2	1 123 643	-	-	1 123 643	*	*	*
Financial liabilities measured at fair value								
- Derivative financial instruments	C.3	-	3 752	-	3 752	-	3 752	3 752
Financial liabilities not measured at fair value								
- Interest-bearing borrowings	C.1	6 615 176	-	-	6 615 176	4 092 326	2 421 441	6 513 767
- Trade and other payables <sup>2</sup>	D.3	855 225	-	-	855 225	*	*	*

\* The Group has not disclosed fair values for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of their fair values.

<sup>1</sup> Prepayments (R22 million) and lease receivables (R72 million) that are not financial assets are not included.

<sup>2</sup> VAT liabilities (R50 million) and lease payables (R2million) that are not financial liabilities are not included.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. All fair value measurements are recurring.

### F1.1A Accounting classifications and fair values

Mar 2018

		Carrying amount			Fair value			
Figures in Rand thousand	Note	Amortised cost	Fair value – derivatives	Other financial liabilities	Total	Level 1	Level 2	Total
Financial assets not measured at fair value								
- Trade and other receivables <sup>1</sup>	D.1	1 017 651	-	-	1 017 651	*	*	*
- Income funds	G.4	1 826 009	-	-	1 826 009	*	*	*
- Cash and cash equivalents	D.2	1 373 840	-	-	1 373 840	*	*	*
Financial liabilities measured at fair value								
- Derivative financial instruments	C.3	-	6 014	-	6 014	0	6 014	6 014
Financial liabilities not measured at fair value								
- Interest-bearing borrowings	C.1	8 840 760	-	-	8 840 760	6 531 153	2 943 387	9 474 540
- Trade and other payables <sup>2</sup>	D.3	808 613	-	-	808 613	*	*	*

\* The Group has not disclosed fair values for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of their fair values.

<sup>1</sup> Prepayments (R21 million) and lease receivables (R38 million) that are not financial assets are not included.

<sup>2</sup> VAT (R42 million) and lease payables (R3 million) that are not financial liabilities are not included.

### F1.1B Measurement of fair values

The fair value of financial instruments may require some judgment or may be derived from readily available sources. The degree of judgment involved is reflected in the fair value measurements section below, although this does not necessarily indicate that the fair value is more or less likely to be realised.

#### Financial assets at amortised cost

The fair value of the Group and Company's financial assets carried at amortised cost, which includes trade and other receivables, investments and cash and cash equivalents approximate their fair values.

#### Financial liabilities at amortised cost

The fair value of the Group and Company's financial liabilities at amortised cost which includes, interest bearing borrowing and trade and other receivables approximates their fair value. Refer to the table below for the determination of the fair values:

#### Financial liabilities at fair value through profit or loss

The Group and Company's financial liabilities carried at fair value consist of its derivatives, comprising an interest rate swap.

The fair value is calculated as the present value of the estimated future cash flows based on observable yield curve, using a valuation technique which uses inputs that are directly or indirectly observable. Derivatives are therefore classified as Level 2 on the fair value hierarchy.

## Valuation techniques and significant unobservable inputs

Type	Valuation technique
Financial instruments measured at fair value	
- Derivative financial instruments	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk free adjusted discount rate.
Financial instruments measured at amortised cost	
- Interest bearing borrowings - Trade and other receivables - Trade and other payables - Cash and cash equivalents - Investments	Discounted cash flows (unlisted instruments): The valuation model considers the present value of expected payment, discounted using a risk free adjusted discount rate.  Market comparison technique (listed instruments): The fair values are based on bank values.

## F.2 Financial risk management

The Group's comprehensive risk management process involves identifying, understanding and managing the risks associated with each of the Group's business units. Risk awareness, control and compliance are embedded in the Group's day-to-day activities. The Group Risk Management unit independently monitors, manages and reports risk as mandated by the Board of directors through the Audit and Risk Committee, and the economic regulations committee. The Executive Committee and business units are ultimately responsible for managing risks that arise.

Sound financial risk management framework is in place at the Group, based on a best-practice enterprise risk management framework, built on rigorous governance structures.

### Credit risk

Credit risk is the risk of loss to the Group as a result of the failure by a customer or counterparty to meet its contractual obligations. This is mitigated by the guarantees held for the exposure at a given period. Credit risks can also arise from cash and cash equivalents and investments. These risks are effectively managed in terms of the Board-approved financial risk management framework that specifies the investment and counterparty policies. For credit risk management related to trade receivables, refer to note D.1.

### Investments and cash and cash equivalents

In complying with the Treasury Regulations, Airports Company South Africa's Financial Risk Management Framework limits the Group to investments in "A" short-term rated instrument or "AAA" rated instruments and counterparts.

For banks and financial institutions, only independently rated parties with a minimum rating of A- are accepted with respect to cash and cash equivalents.

### Market risk

Market risk is the risk that the Group's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates and commodity prices.

### Interest rate risk

The Group's interest rate risk arises from its borrowings. The Group's policy is to maintain a mix of fixed to floating rate debt within the Board-approved parameters.

As at 31 March 2019, the Group's fixed to floating rate profile after hedging, on net debt was 75% (2018: 82%) fixed. At the reporting date, the interest profile of the Group's interest-bearing financial instruments was:

	Fixed-rate instruments		Variable-rate instruments		Total	
Figures in Rand thousand	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018
<b>Carrying amount</b>						
Interest bearing borrowings	4 933 500	7 221 060	1 681 677	1 619 700	6 615 177	8 840 760
	74 %	82 %	26 %	18 %		

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### F.2 Financial risk management (continued)

#### Tariff risk

Aeronautical revenues contributing 53% (March 2018: 52%) of the Group's revenue is regulated by an independent economic regulator using a price cap methodology. The regulated tariff is linked to the CPI index. A change in CPI has a positive or a negative impact on the revenue earned by the Group. However, the Group is allowed to adjust the difference between actual and forecast CPI in future tariffs. The tariff is determined for a five-year period every three years with a two-year overlap. The Board has approved a regulatory strategy which seeks to proactively influence the regulatory approach in line with best practice. In this regard, the Group proactively manages the economic regulatory risk while balancing the interests of both the Group and the customers.

#### Price risk

The Group is exposed to price risk on various investments which is based on quoted prices.

A 5% change in the quote price of the investments as at 31 March 2019 would have had the effect of changing profit for the period by R38 million (Mar 2018: R91 million).

#### Foreign exchange risk

The Group has two foreign investments that give rise to limited exposure to foreign currency risk, arising primarily with respect to the Brazilian Real and Indian Rupee. All foreign debt instruments are issued in Rand and the Group also uses foreign exchange contracts to hedge material expenditure once the project or purchase cash flows are certain.

The Group's exposure to foreign currency risks was as follows, based on notional amounts:

Figures in thousands of Dollars	Mar 2019 USD	Mar 2018 USD
Trade receivables	620	1 216
Cash and cash equivalents	1 841	62
<b>Gross balance sheet exposure</b>	<b>2 461</b>	<b>1 278</b>

	Average rate		Reporting spot rate	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
The following significant exchange rates applied during the year:				
USD	13,720	12,982	14,508	11,831
INR	0,184	0,201	0,208	0,182
BRS	3,735	4,035	3,606	3,579

#### Sensitivity analysis

A 10% weakening of the Rand against the following currencies at 31 March 2019 would have increased/(decreased) equity, and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for March 2018.

Figures in thousands of Dollars	Equity		Profit or loss	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
USD	(46 111)	454	(2 810)	(784)
INR	(60 728)	(67 154)	(1 210)	(938)
BRS	(13 576)	(57 343)	(54 981)	48
	<b>(120 415)</b>	<b>(124 043)</b>	<b>(59 001)</b>	<b>(1 674)</b>

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

#### Liquidity risk

The objective of the Financial Risk Management Framework is to ensure continuity of funding and flexibility, ensuring debt maturities are spread over a range of dates to manage refinancing risks. The Group is not exposed to excessive refinancing risk in any one year.

The objective of the Financial Risk Management Framework is to ensure continuity of funding and flexibility, ensuring debt maturities are spread over a range of dates to manage refinancing risks. The Group is not exposed to excessive refinancing risk in any one year.

## F.2 Financial risk management (continued)

As at 31 March 2019, the Group had facilities of R1.5 billion (31 March 2018: R1.5 billion), of which zero has been utilised for both periods respectively.

Figures in thousands of Dollars	Mar 2019 Facility Amount	Mar 2018 Facility Amount
Total facilities	1 500 000	1 500 000

Unused facilities represent undrawn lines of credit where the bank has an agreement with the Group entity to make available an amount (up to the maximum specified) in loans on demand from the Group. The Group is under no obligation to actually take out a loan at any particular time. Committed facilities are those lines of credit where the Group and the bank have clearly defined terms and conditions which bind the bank to lend the Group up to the amounts stated in the agreement.

Please refer to the following notes for details on the Group and Company's financial liabilities in terms of their maturities:

Unsecured borrowings – note C.1

Trade and other payables – note D.3

Derivative financial instruments – note C.3

### Capital risk management

The Group's capital management strategy is designed to ensure that the Group is adequately capitalised in a manner consistent with the Group's risk profile, economic regulatory requirements and maintaining an investment rating level.

The Group monitors capital adequacy through the gearing ratio, as represented by net interest-bearing debt to total capital. Net debt is calculated as total interest-bearing borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents plus short-term investments. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position, plus net debt.

The Group's maximum gearing ratio is up to 60% (2018: up to 60%). The gearing ratio is determined by the Treasury department and approved by Airports Company South Africa's Board. The objective is to minimise the weighted average cost of debt. The gearing ratios as at 31 March 2019 and 2018 were as follows:

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Total borrowings	6 615 176	8 840 760	6 613 677	8 839 261
Less: cash and cash equivalents and income funds	(1 893 012)	(3 199 849)	(1 834 972)	(3 176 039)
Net debt	4 722 164	5 640 911	4 778 705	5 663 222
Total equity	22 092 290	21 734 255	21 881 102	20 760 665
<b>Total capital</b>	<b>26 814 454</b>	<b>27 375 166</b>	<b>26 659 807</b>	<b>26 423 887</b>
Gearing ratio (net debt divided by total capital)	17%	20%	17%	21%

**None of the entities in the Group are subject to externally imposed capital requirements.**

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### G. OTHER

#### G.1 Intangible assets

##### Accounting policy

Intangible assets comprises of computer software and are measured initially at cost and subsequently at cost less accumulated amortisation and impairment losses.

Amortisation is provided for computer software on a straight- line basis to its residual value over a period of two to sixteen years.

Refer to note G.16 for details of the prior period errors.

#### Group

Figures in Rand thousand	Mar 2019			Mar 2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	452 705	(360 103)	92 602	446 511	(316 337)	130 174

#### Company

Figures in Rand thousand	Mar 2019			Mar 2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	452 441	(359 995)	92 446	446 114	(316 148)	129 966

#### Reconciliation of intangible assets - Group - 2019

	Opening balance	Adjustments - Prior period error	Opening balance - Restated	Additions	Reclassification	Amortisation	Total
Computer software	89 240	40 934	130 174	6 407	-	(43 979)	92 602

#### Reconciliation of intangible assets - Group - 2018

	Opening balance - Restated	Additions	Reclassification	Amortisation	Total
Computer software	-	134 367	62 026	(66 219)	130 174

#### Reconciliation of intangible assets - Company - 2019

	Opening balance	Adjustments - Prior period error	Opening balance - Restated	Additions	Reclassification	Amortisation	Total
Computer software	89 032	40 934	129 966	6 327	-	(43 847)	92 446

#### Reconciliation of intangible assets - Company - 2018

	Opening balance - Previously reported	Opening balance - Restated	Additions	Reclassification	Amortisation	Total
Computer software	-	134 221	61 863	-	(66 118)	129 966

## G.2 Deferred tax

### Accounting policy

Deferred tax assets and liabilities represent amounts of tax that will become recoverable and/ or payable in future accounting periods. They generally arise as a result of temporary differences, where the time at which profits and losses are recognised for tax purposes differs from the time at which the relevant transaction is recorded in the accounts. A deferred tax asset represents a tax reduction that is expected to arise in a future period. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or an earlier transaction. In respect of deferred tax assets, the Group and Company only recognises a deferred tax asset when the availability of future profits necessary to support the deferred tax asset is probable.

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

The measurement of deferred tax assets and liabilities reflects the tax consequences that would flow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets.

Figures in Rand thousand	Group			Company		
	Mar 2019	Mar 2018	Mar 2017	Mar 2019	Mar 2018	Mar 2017
Deferred tax liability						
Property and equipment	240 965	289 067	131 023	242 507	272 711	131 023
Investment property	1 268 378	1 273 487	1 138 508	1 212 568	1 257 133	1 138 508
Intangible assets	16 038	21 549	20 187	16 038	21 549	20 187
Lease receivables	81 678	69 222	65 035	82 245	69 222	65 035
Investments in associates	77 950	56 516	-	-	-	-
Impairment of trade and other receivables	(59 493)	(52 632)	(7 778)	(49 086)	(52 632)	(7 778)
Other assets	144 374	37 784	(26 758)	30 984	28 878	(7 974)
Prepayments	5 316	2 175	932	5 303	2 175	932
Provisions	(56 646)	(51 884)	(71 065)	(56 899)	(51 884)	(71 065)
Derivative financial instruments	(37 943)	(37 458)	-	(37 943)	(37 458)	-
Deferred income	(9 288)	(9 873)	-	(9 288)	(9 874)	-
	<b>1 671 329</b>	<b>1 597 953</b>	<b>1 250 084</b>	<b>1 436 429</b>	<b>1 499 820</b>	<b>1 268 868</b>

The deferred tax liability relates to income tax in the same jurisdiction, and the law allows net settlement. Refer to note G.16 for details of the prior period errors.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### G.2 Deferred tax (continued)

#### Reconciliation of deferred tax liability

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
At beginning of year	1 369 719	1 346 013	1 271 586	1 147 244
<b>Prior period over provision:</b>				
Prior period error	228 234	763 755	246 924	763 755
<b>Movements during the year:</b>				
- recognised in profit for the year	73 376	(708 322)	(63 391)	(469 731)
- prior period error	-	58 954	-	58 954
- recognised directly in other comprehensive income	-	137 553	-	(401)
	<b>1 671 329</b>	<b>1 597 953</b>	<b>1 436 946</b>	<b>1 499 820</b>
Deferred tax liabilities expected to be recovered after more than 12 months	1 720 682	1 655 054	1 436 429	1 547 867
Deferred tax liabilities expected to be recovered within the next 12 months	(49 353)	(57 101)	(49 619)	(48 047)
	<b>1 671 329</b>	<b>1 597 953</b>	<b>1 436 429</b>	<b>1 499 820</b>

### G.3 Retirement benefits

#### Group and Company

Figures in Rand thousand	Mar 2019	Mar 2018
Post-retirement medical benefit – plan asset	(4 730)	(5 027)
Post-retirement medical benefit – plan liability	18 876	19 491
A. Net Post-retirement medical benefit liability – defined benefit plan	14 146	14 464
B. Life fund – plan liability – defined benefit plan	15 758	16 185
<b>Total employee benefit liabilities</b>	<b>29 904</b>	<b>30 649</b>

#### A. Post-retirement medical benefit

The Company makes contributions to a defined benefit plan that provides medical benefits to employees upon retirement. The employees eligible for the post retirement benefit are those who were in employment at 1 August 2007. The plan entitles retired employees to receive a reimbursement of certain medical costs.

**G.3 Retirement benefits (continued)****Movement in net defined benefit liability:****Group and Company**

Figures in Rand thousand	Present value of plan liability		Fair value of plan asset		Net liability	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018
<b>Balance at 1 April 2018 Included in other comprehensive income:</b>	19 491	16 018	(5 027)	(4 189)	14 464	11 829
<b>- Actuarial (gains)/ losses arising from:</b>	<b>(3 220)</b>	<b>2 236</b>	<b>880</b>	<b>(340)</b>	<b>(2 340)</b>	<b>1 896</b>
- Financial assumptions	(1 015)	2 130	379	(250)	(636)	1 880
- Demographic assumptions	(2 205)	106	501	(90)	(1 704)	16
<b>Included in profit or loss:</b>	<b>3 399</b>	<b>1 911</b>	<b>(463)</b>	<b>(403)</b>	<b>2 936</b>	<b>1 508</b>
- Current service cost	424	341	-	-	424	341
- Interest cost	2 975	1 570	-	-	2 975	1 570
- Return on plan assets	-	-	(463)	(403)	(463)	(403)
<i>Other:</i>						
Benefits paid	(794)	(674)	643	550	(151)	(124)
Contributions by employer	-	-	(763)	(645)	(763)	(645)
<b>Balance at 31 March</b>	<b>18 876</b>	<b>19 491</b>	<b>(4 730)</b>	<b>(5 027)</b>	<b>14 146</b>	<b>14 464</b>

**Plan asset**

An insured annuity policy was purchased from Sanlam Life, in the Company's name, to fund the contribution subsidies paid to current pensioners. The policies will pay a level amount each month to the relevant medical schemes on behalf of the Company, for as long as the pensioners and/or the pensioners' spouses are still alive.

The insured annuity policy can only be used to fund medical aid contributions, and is not available as an asset to the Company's creditors. The full fair value of R4,7 million (2018: R5 million) per the reconciliation above relates to that annuity policy.

The Company has also set aside an amount of R13,9 million (2018: R13.4 million) as a funding vehicle. As this amount is not protected against its creditors, it has not been included as a plan asset but rather as cash and cash equivalents in note D.2.

The Company does not expect to pay contributions to this plan in 2020.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### G.3 Retirement benefits (continued)

#### Net expense recognised in profit or loss

##### Group and Company

Figures in Rand thousand	Mar 2019	Mar 2018
Current service cost	424	341
Interest cost	2 975	1 570
Return on plan asset	(463)	(403)
	<b>2 936</b>	<b>1 508</b>

#### Cumulative expenses recognised in other comprehensive income

Balance at 1 April 2018	(21 435)	(23 331)
Actuarial gains recognised during the year	(2 340)	1 896
<b>Balance at 31 March 2019</b>	<b>(23 775)</b>	<b>(21 435)</b>

#### Principal assumptions at the reporting date:

Discount rates used	10,41 %	9,10 %
Healthcare cost inflation	8,37 %	7,50 %
Average retirement age (years)	60	60

The assumptions used by actuaries are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The "gap" between the assumptions has remained unchanged at 2.4% p.a. over the valuation period.

Assumed healthcare cost trend rates have a significant effect on the amounts recognised. A one percentage point change in assumed healthcare cost trend would have the following effects:

##### Group and Company

Figures in Rand thousand	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Effect on liability	(21 407)	(17 518)	(16 814)	11 971

### B. Life Fund

##### Group and Company

Figures in Rand thousand	Mar 2019	Mar 2018
Balance at 1 April 2018	16 185	16 645
Actuarial (gains)/losses recognised in other comprehensive income during the year	(427)	(460)
<b>Balance at 31 March 2019</b>	<b>15 758</b>	<b>16 185</b>

The Company acquired a 100 % shareholding in a cell captive with Guardrisk Life Ltd in September 2003 to fund its obligation arising from 2002, whereby the Company agreed to increase the minimum pension pay-out to employees. Guardrisk performs a half yearly review per individual covered to establish the present value of the Company's obligation on the prescribed valuation basis (as approved by Guardrisk Life Statutory Actuaries) in order to assess the Company's commitment as per the assets and expressed liabilities and ensure sufficient life funds are transferred to the non-distributable reserves.

### Exposure to Risks

#### Market Risk:

The risk that the market value of the assets will decrease due to the value being held by Sanlam being less than estimated or due to unexpected movements in market/ membership factors

#### Risk of future changes in legislation:

The risk that changes to legislation may increase the liability for the Entity

**G.3 Retirement benefits (continued)****Inflation Risk:**

The risk that future CPI inflation, and healthcare cost inflation are higher than expected and uncontrolled

**G.4 Investments**

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Investments short-term	769 369	1 826 009	769 369	1 826 009
Income funds				
Intercompany loans	-	-	193 567	157 419
	<b>769 369</b>	<b>1 826 009</b>	<b>962 936</b>	<b>1 983 428</b>

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Investments long-term	-	-	718 838	704 445
Intercompany loans	-	-	718 838	704 445
	<b>-</b>	<b>-</b>	<b>718 838</b>	<b>704 445</b>

Refer to note F1 for Accounting Policy.

Refer to note G11 for detailed intercompany loan balances

**G.5 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

There were no changes to the number of shares outstanding (in issue) at 31 March 2019 and 31 March 2018.

**Authorised – Group and Company**

1 000 000 000 Ordinary shares of R1 par value each

**Issued – Group and Company**

Figures in Rand thousand	Mar 2019	Mar 2018
Ordinary	500 000	500 000
Share premium	250 000	250 000
	<b>750 000</b>	<b>750 000</b>

**Unissued – Group and Company**

500 000 000 Ordinary shares of R1 par value each

The unissued ordinary shares are under the general authority of the Board of Directors.

Shareholder	Shareholding (%)
South African Government	74,6
Public Investment Corporation	20
Empowerment investors	4,2
Staff share incentive scheme	1,2

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### G.6 Other Reserves

#### Group

Figures in Rand thousand	Total	Fair value	Foreign currency translation reserve	Actuarial reserve
Balance at 1 April 2017	868 298	70 608	813 296	(15 606)
Actuarial gains, net of tax	(1 033)	-	-	(1 033)
Foreign currency translation differences, net of tax	532 597	-	532 597	-
Balance at 01 April 2018	1 399 862	70 608	1 345 893	(16 639)
Actuarial gain, net of tax	3 303	-	-	3 303
Loss on remeasurement of financial instruments	-	-	-	-
Foreign currency translation differences, net of tax	273 640	-	273 640	-
<b>Balance at 31 March 2019</b>	<b>1 676 805</b>	<b>70 608</b>	<b>1 619 533</b>	<b>(13 336)</b>

#### Company

Figures in Rand thousand	Total	Fair value	Actuarial reserve
Balance at 1 April 2017	201 141	216 747	(15 606)
Actuarial losses, net of tax	(1 033)	-	(1 033)
Balance at 01 April 2018	200 108	216 747	(16 639)
Actuarial gain, net of tax	3 303	-	3 303
<b>Balance at 31 March 2019</b>	<b>203 411</b>	<b>216 747</b>	<b>(13 336)</b>

#### Nature and purpose of reserves

##### Fair value reserve

The fair value reserve relates to the revaluation of property and equipment immediately before its reclassification as investment property.

##### Foreign currency translation

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

##### Actuarial reserve

The actuarial value reserve relates to decreases or increases in plan assets and plan liabilities due to changes in actuarial assumptions.

## G.7 Deferred income

Deferred income consists of the following balances::

### Group

Figures in Rand thousand	Mar 2019	Mar 2018
Dube Trade Port rentals	24 195	25 572
Gautrain development	7 702	8 390
Cape Town Construction	24 344	25 501
Other	2 046	2 069
	<b>58 287</b>	<b>61 532</b>

### Company

Figures in Rand thousand	Mar 2019	Mar 2018
Dube Trade Port rentals	24 195	25 572
Gautrain development	7 702	8 390
Cape Town Construction	24 344	25 501
Other	2 046	2 647
	<b>58 287</b>	<b>62 110</b>

### Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

Government grants of the Group and Company are the following:

- A grant of R35.1 million was received in the 2010 financial year. This grant was used for the construction of the road within the Cape Town International Airport precinct.
- Gautrain Development relates to a grant received by the Group in the 2009 financial year from the Gautrain operator relating to assets belonging to the Group located at the O.R. Tambo International Airport's central terminal building that are being used by the Gautrain operator.

Other Government grants comprise of the following:

- Government grant for community upliftment. A grant of R7.5 million was received from NDOT and transferred to Sakhisizwe so that the funds could be ring-fenced. Sakhisizwe is a non-profit organisation who manages the grant which is mostly used to give bursaries to children from underprivileged backgrounds.

Other Deferred Income comprises the following: Dube Trade Port Rentals

- Dube Trade Port Rentals. Rentals received in advance by the Company from Dube Trade Port for a portion of land leased to Dube Trade Port.

	Group		Company	
The Deferred Income is allocated as follows:	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Current	3 935	815	3 935	3 058
Non-current	54 352	60 717	54 352	59 052
	<b>58 287</b>	<b>61 532</b>	<b>58 287</b>	<b>62 110</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### G.8 Provisions

#### Accounting policy

Provisions are recognised when the Group and Company have a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement 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.

Currently the Group and Company provide for staff incentive bonuses. The provision for bonuses is payable within three months of finalisation of the audited consolidated annual financial statements. As such it is not present valued as the effect of the time value of money is not expected to be material.

Provisions are not recognised for future operating losses.

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

Levies on infrastructure projects, where these levies do not meet the probability criteria defined within IFRS, are not provided for, but disclosed as contingent liabilities.

#### Reconciliation of provisions – Group

Figures in Rand thousand	Staff incentive bonus	Environmental rehabilitation	Other provision	Total
Opening balance at 1 April 2017	157 440	21 019	7 491	185 950
Additions	111 618	-	19 101	130 719
Utilised during the year	(163 455)	(1 727)	(3 147)	(168 329)
Effect of passage of time	-	1 098	-	1 098
Effect of change in estimates	6 474	-	-	6 474
Closing balance at 31 March 2018	112 077	20 390	23 445	155 912
Additions	120 819	-	4 025	124 844
Utilised during the year	(133 419)	(1 711)	(4 345)	(139 475)
Effect of passage of time	-	4 990	-	4 990
Effect of change in estimates	21 343	-	1 507	22 850
<b>Closing balance at 31 March 2019</b>	<b>120 819</b>	<b>23 670</b>	<b>24 633</b>	<b>169 121</b>

#### Reconciliation of provisions – Company

Figures in Rand thousand	Staff incentive bonus	Environmental rehabilitation	Other provision	Total
Opening balance at 1 April 2017	156 062	21 019	4 026	181 107
Additions	109 604	-	4 933	114 537
Utilised during the year	(162 537)	(1 727)	(3 026)	(167 290)
effect of passage of time	-	1 098	-	1 098
unused amounts reversed during the period	6 474	-	-	6 474
Closing balance at 31 March 2018	109 603	20 390	5 933	135 926
Additions	117 723	-	3 963	121 686
Utilised during the year	(130 946)	(1 711)	(4 345)	(137 002)
Effect of passage of time	-	4 990	1 507	6 497
Effect of changes in Estimate	21 343	-	-	21 343
<b>Closing balance at 31 March 2019</b>	<b>117 723</b>	<b>23 670</b>	<b>7 058</b>	<b>148 449</b>

## G.8 Provisions (continued)

The staff incentive bonus represents the liability at year-end provided for the planned employee incentive bonus payment.

The environmental provision is in terms of a Record of Decision issued by the Minister of Environmental Affairs and Tourism in 2008 to rehabilitate the property at the farm La Mercy no.15124 in Durban at King Shaka International Airport, as follows:

- Rehabilitation and maintenance of the wetlands in terms of a long-term phased plan;
- Implementation of a waste water management plan, including the decommissioning of a package plant used during construction of the Airport

## G.9 Taxation

### Accounting policy

The Group's foreign subsidiary ACSA Global, is tax resident in South Africa, therefore ACSA Global and other Companies within the Group will pay taxes according to the rates applicable in South Africa. Most taxes are recorded in the statement of comprehensive income and relate to taxes payable for the reporting period (current tax). The charge also includes benefits and charges relating to when income and expenses are recognised in a different period for tax and accounting purposes (deferred tax).

The Group and Company recognise provisions for tax based on objective estimates of the amount of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions respectively, in the period in which such determination is made.

There may be transactions and calculations for which the ultimate tax determination has an element of uncertainty during the ordinary course of business. Uncertain tax positions, which do not meet the probability criteria defined within IFRS, are not provided for but are rather disclosed as contingent liabilities or assets as appropriate.

There are no income tax implications on dividends paid by the company to its shareholders

This is because all Airports Company South Africa shareholders are exempt "beneficial owners" of the company shares in terms of section 64F of the Income Tax Act.

### Major components of the tax expense

Figures in Rand thousand	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Current				
Current year	291 341	482 785	272 159	482 507
Prior period over provision	(106 350)	(5 947)	(87 660)	(5 947)
<b>Total current tax</b>	<b>184 991</b>	<b>476 838</b>	<b>184 499</b>	<b>476 560</b>
Deferred				
Current year	(25 879)	(76 872)	(33 811)	(55 834)
Under provision - prior year	228 234	268 497	228 234	268 497
<b>Total deferred tax</b>	<b>202 355</b>	<b>191 625</b>	<b>194 423</b>	<b>212 663</b>
<b>Total</b>	<b>387 346</b>	<b>668 463</b>	<b>378 922</b>	<b>689 223</b>

### Reconciliation of the tax rate expense

Reconciliation between applicable tax rate and average effective tax rate.

Figures in %	Group		Company	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Applicable tax rate	28,00 %	28,00 %	28,00 %	28,00 %
Non-deductible expenses	15,00 %	5,00 %	7,00 %	(3,00)%
Over provision current tax	(17,00)%	(0,49)%	(13,00)%	(0,34)%
Under/(over) provision deferred tax	37,00 %	22,00 %	33,00 %	15,00 %
	- %			
<b>Effective tax rate</b>	<b>63,00 %</b>	<b>54,51 %</b>	<b>55,00 %</b>	<b>39,66 %</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### G.10 Earnings per share & Dividend per share (Group only)

#### Basic earnings per share

Airports Company South Africa has voluntarily disclosed the basic earnings per share in the interests of its shareholders as a measure to demonstrate the value added to shareholders.

#### Accounting policy

Basic earnings per share

Earnings per share (EPS) is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders. For the purpose of calculating EPS, treasury shares are deducted from the number of ordinary shares in issue.

Reconciliation of Weighted Average Number of Shares (WANOS)

Figures in thousand	Mar 2019	Mar 2018
Number of share in issue: Company	500 000	500 000
Treasury shares issued to entities within the Group	(5 962)	(5 962)
<b>Weighted average number of shares</b>	<b>494 038</b>	<b>494 038</b>

Diluted earnings per share equals basic earnings per share as there are no dilutive options.

#### Impact of prior period errors and application of new standards on basic and diluted earnings (Refer to note G.16)

Figures in Rand thousand	Mar 2019	Mar 2018
Total Profit for the year attributable to shareholders		
Total impact of application of new standards	226 773	842 511
Impact of IFRS 9	-	-
Impact of IFRS 15	-	-
Decrease in revenue	-	152 753
Decrease in operating expenses	-	152 753)
	-	(290 089)
Impact of prior period errors	-	(25 926)
Restatement of finance costs	-	25 927
Restatement of finance income	-	(209 544)
Restatement of taxation	-	(7 614)
Restatement of other income	-	(72 932)
Restatement of other operating expenses		
<b>Total Profit for the year attributable to shareholders after restatements</b>	<b>226 773</b>	<b>552 422</b>
Weighted average number of ordinary shares in issue	494 038	494 038
Decrease in basic earnings per share due to impact of prior period errors	-	(58,72)
Decrease in basic earnings per share due to impact of new standards	-	-
Restated basic earnings per share	45,90	111,82

**G.10 Earnings per share & Dividend per share (Group only) (continued)****Earnings per share**

Figures in Rand thousand	Mar 2019	Mar 2018
Total profit for the year attributable to shareholders	226 773	552 422
Weighted average number of ordinary shares in issue	494 038	494 038
<b>Basic earnings per share (cents per share)</b>	<b>45,90</b>	<b>111,82</b>

**Dividends per share**

Dividends per share is calculated by using the total dividends declared for the year divided by the weighted average number of outstanding ordinary shares issued.

**Dividend per share**

Figures in thousand	Mar 2019	Mar 2018
Final dividend declared	145 681	353 452
Weighted average number of ordinary shares in issue	494 038	494 038
<b>Dividend per share (cents per share)</b>	<b>29,49</b>	<b>71,54</b>

**G.11 Related parties**

Airports Company South Africa SOC Ltd is one of the 21 Schedule 2 major public entities in terms of the Public Finance Management Act (Act 1 of 1999 as amended) and therefore falls within the national sphere of government. As a consequence, Airports Company South Africa SOC Ltd has a significant number of related parties that are public entities. In addition, the Company has a related party relationship with its subsidiaries, associates and with its directors and executive officers (key management). Unless specifically disclosed, these transactions are concluded on an arm's length basis and the Group and Company is able to transact with any entity.

Key management personnel has been defined as Airports Company South Africa Board of directors and prescribed officers effective for 2019 and 2018. Non-executive directors are included in the definition of key management personnel as required by IFRS. The definition of key management includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Group. They may include the person's domestic partner and children, the children of the person's domestic partner, and dependents of the person or the person's domestic partner.

**Related party transactions**

Figures in Rand thousand	Services rendered		Services received		Amounts due from		Amounts due to	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018
National departments	42 708	42 639	102 418	16 133	-	3 971	304	8
Constitutional institutions	-	-	-	242	-	-	-	-
Major public entities	831 635	1 368 519	185 226	319 410	1 746	386 271	6 373	1 484
National government business	21 569	-	531 932	12 943	53	-	727	1 654,00
Other national public entities*	-	24 981	31 579	213 124	-	6 334	1 967	56
Subsidiaries, associates, special purpose entities and joint ventures	86 382	76 738	61 304	60 856	964 022	963 339	895	17 342

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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### G.11 Related parties (continued)

**Related party transactions relating to subsidiaries, special purpose entities, joint ventures and associates were as follows:**

#### Subsidiaries

Figures in Rand thousand	Services rendered		Services received		Amounts due from		Amounts due to	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018
JIA Piazza Park (Pty) Ltd	59 470	58 936	59 470	58 936	-	-	-	-
Precinct 2A (Pty) Ltd	1 835	1 920	1 835	1 920	760 740	720 076	-	-
ACSA Global (Pty) Ltd	-	-	-	-	81 360	72 598	-	-

#### Special purpose entities

Figures in Rand thousand	Services rendered		Services received		Amounts due from		Amounts due to	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Airports Company South Africa Kagano Trust	-	-	-	-	18 246	18 246	-	-
Lexshell 342 Investment Holdings (Pty) Ltd	7 072	1 344	-	-	21 960	20 845	-	5 163
Airports Company Share Incentive Scheme Trust (Pty) Ltd	13 627	2 921	-	-	30 098	30 098	-	-
Sakhisizwe Community Programme	-	-	-	-	-	-	895	12 179
Airports Company Management Share Incentive Trust	-	-	-	-	-	-	-	-

#### Associates

Figures in Rand thousand	Services rendered		Services received		Amounts due from		Amounts due to	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Guarulhos International Airport Private Limited	-	-	-	-	3 701	25 255	-	-

#### Joint Ventures

Figures in Rand thousand	Services rendered		Services received		Amounts due from		Amounts due to	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Airport Logistics Property Holdings (Pty) Ltd	4 759	11 891	-	-	47 916	76 220	-	-

<b>Total subsidiaries, associates, special purpose entities and joint ventures</b>	<b>86 382</b>	<b>76 738</b>	<b>61 304</b>	<b>60 856</b>	<b>933 965</b>	<b>963 339</b>	<b>895</b>	<b>17 342</b>
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**G.11 Related parties (continued)****Key management personnel****Executive Directors**

	Salary		Pension Fund Contributions		Other benefits*		Total	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018
B Maseko	3 150	3 631	287	331	2 021	2 438	5 458	6 400

\*Other benefits comprises of cash bonuses and long service awards.

**Non-executive Directors**

Figures in Rand thousand	Appointment Date	Resignation Date	Directors' fees	
			Mar 2019	Mar 2018
D Botha	1 July 2013	31 July 2019	533	603
D Hlatshwayo	1 June 2018		404	-
M Lamola	1 December 2012	5 July 2017	-	184
B Luthuli	1 December 2012	17 September 2017	-	188
M Mabela	1 March 2015	19 April 2018	-	678
C Mabude	1 December 2012	17 September 2017	-	117
S Macozoma	1 March 2012	30 November 2016	-	17
K Matlou	1 March 2015		427	454
B Mohale	1 September 2018	1 July 2019	287	-
P Mokupo	1 September 2018		428	-
R Morar	1 January 2012	28 March 2018	-	798
M Moroka	1 December 2012	15 September 2017	-	181
N Nokwe-Macamo	1 September 2018		260	-
S Nogxina	1 November 2018		279	-
Y Pillay	1 September 2018		338	-
I Phenyane	1 September 2018		342	-
S Simelane	1 March 2015	20 April 2018	-	841
N Zikalala Mvelase	1 September 2018		422	-
			<b>3 720</b>	<b>4 061</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### G.11 Related parties (continued)

#### Prescribed officers

Figures in Rand thousand	Salary		Pension Fund Contributions		Other benefits*		Total	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018	Mar 2019	Mar 2018
PM du Plessis	2 603	2 151	234	195	1 084	1 440	3 921	3 786
G Gopal	2 511	2 127	234	201	1 147	1 409	3 892	3 737
D Kunz <sup>3</sup>	2 003	1 882	185	172	1 762	797	3 950	2 851
B Matshego	2 566	2 081	234	191	1 012	1 226	3 812	3 498
B Mbomvu <sup>1</sup>	2 520	2 150	234	200	1 433	1 485	4 187	3 835
M Mncwabe <sup>2</sup>	1 935	-	177	-	577	-	2 689	-
S Ngwenya	2 272	2 034	200	179	886	-	3 358	2 213
R Shinnars	2 581	2 064	234	187	1 037	1 336	3 852	3 587
C Shilowa	2 653	2 161	234	190	915	1 194	3 802	3 545
F Sithebe	2 961	1 919	267	175	767	702	3 995	2 796
F Tshikhudo	1 632	-	147	-	605	-	2 384	-
A Vermeulen	2 728	2 540	248	231	1 221	1 495	4 197	4 266
	<b>28 965</b>	<b>21 109</b>	<b>2 628</b>	<b>1 921</b>	<b>12 446</b>	<b>11 084</b>	<b>44 039</b>	<b>34 114</b>

1 Mbomvu acting CEO since 1 December 2018

2 Appointed 1 July 2018

3 D Kunz acting CFO since 5 January 2017

### G.12 Events after the reporting period

No matter which is material to the financial affairs at the Company has occurred between 31 March 2019 and the approval date of the financial statements.

### G.13 Irregular expenditure Group and Company

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impractical to determine in which case reasons therefore will be provided in the notes.

Irregular expenditure defined in section 1 of the Public Finance Management Act (PFMA) 1999 as "expenditure other than unauthorised expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including-

- (a) this Act; or
- (b) the State Tender Board Act 1968 (Act No. 86 of 1968) or any regulations made in terms of that Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Figures in Rand thousand	Mar 2019	Mar 2018
Opening balance	1 142 265	602 539
Less: irregular expenditure adjustment	(231 034)	143 606
Add: irregular expenditure – current year	264 006	400 161
Less: amounts condoned in the current year	(192 450)	(4 042)
Irregular expenditure awaiting condonation/ write off	<b>982 787</b>	<b>1 142 264</b>
Current year	264 006	396 119
Prior years	718 780	746 145
<b>Total</b>	<b>982 787</b>	<b>1 142 264</b>

### G.13 Irregular expenditure Group and Company

#### Current year and prior year:

The irregular expenditure identified in the prior year relates to various incidents reported. These incidents relate to contravention of the Supply Chain management policy and the Preferential Procurement Policy Framework Act (PPPFA) and Regulations.

Figures in Rand thousand	Mar 2019	Mar 2018
Non-Compliance with CIDB requirements	37 489	4 169
Non-Compliance with PPPFA Act	216 478	395 992
Non-Compliance with National Treasury requirements	10 039	-
<b>Total</b>	<b>264 006</b>	<b>400 161</b>

### G.14 Fruitless and wasteful expenditure

Section 1 of the PFMA defines fruitless and wasteful expenditure as “expenditure which was made in vain and would have been avoided had reasonable care been exercised”.

#### Group and Company

Figures in thousand	Mar 2019	Mar 2018
Opening balance	39 380	36 861
Add: fruitless and wasteful expenditure – adjustment	-	-
Add: fruitless and wasteful expenditure – current year	63 237	2 519
Less: amounts recovered / written - off	-	-
Fruitless and wasteful expenditure not yet closed (awaiting appropriate action)	102 617	39 380
Current year	63 237	2 519
Prior years	39 380	36 861
Add: fruitless and wasteful expenditure – adjustment	-	-
<b>Total</b>	<b>102 617</b>	<b>39 380</b>

#### Details of Fruitless and wasteful expenditure

##### Current Year

The fruitless and wasteful expenditure identified in the current year relates to the following incidents reported. The fruitless and wasteful expenditure relates mainly to non-compliance with National Treasury cost containment measures:

- (1) interest on revised tax liability resulting from SARS audits
- (2) penalties on revised tax liability resulting from SARS audits.

##### Prior year:

The fruitless and wasteful expenditure identified in the prior year relates to the following incidents reported. The fruitless and wasteful expenditure relates mainly to non-compliance with National Treasury cost containment measures.

- 1) Interest and penalties on provisional payment; and
- 2) Financial misconduct.

### G.15 Contingencies

#### Contingent Liabilities

##### Accounting Policy

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

Nedbank has provided guarantees of R27.0 million to Airports Company South Africa SOC Limited.

The Company has signed levy agreements in respect of infrastructure projects relating to the City of Cape Town for R13 million. The obligation to pay these levies are contingent upon the City choosing to invoke their right in terms of the agreement.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### G.15 Contingencies (continued)

#### Share buy-back

On or about 1 August 2017 the Johannesburg High Court granted African Harvest Strategic Investments (Pty) Ltd and Up-Front Investments 65 (Pty) Ltd a court order whereby a Referee was to be appointed to value its shareholding in Airports Company South Africa SOC Limited following which Airports Company South Africa was to buy back the shareholding at the value to be determined by the Referee. Such Referee concluded its valuation on 26 February 2018. African Harvest Strategic Investments (Pty) Ltd and Upfront Investments 65 (Pty) Ltd have subsequently brought an application to make the valuation an Order of Court. Airports Company South Africa SOC Limited opposed this application on the basis of it being fundamentally flawed, irrational and detrimental to other shareholders. The matter is ongoing and is to appear before the commercial court in October 2019.

Contingencies relating to interests in joint ventures

There are no contingencies relating to interests in joint ventures.

### G.16 Prior period errors

#### Investment property

There was a calculation error for one of the properties which resulted in the overstatement of the gain on fair value.

#### Property and equipment

In the prior year, inaccurate data was erroneously migrated into the asset register. The error has been corrected retrospectively.

#### Intangibles

In the prior year, inaccurate data was erroneously migrated into the asset register. The error has been corrected retrospectively.

#### Investment in subsidiaries

Intergroup loans were incorrectly classified as investment in subsidiaries. They have been reclassified as investments.

#### Interest bearing borrowings

The current portion of interest bearing borrowings was corrected to reflect the then pending settlement of the AIR01 bond.

#### Other Income

Internal training income and expenses had not been eliminated in the prior year, resulting in an overstatement of both line items.

#### Taxes

Taxation expense, current and deferred tax assets and liabilities have been restated for the tax effect of the restatements above. A summary of the changes to the prior year is as follows:

#### Effect on Statement of Financial Position

Figures in Rand thousand	Group		Company	
	Mar 2018	Mar 2017	Mar 2018	Mar 2017
<b>Investment property</b>				
Previously stated	7 144 496	6 603 637	6 818 433	6 260 648
Restatement	(24 471)	(19 691)	(24 471)	(19 691)
<b>Restated amount</b>	<b>7 120 025</b>	<b>6 583 946</b>	<b>6 793 962</b>	<b>6 240 957</b>
<b>Trade and other payables</b>				
Previously stated	854 127	782 674	851 632	764 931
Restatement	(586)	1	-2	1 034
<b>Restated amount</b>	<b>853 541</b>	<b>782 675</b>	<b>851 630</b>	<b>765 965</b>

**G.16 Prior period errors (continued)**

Figures in Rand thousand	Group		Company	
	Mar 2018	Mar 2017	Mar 2018	Mar 2017
<b>Intangible assets</b>				
Previously stated	89 240	-	89 032	-
Restatement	40 934	-	40 934	-
<b>Restated amount</b>	<b>130 174</b>	<b>-</b>	<b>129 966</b>	<b>-</b>
<b>Deferred tax</b>				
Previously stated	1 369 719	-	1 271 586	-
Restatement	228 234	-	228 234	-
<b>Restated amount</b>	<b>1 597 953</b>	<b>-</b>	<b>1 499 820</b>	<b>-</b>
<b>Retained earnings</b>				
Previously stated	18 261 340	17 772 281	19 393 212	18 416 272
Restatements	1 437 384	778 643	1 437 760	778 643
<b>Restated amount</b>	<b>19 698 724</b>	<b>18 550 924</b>	<b>20 830 972</b>	<b>19 194 915</b>
<b>Investment in subsidiaries</b>				
Previously stated	-	-	860 903	814 820
Restatement	-	-	(860 903)	(814 820)
<b>Restated amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Effect on Non Current Liabilities</b>				
<b>Interest bearing borrowings</b>				
Previously stated	7 789 163	8 268 457	7 789 164	8 268 457
Restatement	(2 000 000)	-	(2 000 000)	-
<b>Restated amount</b>	<b>5 789 163</b>	<b>8 268 457</b>	<b>5 789 164</b>	<b>8 268 457</b>
<b>Effect on Current Liabilities</b>				
<b>Interest bearing borrowings</b>				
Previously stated	1 051 597	1 063 038	1 050 097	1 061 538
Restatement	2 000 000	-	2 000 000	-
<b>Restated amount</b>	<b>3 051 597</b>	<b>1 063 038</b>	<b>3 050 097</b>	<b>1 061 538</b>
<b>Property, Plant and Equipment</b>				
Previously stated	18 361 320	18 724 723	18 313 785	18 677 362
Restatement	1 039 706	798 333	1 039 706	798 333
<b>Restated amount</b>	<b>19 401 026</b>	<b>19 523 056</b>	<b>19 353 491</b>	<b>19 475 695</b>
<b>Investments</b>				
Previously stated	1 826 009	1 524 993	1 826 009	1 524 993
Restatement	-	-	157 419	-
<b>Restated amount</b>	<b>1 826 009</b>	<b>1 524 993</b>	<b>1 983 428</b>	<b>1 524 993</b>

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### G.16 Prior period errors (continued)

#### Effect on Statement of Comprehensive Income

Figures in Rand thousand	Group		Company	
	Mar 2018	Mar 2017	Mar 2018	Mar 2017
<b>Finance cost</b>				
Previously stated	(847 191)	-	(846 986)	-
Restatement	(25 926)	-	(25 926)	-
<b>Restated amount</b>	<b>(873 117)</b>	<b>-</b>	<b>(872 912)</b>	<b>-</b>
<b>Finance income</b>				
Previously stated	124 403	-	182 333	-
Restatement	25 927	-	25 927	-
<b>Restated amount</b>	<b>150 330</b>	<b>-</b>	<b>208 260</b>	<b>-</b>
<b>Taxation</b>				
Previously stated	(458 919)	-	(479 679)	-
Restatement	(209 544)	-	(209 544)	-
<b>Restated amount</b>	<b>(668 463)</b>	<b>-</b>	<b>(689 223)</b>	<b>-</b>
<b>Other income</b>				
Previously stated	18 792	-	18 741	-
Restatement	(7 614)	-	(7 614)	-
<b>Restated amount</b>	<b>11 178</b>	<b>-</b>	<b>11 127</b>	<b>-</b>
<b>Other Operating Expenses</b>				
Previously stated	2 438 975	-	2 345 394	-
Restatement	(130 318)	-	(121 507)	-
<b>Restated amount</b>	<b>2 308 657</b>	<b>-</b>	<b>2 223 887</b>	<b>-</b>

# 2019



**CONSOLIDATED ANNUAL  
FINANCIAL STATEMENTS**



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