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ANNUAL FINANCIAL STATEMENTS 2023

Taking flight into the future:
Navigating change with sustainable innovation

AIRPORTS COMPANY
SOUTH AFRICA


BRAM FISCHER INTERNATIONAL

CONTENTS

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Company registration number	1993/004149/30
Non-executive directors	Dr Sandile Nogxina Ms Dudu Hlatshwayo Mr Yershen Pillay Dr Kgabo Badimo Ms Ntombifuthi Zikalala Mvelase Ms Nonzukiso Siyotula Mr Gcobani Mancotywa Ms Sibongile Sambo Mr Andile Khumalo
Registered office	1 Jones Road Western Precinct Aviation Park OR Tambo International Airport Gauteng 1632
Postal address	PO Box 75480 Gardenview 2047
Bankers	Standard Bank Nedbank
Auditors	Auditor-General South Africa Registered Auditor
Secretary	Ms 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.
Preparer	These Consolidated and Separate Annual Financial Statements were prepared under the supervision of the Acting Chief Financial Officer: Ms Lindani Mukhudwani.

GROUP AUDIT AND RISK COMMITTEE REPORT OF AIRPORTS COMPANY OF SOUTH AFRICA ("ACSA")

I am pleased to present you with the report of the ACSA Audit and Risk Committee ("Committee") for the financial year ended 31 March 2023. This report has been prepared in accordance with the Public Finance Management Act 1 of 1999 as amended ("PFMA"), Companies Act 71 of 2008 as amended ("Companies Act"), the King Code on Governance, South Africa 2016 (King IV Report) and JSE Debt Listing Requirements.

Statutory Duties

The Committee is constituted as a statutory Committee of ACSA SOC Limited in line with the PFMA and Companies Act and is accountable to the Board and ACSA's shareholders. It is a Committee of the Board in respect of all other duties the Board assigns to it and has been delegated powers to perform its functions in accordance with the PFMA and National Treasury Regulations of the PFMA and the Companies Act. The committee also acts as the audit Committee for the Group's wholly owned subsidiaries. The committee has fulfilled its statutory duties as required by Section 94(7) of the Companies Act and National Treasury Regulation 3.1.10 of the Public Finance Management Act.

In the year under review, the Committee carried out its responsibilities as set out in its terms of reference approved by the Board. We share below key information about the role and functions of the Committee. 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 Group's internal audit function, financial controls and systems of internal control and risk management;
- Business continuity management;
- Compliance; and
- Governance and assurance processes within the Group.

The Committee is an essential part of the Group's Governance and Control Framework to which the Board has delegated responsibilities. The Committee operated under terms of reference which were reviewed by the Committee during the year under review and approved by the Board.

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 applied over the identified risks. The Committee monitored the effectiveness of the internal 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.

Having reviewed information provided by management, internal audit and external auditor on the adequacy of controls, combined assurance, financial reporting, business continuity and risk management, the Committee is of the view that internal controls have been effective in all material aspects during the year under review.

The Committee noted the decline in irregular expenditure from R442 million reported in 2022 to R285 million which is a reduction of 36% compared to the previous year. This decline was as a result of interventions by management and the committee in the current financial year, concluding on prior period determinations findings which resulted in derecognition of expenditure of R130 million, and removals of R124 million.

Post Year-End Events

Ms Zukiswa Siyotula was appointed as the chairman of the Committee on 5 April 2023 and Ms Dudu Hlatshwayo (myself) was retired as the chairman on the same date and she remains a member of the Committee.

The company made a repayment of R1,7 billion for the AIR02 in May 2023.

Significant Financial Statements 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 the main judgements and assumptions made by management, and the conclusions drawn from the available information and evidence. The Committee encouraged rigorous discussion on control, accounting and disclosure matters. In addition to these main areas of focus, the Committee also covered matters relating to corporate planning, budgeting, taxation, liquidation of nonperforming investments and legal matters.

Composition and meetings

The Committee members are independent non-executive directors. From 1 April 2023 to 31 March 2023, the members of the Committee consisted of Ms Dudu Hlatshwayo (Chairman), Mr Yershen Pillay, Ms Nosizwe-Nokwe Macamo, Ms Ntombifuthi Zikalala Mvelase and Mr Graeme Victor. Mr Andile Khumalo was appointed to the committee on 3 March 2023. Mr Graeme Victor retired from the Committee on 14 December 2022 subsequent to his retirement as a non-executive director of the company. Ms Nosizwe Macamo retired from the Committee on 2 March 2023 subsequent to her retirement as a non-executive director of the company.

GROUP AUDIT AND RISK COMMITTEE REPORT OF AIRPORTS COMPANY OF SOUTH AFRICA ("ACSA") continued

Members of the Committee have adequate knowledge and skills to carry out their duties. The deep and varied experience of the Committee members give perspective and insight to the Committee's deliberations and decisions. Further details of the experience of the members can be found in their biographies on page 26 of the Integrated Report.

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

The Committee met seven times during the financial year, with attendance per the table below. There were four quarterly meetings, two scheduled special meetings and one unscheduled special meeting. All the meetings were held virtually to ensure safety of everyone attending the meetings. The purpose of the special meetings was to consider the draft and audited financial statements and the 2023/24-2025/26 Corporate Plan.

The Chief Executive Officer, Chief Financial Officer, Group Executive: Operations, Chief Audit and Risk Officer, Auditor General South Africa's Office representatives, Group Executive: Corporate Services, Group Executive: Strategy and Sustainability and other group subject matter experts attended Committee meetings. At each meeting, Management, Internal Auditors and External Auditors were afforded an opportunity to have separate meetings with the Committee. The Committee Chairman reported to the Board on Committee activities and matters discussed at each meeting and provided recommended resolutions from the Committee.

Attendance of Committee Meetings

Scheduled meeting – SM
Scheduled special meeting – SSM
Unscheduled special meeting – USM
Apology – A

Meetings	SM	SSM	SSM	SM	SM	SSM	SM
Member	**29 Apr 2022**	**27 May 2022**	**25 Jul 2022**	**28 Jul 2022**	**28 Oct 2022**	**29 Nov 2022**	**30 Jan 2023**
Ms Dudu Hlatshwayo (Chairman)[1]	A	x	x	x	x	x	x
Ms Nosizwe Nokwe-Macamo[2]	x	x	x	x	x	x	x
Ms Ntombifuthi Zikalala Mvelase	x	x	x	x	x	x	x
Mr Yershen Pillay	x	x	x	x	A	x	x
Mr Graeme Victor[3]	x	x	x	x	x	x	N/A
Mr Andile Khumalo[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[1] *Retired as Committee member on 3 March 2023*
[2] *Retired as a Board and Committee member on 2 March 2023*
[3] *Retired as a Board and Committee member on 14 December 2022*
[4] *Appointed as Committee member on 3 March 2023*

Committee Performance

The performance of the Committee is reviewed as part of effectiveness review of the Board and its Committees. The assessment for the period under review covered Committee members who were members of the Committee by 28 February 2023. In assessing the Committee, consideration was given to, amongst others, culture and mind-set of the Committee, (both collectively and individual members), productivity of meetings of the Committee, Chairman's role in ensuring effective functioning of the Committee, access to information, compliance with the terms of reference of the Committee and fulfilment thereof, clear understanding of the roles and responsibilities of the Committee and of its members, competency, skills, and experience of the Committee members.

Committee members concurred that the performance of the Committee met best practice and did not identify areas of concern.

Board members concurred that they have the necessary trust and faith in the Committee and are satisfied that the Committee fulfilled its mandate and added value to the Board and ACSA.

Role of the Chairman

The role of the Chairman of the Committee requires regular interactions with the heads of Internal Audit, Risk Management, Finance and External Audit 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 the control functions are aligned in terms of their understanding of the risks facing the Group and mitigation thereof.

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

Financial Statements

The Committee has received Quarterly Performance Reports from Group Finance at each quarterly meeting, which included financial and treasury reports and reports on irregular, fruitless and wasteful expenditure. The Committee has considered the JSE Report on Proactive Monitoring of Financial Statements, reports on taxation, supply chain management and legal matters. The Committee reviewed the effectiveness of ACSA's system of internal control over the financial reporting period.

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, completeness of disclosures and compliance with financial reporting standards and other relevant financial and governance reporting requirements.

Whilst the liquidity and solvency of the Group is closely monitored on a regular basis by management, the Committee and Board expressly considered the assumptions underlying the going concern of the Group as part of approval of the annual financial statements.

For the year ended 31 March 2023, the Committee recommended to the Board that, based on its knowledge of the Group, it is appropriate for the financial statements to be prepared on a going concern basis.

The Committee has considered the Group's annual financial statements for the year ended 31 March 2023 and has concluded that they present a reliable and fair view of the financial position in compliance with the PFMA, Companies Act and IFRS. The Committee has also considered that the annual report and financial statements are understandable and provide necessary information for shareholders to assess the Group's financial position, performance and prospects.

The combined Group's annual financial statements have been recommended by the Committee to the Board for approval.

External Audit

The Auditor General South Africa ("AG") is the External Auditor for the Group. Being responsible for oversight of the External Auditor, the Committee considered the re-appointment of the External Auditor before making a recommendation to shareholders in terms of the Companies Act.

The Committee approved the external audit strategy and external audit fees, thus confirming that the audit scope and key audit risks were appropriate. The approved audit strategy reflected the impact of the Covid-19 pandemic on the Group.

The Committee reviewed the findings and recommendations of the External Auditor as reported in the 2021/22 Management Letter and considered the audit response plan to the findings.

The Committee has assessed the independence and evaluated the effectiveness of the External Auditor. The assessment considered, amongst other things, planning and execution of the audit process, communication with the Committee and value-add. The Committee is satisfied that the external audit was effective and there were no non-audit services provided by the external auditor.

Internal Audit

Internal Audit performs an independent assurance function. Internal Audit has a functional reporting line to the Audit and Risk Committee and an administrative reporting line to the CEO. Internal Audit provides independent and objective assurance to the Board through the Committee that governance processes, risk management and systems of internal control are adequate and effective to mitigate the significant control risks that have an impact on the sustainability of the Group.

Chief Financial Officer and Finance Function

The Committee considered the expertise and experience of the former. The Committee considered, among others, his qualifications, experience, leadership, technical expertise, relationship with the Committee and understanding of the business and its operations. The Committee is satisfied that the experience and expertise of the Chief Financial Officer are appropriate.

The Committee also considered the expertise, resourcing and experience of the Group's Finance function. The Committee considered, among others, performance, integrity and professionalism, competencies, risk management, effective communication, risk management and planning, financial reporting and management, and culture of the Finance function. The Committee is satisfied that the finance function has the appropriate expertise, capacity and experience.

Integrated Reporting

The Committee has considered the governance and financial information that will be included in the Annual Integrated Report when published.

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, External Auditor, Internal Audit, Group Risk and Compliance Department and the hotline reports to highlight any concerns, complaints or allegations relating to fraud and corruption, inadequacy of internal financial controls, the content of the financial statements and potential violations of the law.

We are of the view that information in the integrated report provides a balanced view and we have recommended the annual integrated report to the Board for approval.

GROUP AUDIT AND RISK COMMITTEE REPORT OF AIRPORTS COMPANY OF SOUTH AFRICA ("ACSA") continued

Looking Ahead

The Committee is acutely focused on ensuring that the internal control environment is enhanced as the organisation seeks to recover and sustain itself by ensuring that the Group's financial systems, processes and controls are operating effectively. The Committee will monitor the implementation of the Financial Plan to ensure the Group remains sustainable and thrives in the years ahead.

Conclusion

As a Committee, we are satisfied that we have complied with our statutory responsibilities and terms of reference. Having had regard to all material risks and factors that may impact on the integrity of the Annual Financial Statements and following appropriate review, we recommended the Group Annual Financial Statements of ACSA SOC Limited for the year ended 31 March 2023 to the Board for approval.

Ms Dudu Hlatshwayo
Chairman of the Audit and Risk Committee

31 July 2023

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act, 71 of 2008 of South Africa 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 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 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 as the directors deem is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. 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 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 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 2026 and, in light of this review and the current financial position, they are satisfied the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The directors have made an assessment of the company and its subsidiaries to continue as going concerns and there is no reason to believe that the businesses will not be going concerns in the year ahead.

The external auditors are responsible for independently auditing and reporting on whether the Group's consolidated and separate annual financial statements are fairly presented in accordance with IFRS and the Companies Act, 71 of 2008, and their report is presented on pages 9 to 14.

The directors are satisfied that they have executed their responsibilities.

The consolidated and separate annual financial statements set out on pages 20 to 112, which have been prepared on the going concern basis, were approved by the board on 31 July 2023 and were signed on their behalf by:

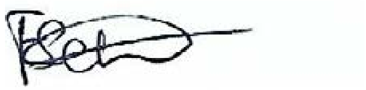
Dr Sandile Nogxina
Chairman

31 July 2023

GROUP SECRETARY'S CERTIFICATION

Declaration by the Group secretary in respect of Section 88(2) (e) of the Companies Act, No. 71 of 2008:

I hereby certify that in terms of Section 88(2)(e) of the Companies Act, No.71 of 2008, as amended, to the best of my knowledge, the Group has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a state-owned company in terms of this Act and that all such returns and notices are true and correct and up to date.



Ms Fefekazi Sefara
Company Secretary

31 July 2023

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON 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 (ACSA) and its subsidiaries (the Group) set out on pages 20 to 112, which comprise the consolidated and separate statement of financial position as at 31 March 2023, 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 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 financial position of the Group as at 31 March 2023, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for opinion

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

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

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

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 for 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 on these matters.

Key audit matter	How matter was addressed in audit
Investment property valuation	
The carrying value of investment properties for the Group amounted to R7 659 million (2021–22: R7 859 million) (company R7 336 million; 2021–22: R7 476 million) and the fair value adjustment recorded in the statement of comprehensive income for the year in respect of investment properties for the Group was R209 million loss (2021–22: R91 million loss) (company R149 million loss; 2021–22: R143 million loss). The valuation of the investment properties involves the use of an expert who is required to make significant assumptions and use significant judgements in determining the fair value of the investment properties. Due to the significance of the account balance on the financial statements and the subjectivity of the assumptions and judgements, I consider the valuation of the investment properties to be a key audit matter. Independent valuators are used to determine the fair values of all the properties held in these categories annually. The inputs with the most significant impact on these valuations are disclosed in note B.1.	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. I placed reliance on management's expert. Before I placed reliance on management's expert, I satisfied myself with their independence, objectivity and competency. I engaged an auditor's expert to perform a peer review on the work performed by management's expert. Before I placed reliance on the work of the auditor's expert, I satisfied myself with their independence, objectivity and competency. Before reliance could be placed on management experts, I performed the following procedures: • I 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 done in accordance with IFRS 13 and IAS 40. • 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. • I 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. The auditor's expert confirmed that the assumptions made by the management expert were reasonable, that the methodology used by the expert are consistent with industry norms and with the applicable financial reporting framework (IFRS), and that the fair value determined is reasonable. Based on the procedures performed, I am satisfied that the revaluation of investment property is appropriate, reasonable and appropriately disclosed in the annual financial statements.

Key audit matter	How matter was addressed in audit
Expected credit losses on trade and other receivables	
The Group measures the loss allowance for trade and other receivables by applying the simplified approach prescribed by IFRS 9. As at 31 March 2023 the carrying value of trade and other receivables amounted to R1 695 million (2021–22: R1 706 million) (company: R1 681 million; 2021–22: R1 696 million) and the expected credit losses (ECL) of trade and other receivables amounted to R456 million (2021–22: R396 million) (company: R277 million; 2021–22: R257 million). 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 includes macroeconomic factors. The Covid-19 pandemic caused a significant reduction in air travel and this has created some uncertainty on the ability of debtors of the company to be able to repay the debts. The assessment and calculation of ECL require management to make significant estimations and use significant judgements. Due to the subjectivity of the estimations and judgement, I consider the ECL of trade and other receivables to be a key audit matter. Refer to notes D.1 and F to the consolidated financial statements for accounting policies and the relevant detailed disclosures, respectively.	I assessed the design and the operating effectiveness of internal controls relating to ECL on trade and other receivables and I have developed an understanding of the relevant business processes relating to ECL on trade and other receivables. I engaged an auditor's specialist to review the application and implementation of IFRS 9 and IFRS 7 and the related disclosures. Before I placed reliance on the auditor's specialist, I satisfied myself with their independence, objectivity and competency. The audit procedures included the assessment of the appropriateness and reasonableness of the ECL for trade and other receivables. These audit procedures included: • assessing the design and testing the operating effectiveness of controls related to trade and other receivables; • verifying whether the ECL model developed by management is consistent with the requirements of IFRS 9; • evaluating the appropriateness and reasonableness of key assumptions and judgements, such as the default rate, by comparing these to historical data; • testing the accuracy and completeness of underlying data used in the model and the arithmetical accuracy of the computation of ECL; • testing key assumptions and judgments, such as those used to calculate the likelihood of default by comparing to historical data; • evaluating the appropriateness of forward-looking factors (macroeconomic factors) used to determine ECL; • assessing the appropriateness of disclosures to ensure that they are consistent with the requirements of IFRS 9. Based on the above procedures performed, I was satisfied that the ECL on trade and other receivables are reasonable, in line with my expectation and appropriately disclosed.

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.15 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2023.

Other matter

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

National Treasury Instruction Note No. 4 of 2022–23: PFMA Compliance and Reporting Framework

10. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements. Only the current year and prior year figures are disclosed in note G.13 to the financial statements. Furthermore, the movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of ACSA. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now included as part of other information in the annual report of the public entity and the Group.

11. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the consolidated and separate financial statements

12. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and 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.

13. 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.

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

14. 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.

15. 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

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

17. I selected the following objective presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected an objective that measure the public entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Objective	Page numbers	Definition
Financial sustainability	Pg. 98 of Integrated Report	The measures are designed to allow the company to allocate resources to priorities or core activities to ensure long-term sustainability for stakeholders.

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

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives;
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements;
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated;
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents;
- the reported performance information is presented in the annual performance report in the prescribed manner;
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

21. I did not identify any material findings on the reported performance information of financial sustainability.

Report on compliance with legislation

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

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

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

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

Expenditure management

26. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note G.13 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

Other information in the annual report

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

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

29. My responsibility is to read this other information and, in doing so, consider whether it 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.

30. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Report of the auditor-general to Parliament on Airports Company South Africa SOC Limited continued

Internal control deficiencies

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

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

33. Management did not implement adequate preventative controls over procurement and contract management to avoid non-compliance leading to the incurrence of irregular expenditure.

Other reports

34. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation with the exception of one award.

35. The public entity's internal audit department investigated an allegation of procurement irregularities at the request of the public entity, which covered the period 1 June 2022 to 30 November 2022. The investigation was concluded on 6 March 2023 and the recommendations are in progress of being implemented.

36. There are various other investigations being conducted by internal audit on procurement and contract management and other non-compliance matters identified during the current year. At the date of this report, the internal investigations were still ongoing.

37. At the request of ACSA, a limited assurance engagement was conducted during the year under review on the compliance review relating to the proposed issues by ACSA of unsecured fixed and floating notes under its domestic medium-term note programme. The engagement was to confirm compliance with the relevant provisions of the commercial paper regulations (Government Notice 2172 published in Government Gazette No. 16167 of 14 December 1994) issued by the registrar of banks (the "notice"), as required by paragraph 3(5)(j) of the notice. The reports were issued on 14 November 2022 and 5 December 2022.

Auditor - General

Pretoria
31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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;
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the ACSA Group 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 consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate 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 operating as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate 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

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.

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

From the matters communicated to those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements for 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.

Annexure to the auditor's report continued

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No. 1 of 1999 (PFMA)	Section 50(3); 50(3)(a); 50(3)(b) Section 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(a)(iv); 51(1)(b); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 52(b) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b); 57(d) Section 66(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 29.1.1; 29.1.1(a); 29.1.1(c;); 29.2.1; 29.2.2; 29.3.1 Regulation 31.2.5; 31.2.7(a) Regulation 33.1.1; 33.1.3
Companies Act No. 71 of 2008	Section 30(3)(b)(i); 33(1)(a) Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 72(4)(a) Section 75(6) Section 86(1); 86(4) Section 88(2)(d) Section 112(2)(a) Section 129(7)
Prevention and Combating of Corrupt Activities Act No. 12 of 2004 (PRECCA)	Section 34(1)
Companies Regulations	Regulation 30(2); 43(2)(a)
Construction Industry Development Board Act No. 38 of 2000 (CIDB)	Section 18(1) Section 22(3)
CIDB Regulations	CIDB regulation 17; 18(1A)1; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act No. 5 of 2000 (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)

Legislation	Sections or regulations
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulations, 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction Note 03 of 2021/22	Paragraph 4.1; 4.2; 4.2(b); 4.3; 4.4; 4.4(c); 4.4(d); 4.6 Paragraph 5.4
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT Instruction Note 03 of 2019/20	Paragraph 5.5.1(iv); 5.5.1(x)
NT Instruction Note 11 of 2020/21	Paragraph 3.1; 3.4(a); 3.4(b); 3.9: 6.1; 6.2; 6.7
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
Competition Act No. 89 of 1998	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NT Instruction 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
NT instruction note 5 of 2020/21	Paragraph 5.1 and 5.3

DIRECTORS' REPORT

General Information

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Airports Company South Africa SOC Limited (the Group) for the year ended 31 March 2023.

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 R6.0 billion (March 2022: R3.9 billion), including non-aeronautical revenue of R3.1 billion (March 2022: R2.1 billion).

Loss before income tax for the Group amounted to R22 million (March 2022: R1.5 billion loss). The loss for the year for the Group was R142 million (March 2022: R1 billion loss).

Dividends

No dividend has been declared (March 2022: Rnil).

Capital expenditure

During the current year, R422 million (March 2022: R546 million) was spent on capital relating to improvements 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 and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The going concern assessment took into consideration the improved financial results, forecast revenue and liquidity levels, as disclosed in note G.12.

Subsidiaries, joint ventures and associates

Airports Company South Africa SOC Ltd is the ultimate parent company of the Group.

The Group has a 100% interest in ACSA Global Ltd, 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.

Airports Company South Africa SOC Ltd holds a 100% interest in JIA Piazza Park (Pty) 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 (Pty) 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. (GRUPAR) is registered in Brazil with a financial year-end of 31 December. The investment has been accounted for as held for sale. Refer to note B.3 for further details.

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.

The terms of Ms Nosizwe Nokwe-Macamo (2 March 2023), Ms Kemira Esterhuizen (18 December 2022) and Mr Graeme Victor (14 December 2022) ended during the current financial year. Ms Nonzukiso Siyotula, Mr Gcobani Mancotywa and Ms Sibongile Sambo were appointed to the Board on 2 March 2023, and Mr Andile Khumalo on 3 March 2023.

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.

Group cumulative fruitless and wasteful expenditure amounted to R13 million (31 March 2022: R9 million). The fruitless and wasteful expenditure relates mainly to penalties and interest resulting from South African Revenue Services re-assessments of prior years.

Group cumulative irregular expenditure is R285 million (March 2022: R477 million).

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 2023

Figures in R'000s	Note	GROUP March 2023	GROUP Restated March 2022	GROUP Restated 1 April 2021	COMPANY March 2023	COMPANY Restated March 2022	COMPANY Restated 1 April 2021
Assets							
Non-Current Assets							
Property, plant and equipment	B.2	**16 484 080**	17 499 808	18 610 119	**16 446 644**	17 459 418	18 564 829
Investment property	B.1	**7 659 384**	7 859 325	7 572 976	**7 335 579**	7 476 120	7 241 713
Intangible assets	G.1	**104 249**	70 806	78 703	**104 237**	70 783	78 680
Investment in joint venture	E.2	**240 763**	222 596	193 690	**–**	–	–
Investments in associates	E.3	**187 143**	198 790	226 717	**38 173**	38 173	38 173
Other non–current assets	D.5	**339 365**	320 941	464 489	**339 365**	321 020	465 413
Investments	G.4	**–**	–	–	**44 585**	43 317	42 286
		25 014 984	26 172 266	27 146 694	**24 308 583**	25 408 831	26 431 094
Current Assets							
Inventories		**1 772**	1 321	1 027	**–**	–	–
Current tax receivable		**47 230**	90 579	184 163	**46 328**	68 540	175 260
Trade and other receivables	D.1	**1 695 363**	1 706 394	958 946	**1 681 480**	1 696 138	923 466
Investments	G.4	**2 723 056**	1 113 180	861 117	**3 772 172**	2 080 532	1 801 570
Cash and cash equivalents	D.2	**2 183 624**	1 048 229	2 332 444	**2 040 038**	983 153	1 027 423
		6 651 045	3 959 703	4 337 697	**7 540 018**	4 828 363	3 927 719
Non–current assets held for sale	B.3	**1 185**	5 688	13 282	**1 185**	5 688	13 282
Total Assets		**31 667 214**	30 137 657	31 497 673	**31 849 786**	30 242 882	30 372 095

Figures in R'000s	Note	GROUP March 2023	GROUP Restated March 2022	GROUP Restated 1 April 2021	COMPANY March 2023	COMPANY Restated March 2022	COMPANY Restated 1 April 2021
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	**382 288**	444 262	459 758	**207 244**	206 281	204 343
Retained income		**17 568 751**	17 711 230	19 491 041	**17 405 274**	17 469 652	18 118 168
		18 657 015	18 861 468	20 656 775	**18 362 518**	18 425 933	19 072 511
Liabilities							
Non-Current Liabilities							
Derivative financial instruments	C.3	**–**	142	1 171	**–**	142	1 171
Retirement benefit obligation	G.3	**27 317**	27 863	29 376	**27 317**	27 863	29 376
Deferred income	G.7	**40 951**	44 009	47 067	**40 951**	44 009	47 067
Deferred tax liability	G.2	**737 838**	608 775	302 346	**1 319 935**	1 203 075	787 565
Interest–bearing borrowings	C.1	**8 130 232**	8 141 783	8 261 909	**8 130 232**	8 141 784	8 261 910
		8 936 338	8 822 572	8 641 869	**9 518 435**	9 416 873	9 127 089
Current Liabilities							
Derivative financial instruments	C.3	**89**	1 081	2 488	**89**	1 081	2 488
Current tax payable		**3 434**	789	478	**–**	–	–
Trade and other payables	D.3	**1 317 555**	1 292 501	1 104 860	**1 220 733**	1 242 586	1 081 711
Deferred income	G.7	**4 103**	3 058	3 058	**3 058**	3 058	3 058
Provisions	G.8	**31 971**	43 880	28 624	**29 744**	42 542	27 286
Interest-bearing borrowings	C.1	**2 716 709**	1 112 308	1 059 521	**2 715 209**	1 110 809	1 057 952
		4 073 861	2 453 617	2 199 029	**3 968 833**	2 400 076	2 172 495
Total Liabilities		**13 010 199**	11 276 189	10 840 898	**13 487 268**	11 816 949	11 299 584
Total Equity and Liabilities		**31 667 214**	30 137 657	31 497 673	**31 849 786**	30 242 882	30 372 095

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

Figures in R'000s		GROUP March 2023	GROUP March 2022	COMPANY March 2023	COMPANY March 2022
Revenue	A.1	6 025 724	3 896 383	5 777 594	3 773 987
Other income	A.2	39 609	1 651	21 895	1 196 988
Employee costs	A.3	(1 241 833)	(1 318 697)	(1 209 518)	(1 299 370)
Operating expenses	A.4	(2 240 841)	(2 026 017)	(2 068 551)	(1 961 313)
Impairment loss on trade and other receivables		(541 716)	(211 631)	(482 923)	(125 461)
Earnings before interest, tax, depreciation and amortisation		2 040 943	341 689	2 038 497	1 584 831
Fair value losses on investment properties	B.1	(208 781)	(90 716)	(149 381)	(142 657)
Depreciation, amortisation and impairments	B.2&B.3& G.1	(1 386 914)	(1 200 697)	(1 381 996)	(1 195 384)
Share of net profits of equity accounted investments	E.2&E.3	6 519	980	–	–
Finance income	C.2	269 879	153 514	336 524	194 164
Finance costs	C.2	(832 831)	(777 555)	(832 673)	(777 073)
Gains on remeasurement and disposal of financial instruments	C.2	89 555	36 483	89 555	36 483
(Loss)/profit before taxation		(21 630)	(1 536 302)	100 526	(299 636)
Taxation	G.9	(120 849)	533 943	(164 904)	428 572
(Loss)/profit for the year		(142 479)	(1 002 359)	(64 378)	128 936
Other comprehensive (loss)/income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of retirement benefit obligations	G.6	1 319	2 872	1 319	2 872
Deferred tax relating to items that will not be reclassified	G.6	(356)	(934)	(356)	(934)
Total items that will not be reclassified to profit or loss		963	1 938	963	1 938
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	G.6	(86 214)	24 214	–	–
Deferred tax relating to translation of foreign operations	G.6	23 278	(6 780)	–	–
Total items that may be reclassified to profit or loss		(62 936)	17 434	–	–
Other comprehensive (loss)/income for the year, net of taxation		(61 973)	19 372	963	1 938
Total comprehensive (loss)/income for the year		(204 452)	(982 987)	(63 415)	130 874
Earnings per share					
Basic (loss)/earnings per share	G.10	(28,84)	(204,55)	(12,88)	25,79

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

GROUP

Figures in R'000s	Share capital	Share premium	Treasury share reserve	Other reserves	Retained income	Total equity
Balance at 01 April 2021 – previously stated	500 000	250 000	(44 024)	459 758	19 545 478	20 711 212
Adjustments – prior period error G.15	–	–	–	–	(54 437)	(54 437)
Balance at 01 April 2021 – restated	**500 000**	**250 000**	**(44 024)**	**459 758**	**19 491 041**	**20 656 775**
Loss for the year	–	–	–	–	(1 002 359)	(1 002 359)
Other comprehensive income:						
Remeasurements of retirement benefit differences, net of tax	–	–	–	1 938	–	1 938
Foreign currency translation differences, net of tax	–	–	–	(17 434)	–	(17 434)
Total comprehensive income	**–**	**–**	**–**	**(15 496)**	**(1 002 359)**	**(1 017 855)**
Balance at 1 April 2022 – restated	**500 000**	**250 000**	**(44 024)**	**444 262**	**17 711 230**	**18 861 468**
Balance at 1 April 2022 – previously stated	500 000	250 000	(44 024)	444 262	18 543 119	19 693 357
Adjustments – prior period error G.15	–	–	–	–	(831 889)	(831 889)
Loss for the year	–	–	–	–	(142 479)	(142 479)
Other comprehensive income:						
Remeasurements of retirement benefit obligations, net of tax	–	–	–	963	–	963
Foreign currency translation differences, net of tax	–	–	–	(62 937)	–	(62 937)
Total comprehensive income	**–**	**–**	**–**	**(61 974)**	**(142 479)**	**(204 453)**
Balance at 31 March 2023	**500 000**	**250 000**	**(44 024)**	**382 288**	**17 568 751**	**18 657 015**
Note	G.5	G.5	G.10	G.6		

STATEMENT OF CHANGES IN EQUITY continued

FOR THE YEAR ENDED 31 MARCH 2023

COMPANY

Figures in R'000s	Share capital	Share premium	Other reserves	Retained income	Total equity
Balance at 01 April 2021 – previously stated	500 000	250 000	204 343	18 172 605	19 126 948
Adjustments – prior period error G.15	–	–	–	(54 437)	(54 437)
Balance at 01 April 2021 – restated	**500 000**	**250 000**	**204 343**	**18 118 168**	**19 072 511**
Profit for the year	–	–	–	128 936	128 936
Other comprehensive income:					
Remeasurements of retirement benefit obligations, net of tax	–	–	1 938	–	1 938
Total comprehensive income	**–**	**–**	**1 938**	**128 936**	**130 874**
Balance at 1 April 2022 – restated	**500 000**	**250 000**	**206 281**	**17 469 652**	**18 425 933**
Balance at 1 April 2022 – previously stated	500 000	250 000	206 281	18 301 541	19 257 822
Adjustments – prior period error G.15	–	–	–	(831 889)	(831 889)
Loss for the year	–	–	–	(64 378)	(64 378)
Other comprehensive income:					
Remeasurements of retirement benefit obligations, net of tax	–	–	963	–	963
Total comprehensive income	**–**	**–**	**963**	**(64 378)**	**(63 415)**
Balance at 31 March 2023	**500 000**	**250 000**	**207 244**	**17 405 274**	**18 362 518**
Note	G.5	G.5	G.6		

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

Figures in R'000s	Note	GROUP March 2023	GROUP March 2022	COMPANY March 2023	COMPANY March 2022
Cash flows from operating activities					
Cash generated from operations	D.4	**2 182 281**	47 590	**2 111 001**	64 400
Interest received		**264 375**	155 717	**336 851**	191 963
Tax (paid)/refunded		**(42 518)**	156 896	**(41 165)**	174 626
Net cash inflow from operating activities		**2 404 138**	**360 203**	**2 406 687**	**430 989**
Cash flows from investing activities					
Purchase of property, plant and equipment	B.2	**(329 372)**	(519 001)	**(327 395)**	(517 830)
Sale of property, plant and equipment	B.2	**11 764**	56	**11 762**	56
Purchase of investment property	B.1	**(8 840)**	(22 461)	**(8 840)**	(22 461)
Purchase of intangible assets	G.1	**(83 615)**	(6 053)	**(83 615)**	(6 033)
Loans advanced to group companies	G.1	**–**	–	**(83 034)**	(27 929)
Transfers to income funds	G.4	**(1 609 875)**	(252 064)	**(1 609 875)**	(252 064)
Dividends received		**–**	–	**–**	1 195 344
Net cash (outflow)/inflow from investing activities		**(2 019 938)**	**(799 523)**	**(2 100 997)**	**369 083**
Cash flows from financing activities					
Derivatives repaid		**`(1 111)**	(2 473)	**(1 111)**	(2 473)
Interest-bearing borrowings paid	C.1	**(296 355)**	(296 355)	**(296 355)**	(296 355)
Interest-bearing borrowings raised	C.1	**1 665 744**	–	**1 665 744**	–
Interest paid	C.1	**(617 083)**	(546 067)	**(617 083)**	(545 514)
Net cash inflow/(outflow) from financing activities		**751 195**	**(844 895)**	**751 195**	**(844 342)**
Net increase/(decrease) in cash and cash equivalents		**1 135 395**	(1 284 215)	**1 056 885**	(44 270)
Cash and cash equivalents at the beginning of the year		**1 048 229**	2 332 444	**983 153**	1 027 423
Cash and cash equivalents at the end of the year	D.2	**2 183 624**	**1 048 229**	**2 040 038**	**983 153**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

1.1 Accounting policies

The most significant accounting policies appear in the relevant notes in the consolidated and separate 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, updated for the new standards, interpretations and amendments outlined in paragraph 2 below.

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) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), as well as the requirements of the Companies Act 71 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.

1.4 Significant judgements and key sources of estimation uncertainty

In preparing these consolidated and separate financial statements, management has made judgements and estimates that affect the application of the Group's and Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Significant Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Fair value of investment property: valuation techniques used to determine fair value using observable inputs – note B.1.
- Taxation: Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income and deferred tax provisions in the period in which such determination is made. The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will be reversed in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectation of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. Refer to notes G.2 and G.9 for disclosures of the computed tax transactions and balances. Contingencies relating to tax matters have been disclosed in note G.14.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Probability of collection of consideration due as revenue, and rental concessions granted to customers – note A.1
- Useful lives and residual values of assets – notes B.2 and G.1.
- Impairment of non-financial assets – determination of recoverable amount. Notes B.2 and G.1.
- Measurement of ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate – note D.1.
- Group's risks and exposures at 31 March 2023, ability to continue as a going concern, future cashflows for impairment testing purposes and adjusting vs non-adjusting (but disclosable) events after reporting date up to date of publishing of financial statements – notes F and G.12.
- Measurement of defined benefit obligations: key actuarial assumptions – note G.3.
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources – notes G.8 and G.14.

1. Basis of preparation and accounting policies (continued)

1.5 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.

1.6 Foreign currency

1.6.1 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.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

1.6.2 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 are retranslated at year-end at the closing rate (exchange rate at year-end). Non-monetary assets and liabilities 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.

1.7 Impairment of non-financial assets

The carrying amounts of property, plant 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. 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.

2. New Standards and Interpretations

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

The standards and interpretations applicable to the Group came into effect for the first time in the current financial year. None of them had a material impact on the Group. The relevant accounting policies have been updated in these financial statements where necessary.

The Group has considered and applied the amended definition in the preparation of these financial statements.

2.2 Standards and interpretations not yet effective

There are a number of new standards and amendments which will only be effective after the 2023 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. The Group will implement these requirements in the financial years they become applicable.

3. Segmental information

The change in reportable segments was necessitated by our business model, which is now based on a regional view as outlined in the Integrated Report. Prior period information has been re-aligned to the regional view.

Five reportable segments were identified namely:

- Region 1 – O.R. Tambo and Bram Fischer International Airports.
- Region 2 – Cape Town International, George, Kimberly and Upington Airports.
- Region 3 – King Shaka International, Chief Dawid Stuurman (Gqeberha), and King Phalo Airports.
- Corporate services – business support functions (Human Resources, Finance, Corporate Services).
- Investment holdings – results of subsidiaries, associates and joint ventures.

The operations of the segments are as follows:

- Regions 1 to 3 – provision, maintenance, management, and operation of airports, and any facility or service at any airport that is related to the normal functioning of that airport.

- Investment holdings – created by the Company to hold ancillary operations-investment holding, airport consultancy, hotel operations and property management.

Management has considered the following factors to identify the reportable segments:

- Location of segments – airport operations, property, hotel operations, administration, etc.
- Nature of activities (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.

Geographical information

Airports Company South Africa SOC Limited is domiciled in South Africa. Its customers are located in countries across the world, particularly for aeronautical revenue. Revenue by customer location is not available and the cost to develop it would be excessive and therefore has not been disclosed.

ACSA Global Ltd, a 100% held subsidiary, is domiciled in Mauritius. It has no non-current assets. Therefore no disclosures of assets by geographical location have been made in these consolidated and annual financial statements.

3. Segmental information (continued)

Figures in R'000s	REGION ONE March 2023	REGION ONE March 2022	REGION TWO March 2023	REGION TWO March 2022	REGION THREE March 2023	REGION THREE March 2022	CORPORATE March 2023	CORPORATE March 2022	SUBS, ASSOCIATES & JVS March 2023	SUBS, ASSOCIATES & JVS March 2022	ELIMINATION March 2023	ELIMINATION March 2022	TOTAL March 2023	TOTAL March 2022
Revenue from external customers														
– Aeronautical	1 765 822	1 037 461	808 009	481 101	382 099	278 422	–	–	–	–	–	–	2 955 930	1 796 984
– Non-aeronautical	1 795 835	1 250 623	651 043	461 389	355 948	256 775	18 838	8 217	267 766	157 369	(19 636)	(34 974)	3 069 794	2 099 399
Total revenue	3 561 657	2 288 084	1 459 052	942 490	738 047	535 197	18 838	8 217	267 766	157 369	(19 636)	(34 974)	6 025 724	3 896 383
EBITDA	2 339 052	1 145 667	956 608	418 468	199 733	27 606	(1 456 729)	(6 916)	2 279	18 206	–	(1 261 342)	2 040 943	341 689
Fair value losses on investment properties	(110 579)	(285 344)	(13 504)	125 957	(25 299)	16 730	–	–	(47 099)	57 399	(12 300)	(5 458)	(208 781)	(90 716)
Depreciation and amortisation	(662 937)	(544 845)	(313 601)	(281 816)	(342 467)	(313 534)	(62 993)	(55 188)	(4 916)	(64 511)	–	59 197	(1 386 914)	(1 200 697)
Share of net profit of equity accounted investments	–	–	–	–	–	–	–	–	6 519	980	–	–	6 519	980
Segment profit/(loss) before tax	1 675 582	374 657	674 346	284 997	(139 293)	(261 107)	(2 109 928)	(698 188)	(110 037)	(220 439)	(12 300)	(1 016 222)	(21 630)	(1 536 302)
Reportable total assets	8 099 199	8 652 216	5 394 524	5 542 044	7 184 285	7 386 114	11 125 456	8 593 969	2 246 408	2 290 502	(2 429 887)	(2 417 767)	31 619 985	30 047 078
Reportable total liabilities	(274 538)	(235 057)	(126 972)	(156 557)	(152 489)	(140 953)	(767 370)	(827 490)	(2 398 982)	(2 351 288)	2 298 454	2 300 034	(1 421 897)	(1 411 311)

Major customers

Included in revenue is an amount of R887 million from one significant customer (2022: R275 million) and is earned in each of Regions one to three. There are no other customers who represent more than 10% of revenue for both 2023 and 2022.

A. Managing EBITDA

A.1 Revenue

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

Aeronautical revenue

Aeronautical revenue is earned in relation to the provision by the Group, at an airport, of any service or facility for the purposes of the landing, parking or take-off of an aircraft. This revenue is recognised in terms of IFRS 15, on the following bases:

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

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

a. Landing Fees – upon landing of an aircraft at the Group's airports; and

b. Passenger service fees – upon departure by a passenger from the Group's airports.

c. Aircraft parking – upon parking by an aircraft at the Group'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.

When the Group acts as a lessor, it determines at inception whether each lease is a finance or operating lease. To classify the lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. As none of the leases transfer such risk and rewards to the extent of being substantial, the Group's leases are classified as operating.

Revenue from operating leasing activities is recognised in accordance with IFRS 16 on a straight-line basis over the lease term. Contingent rental revenue, such as the turnover based element is recognised in the period in which it is earned.

A. Managing EBITDA (Continued)

A.1 Revenue (Continued)

Other revenue is recognised in accordance with IFRS 15 as detailed above.

Type of Revenue	Advertising	Retail	Parking	Car hire	Property rental	Hotel operations and other
Determination	Based on the higher of a minimum guaranteed rental and/or a percentage of turnover.	Based on the higher of a minimum guaranteed rental and/or a percentage of turnover.	Time-based tariffs.	Rental is based on the higher of a minimum guaranteed rental and/or a percentage of turnover.	Based on medium and long-term rental agreements with tenants.	– Permits – rate per type of permit at a point in time – Rooms revenue – rate per type of room over a period of time – Food and beverage revenue – at a point in time – Banqueting, venue hire, and parking (at hotels) – over a period of time – Airport management services – contractually negotiated amounts, over a period of time
Examples	Rental of advertising space to concessionaires.	Rental of retail space to concessionaires.	Providing short- and long-term parking facilities.	Concession fees and the rental of space and kiosks to car hire companies.	Rentals of office space, air lounges, aviation fuel depots, warehousing, logistics facilities, hotels and filling stations.	As described per determination.

A. Managing EBITDA (Continued)

A.1 Revenue (continued)

The total amount of relief provided to customers in the 2022 financial year due to economic difficulties experienced as a result of the impact of the Covid-19 pandemic amounted to R591 million. No concessions were granted in the current financial year.

	GROUP		COMPANY	
Figures in R'000s	March 2023	March 2022	March 2023	March 2022
Revenue from contracts with customers				
Aeronautical				
Landing fees	**993 229**	681 337	**993 229**	681 337
Passenger service charges	**1 909 626**	1 072 402	**1 909 626**	1 072 402
Aircraft parking	**53 075**	43 245	**53 075**	43 245
	2 955 930	1 796 984	**2 955 930**	1 796 984
Non-aeronautical				
Hotel operations	**201 336**	100 311	**–**	–
Other[1]	**76 744**	55 445	**75 158**	57 171
	278 080	155 756	**75 158**	57 171
Total revenue from contracts with customers	**3 234 010**	1 952 740	**3 031 088**	1 854 155
Other revenue – Leases				
Non-aeronautical				
Advertising	**107 348**	29 241	**107 348**	29 241
Retail	**847 682**	606 550	**847 682**	606 550
Property rental	**981 687**	729 026	**936 479**	705 215
Parking	**495 868**	353 436	**495 868**	353 436
Car hire	**359 129**	225 390	**359 129**	225 390
Total other revenue	**2 791 714**	1 943 643	**2 746 506**	1 919 832
Total Revenue	**6 025 724**	3 896 383	**5 777 594**	3 773 987
Aeronautical	**2 955 930**	1 796 984	**2 955 930**	1 796 984
Non-Aeronautical	**3 069 794**	2 099 399	**2 821 664**	1 977 003
	6 025 724	3 896 383	**5 777 594**	3 773 987

[1] *Other includes permits and airports management services.*

A. Managing EBITDA (Continued)

A.1 Revenue (continued)

Figures in R'000s	GROUP March 2023	GROUP March 2022	COMPANY March 2023	COMPANY March 2022
Revenue relating to variable lease payments on operating leases				
Advertising	–	4 138	–	4 138
Retail	111 308	21 093	111 308	21 093
Parking	–	–	–	–
Car hire	75 655	53 468	75 655	53 468
Property rental	10 278	–	10 278	–
	197 241	78 699	197 241	78 699
Revenue relating to fixed lease payments for operating leases				
Advertising	107 348	25 103	107 348	25 103
Retail	736 374	580 382	384 560	580 382
Parking	495 868	353 436	936 479	353 436
Car hire	283 474	172 807	283 474	172 807
Property rental	971 410	737 106	837 404	705 215
	2 594 474	1 868 834	2 549 265	1 836 943

A. Managing EBITDA (Continued)

A.1 Revenue (continued)

The Group earns all its lease revenue from operating leases.

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:

	GROUP		COMPANY	
Figures in R'000s	March 2023	March 2022	March 2023	March 2022
Net minimum future cash lease payments on operating leases	**4 801 039**	4 493 957	**4 800 971**	4 485 899
Within one year	**1 599 339**	1 845 061	**1 599 271**	1 837 003
Between one to two years	**494 545**	1 413 654	**494 545**	1 413 654
Between two to five years	**785 946**	447 717	**785 946**	447 717
After five years	**1 921 209**	787 525	**1 921 209**	787 525

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.

	GROUP		COMPANY	
Figures in R'000s	March 2023	March 2022	March 2023	March 2022
Bad debts recovered	**17 701**	–	**–**	–
Other[1]	**21 908**	1 651	**21 895**	1 644
Dividends[2]	**–**	–	**–**	1 195 344
	39 609	1 651	**21 895**	1 196 988

[1] *Comprises rates refunds of R20 million and training income of R1 million.*
[2] *Dividend income was received from ACSA Global Ltd by the Company.*

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 as the related service is provided. 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	The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI ('actuarial reserve'). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. 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 recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.
Short-term benefits	Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. 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.

	GROUP		COMPANY	
Figures in R'000s	March 2023	March 2022	March 2023	March 2022
Salaries	**1 075 526**	1 141 798	**1 046 374**	1 123 571
Performance bonus	**–**	79	**–**	79
Medical aid – Company Contributions	**76 238**	81 562	**74 800**	80 462
Pension benefits	**90 069**	95 258	**88 344**	95 258
	1 241 833	1 318 697	**1 209 518**	1 299 370

A.4 Operating expenses

	GROUP		COMPANY	
Figures in R'000s	March 2023	March 2022	March 2023	March 2022
Repairs and maintenance	**417 508**	317 216	**413 683**	314 395
Security	**433 222**	452 386	**431 493**	450 864
Electricity and water	**224 909**	190 977	**214 890**	183 819
Auditors remuneration	**20 130**	18 064	**18 804**	17 153
Operating lease expense[3]	**80 831**	25 445	**6 537**	25 286
Information systems expenses	**306 535**	246 563	**306 535**	246 563
Rates and taxes	**285 237**	275 233	**269 939**	260 308
Cleaning	**111 167**	87 005	**109 293**	85 836
Marketing	**22 683**	18 567	**15 466**	14 178
Managerial, technical and other fees	**64 017**	54 739	**56 687**	48 918
Travel	**17 039**	6 797	**16 747**	6 632
Insurance	**45 635**	42 274	**45 290**	42 062
Administration	**70 047**	34 974	**51 749**	25 920
Training	**7 757**	7 843	**6 085**	6 416
Consumables	**34 819**	36 284	**34 389**	36 098
Socio-economic and enterprise development	**13 963**	10 392	**13 963**	10 392
Telephone and fax	**8 238**	10 813	**8 171**	10 766
Recruitment expenses	**2 769**	1 660	**2 769**	1 660
Legal expenses	**32 899**	35 954	**32 899**	35 954
Other expenses	**28 691**	14 567	**555**	6
Bank charges	**8 257**	5 667	**8 142**	5 570
Service standards monitoring	**–**	557	**–**	557
Membership fees	**3 460**	3 717	**3 460**	3 717
Loss on sale of assets	**1 001**	3 380	**978**	3 300
Termination fees[4]	**–**	37 803	**–**	37 803
Losses on property and equipment	**27**	87 140	**27**	87 140
	2 240 841	2 026 017	**2 068 551**	1 961 313

3 *Accounting policy – Low value assets – Company and Group as a lessee*

4 *Termination fees relate to costs incurred to cancel contracts for capital projects, which the Group has curtailed as part of its cost reduction strategy, in response to the impact of Covid-19 on air travel. The projects had not commenced.*

Accounting policy

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment and buildings. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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 the income capitalisation approach by an accredited independent valuer. Changes in fair values are recorded in profit and loss. The fair value obtained by the valuer is adjusted for lease receivables of R246 million (Mar 2022: R160 million).

Lease receivables are recognised net of straight-lining adjustments.

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 the appropriate method and makes assumptions relating to market yields, escalation rates and key valuation inputs that are mainly based on conditions existing at each reporting date.

Reconciliation of Investment property Group

Figures in R'000s	March 2023	March 2022
Balance at beginning of year	**7 859 325**	7 572 976
Improvements/additions	**8 840**	22 461
Write-offs	–	(265)
Change in fair value		
Recognised in profit for the year	**(208 781)**	(90 716)
Transfers from property, plant and equipment	–	354 869
Balance at end of year	**7 659 384**	7 859 325

B. Assets (continued)

B.1 Investment property (continued)

Company

Figures in R'000s	March 2023	March 2022
Balance at beginning of year	**7 476 120**	7 241 713
Improvements/additions	**8 840**	22 461
Write-offs	–	(265)
Change in fair value		
Recognised in profit for the year	**(149 381)**	(142 657)
Transfers from property, plant and equipment	–	354 869
Balance at end of year	**7 335 579**	7 476 120

Transfers comprise assets under construction transferred to investment properties upon completion.

Assets are transferred at cost.

The Group's and Company's investment properties are not encumbered, there are no amounts of restrictions on the realisability of investment property.

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

	GROUP		COMPANY	
Figures in R'000s	March 2023	March 2022	March 2023	March 2022
Rental payments received	**981 687**	729 026	**936 479**	705 215
Included in Revenue (note A.1)	**981 687**	729 026	**936 479**	705 215

Operating expenses directly incurred in relation to investment properties amounted to R143 million (Mar 2022: R122 million).

B. Assets (continued)

B.1 Investment property (continued)

Fair Values

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

	GROUP AND COMPANY	
	March 2023	March 2022
Market yield of comparable industrial properties (%)	**9-13**	9-11
Market yield of comparable commercial properties (%)	**9-12**	9-11
Discount rate: Industrial properties (%)	**13.95**	13.91
Discount rate: Commercial properties (%)	**13.63**	13.28
Average escalation of lease rentals (%)	**6-8**	5-8
Average duration of lease (years)	**2-5**	2-5
Average capitalisation rate: business and commercial properties portfolio (%)	**10.32**	9.79
Average vacancy provision: business and commercial properties portfolio (%)	**5.44**	1.66
Average capitalisation rate: industrial properties portfolio (%)	**9.33**	9.22
Average vacancy provision: industrial properties portfolio (%)	**2.10**	1.81

Fair value hierarchy

The fair values of these investment properties are determined using valuation techniques which use inputs that are both observable and unobservable. They are therefore classified as Level 3 on the fair value hierarchy.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels, and the discount rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rate (market yields) decline. The overall valuations are sensitive to all three assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs.

B. Assets (continued)

B.1 Investment property (continued)

The estimated impact of a change in the following unobservable inputs would result in a change in the independent valuers' valuation as follows:

	GROUP AND COMPANY	
Figures in R'000s	March 2023	March 2022
Decrease of 50 basis points in the discount rate	383	531
Increase of 50 basis points in the discount rate	(378)	(524)
Decrease of 50 basis points in the exit capitalisation rate	372 347	360 661
Increase of 50 basis points in the exit capitalisation rate	(338 635)	(327 053)
Decrease of 50 basis points in the capitalisation rate	530 359	554 355
Increase of 50 basis points in the capitalisation rate	(478 842)	(498 817)
Decrease of 100 basis points in the market rental growth rate	(146 921)	(141 738)
Increase of 100 basis points in the market rental growth rate	148 378	143 184
Decrease of 100 basis points in the property expenditure growth	114 110	112 910
Increase of 100 basis points in the property expenditure growth	(114 110)	(112 910)
Decrease of 50 basis points in the vacancy provision	50 000	50 000
Increase of 50 basis points in the vacancy provision	(50 000)	(50 000)

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels, and the discount rate. The estimated fair value increases when the estimated rental increases, vacancy levels decline or the discount rate (market yields) decline.

The overall valuations are sensitive to all three assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs.

The Group engages external, independent and qualified valuers to determine the fair values of investment properties at the end of every financial year. The valuations are reviewed by discussion between management and the valuation team. As part of this discussion, the team presents a report that explains the reason for the valuation methodology, inputs and fair value movements. Significant valuation issues are reported to the Audit and Risk Committee.

B. Assets (continued)

B.1 Investment property (continued)

The effective date of the valuation of the investment properties was 31 March 2023. All independent valuers are registered in terms of section 19 of the Property Valuers Professional Act, Act No 47 of 2000. The valuers were as follows:

Appraisal Corporation CC

- Saul du Toit – Professional valuer, appraiser. Registered as a Professional Valuer with the SA Council for the Property Valuers Profession (Reg. No. 2631). Fellow of SA Institute of Valuers (SAIV). Member of South African Right of Way Association.
- Jenny Falck – Professional valuer, appraiser. Registered as a Professional Valuer with the SA Council for the Property Valuers Profession (SACPVP) (Reg. No.3696). Civil Commercial Mediator. Fellow of the SAIV and past Chairperson of the Southern Branch of the SAIV.
- Manie Steinman – Registered as a Professional Valuer with the SA Council for the Property Valuers Profession (SACPVP) (Reg. No.3156). Member of the SAIV.
- Robyn Jackson – Registered as a Professional Valuer with the SA Council for the Property Valuers Profession (SACPVP) (Reg. No.7677). Member of the SAIV.

B.2 Property, plant 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.

The assets' residual values, useful lives and depreciation method are reviewed and adjusted annually if appropriate. A summary of the estimated useful lives of different asset groups is as follows:

Category	Average useful Lives
Office Furniture and Fittings	1 – 8 years
Computer Equipment	1 – 7 years
Equipment	1 – 11 years
Motor Vehicles	1 – 10 years
Pavements	1 – 31 years
Buildings	1 – 28 years

B. Assets (continued)

B.2 Property, plant and equipment (continued)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- actual borrowing costs on funds specifically borrowed for the purpose of acquisition, construction or development of a qualifying asset less any temporary investment of those borrowings; and
- weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of acquisition, construction or development of a qualifying asset. The borrowing costs capitalised cannot exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

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 of 0% (2022:10.97%) 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.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

B. Assets (continued)

B.2 Property, plant and equipment (continued)

For motor vehicles, the fair value less cost to sell based on the most recent arm's length transaction for identical assets was used (Level 2 on the fair value hierarchy).

For buildings, equipment and pavements, the values in use of the assets were used, which were determined to be zero as these assets were no longer in a condition for use.

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.

Change in estimate

During the year, the estimated useful lives of the assets were revised. The effect of the revised useful lives affected property, plant and equipment and intangible assets. The effect of the changes in the current financial year was a decrease in depreciation expenses of R35 million. The effect of the change in estimate is accounted for prospectively

As a result, the expected useful lives of the intangible assets and property, plant and equipment increased.

Assuming the assets are held until the end of their estimated useful lives, depreciation in future years in relation to these assets will be increased/(decreased) by the following amounts.

Figures in R'000s	2023	2024	2025	2026	2027	2028	Later
(Decrease)/Increase in depreciation expense							
Buildings	(5 360)	418	199	199	161	141	4 242
Equipment	(16 924)	4 405	1 826	1 771	1 436	1 258	6 228
Office furniture	(270)	228	21	18	3	–	–
Computer equipment	(10 775)	7 288	3 338	58	51	41	–
Motor vehicles	(1 335)	1 048	124	81	47	33	2
Pavements	(11)	1	–	–	–	–	9
(Decrease)/Increase in depreciation expense	**(34 675)**	**13 388**	**5 508**	**2 127**	**1 698**	**1 473**	**10 481**

B. Assets (continued)

B.2 Property, plant and equipment (continued)

Group

Figures in R'000s	MARCH 2023 Cost	MARCH 2023 Accumulated depreciation and impairment	MARCH 2023 Carrying value	MARCH 2022 Cost	MARCH 2022 Accumulated depreciation and impairment	MARCH 2022 Carrying value
Land	827 048	(59)	826 989	827 048	(59)	826 989
Buildings	13 931 718	(6 188 980)	7 742 738	13 917 869	(5 761 687)	8 156 182
Equipment	5 759 748	(3 594 994)	2 164 754	5 614 865	(3 288 755)	2 326 110
Motor vehicles	485 253	(317 663)	167 590	479 825	(275 853)	203 972
Pavements	7 987 481	(4 825 311)	3 162 170	7 984 011	(4 468 823)	3 515 188
Work in progress	1 641 792	–	1 641 792	1 749 556	–	1 749 556
Office furniture and fittings	143 837	(118 955)	24 882	143 903	(110 142)	33 761
Computer equipment	1 882 957	(1 129 792)	753 165	1 658 982	(970 932)	688 050
Right-of-use asset	26 699	(26 699)	–	26 699	(26 699)	–
Total	32 686 533	(16 202 453)	16 484 080	32 402 758	(14 902 950)	17 499 808

B. Assets (continued)

B.2 Property, plant and equipment (continued)

Company

Figures in R'000s	MARCH 2023 Cost	MARCH 2023 Accumulated depreciation and impairment	MARCH 2023 Carrying value	MARCH 2022 Cost	MARCH 2022 Accumulated depreciation and impairment	MARCH 2022 Carrying value
Land	827 048	(59)	826 989	827 048	(59)	826 989
Buildings	13 899 688	(6 174 168)	7 725 520	13 885 606	(5 747 722)	8 137 884
Equipment	5 746 598	(3 591 498)	2 155 100	5 602 100	(3 285 438)	2 316 662
Motor vehicles	485 253	(317 663)	167 590	479 825	(275 853)	203 972
Pavements	7 987 481	(4 825 311)	3 162 170	7 984 011	(4 468 823)	3 515 188
Work in progress	1 641 641	–	1 641 641	1 749 405	–	1 749 405
Office furniture and fittings	114 330	(99 639)	14 691	114 076	(92 690)	21 386
Computer equipment	1 882 735	(1 129 792)	752 943	1 658 864	(970 932)	687 932
Right of use asset	26 699	(26 699)	–	26 699	(26 699)	–
Total	32 611 473	(16 164 829)	16 446 644	32 327 634	(14 868 216)	17 459 418

B. Assets (continued)

B.2 Property, plant and equipment (continued)

Group

2022

Figures in R'000s	Land	Buildings	Equipment	Office furniture and fittings	Motor vehicles	Computer equipment	Pavements	Work in progress	Right of use asset	Total
Balance as at 1 April 2021	827 728	7 881 202	2 337 496	42 621	225 251	757 713	4 101 929	2 436 179	–	18 610 119
Additions	–	22 217	40 787	6 947	151	(861)	61 518	388 242	–	519 001
Disposals	–	(15 870)	(10 320)	(3 704)	(4 492)	(6 666)	(53 435)	–	–	(94 487)
Transfers from assets held for sale	–	–	–	–	5 641	–	261	–	–	5 902
Transfers to and (from) property, plant and equipment	–	363 764	225 542	–	–	5 827	114 173	(709 306)	–	–
Write-offs	–	–	–	–	–	–	–	(638)	–	(638)
Transfers from intangible assets	–	–	–	–	–	–	–	(10 791)	–	(10 791)
Transfers to investment property (Note B.1)	(739)	–	–	–	–	–	–	(354 130)	–	(354 869)
Depreciation	–	(403 314)	(230 003)	(11 077)	(27 363)	(144 395)	(351 235)	–	–	(1 167 387)
Impairment	–	(54)	(1 506)	(16)	(1 413)	(3)	–	–	–	(2 992)
Impairment reversal	–	419	–	–	32	–	–	–	–	451
Asset reclassification[8]	–	307 818	(35 886)	(1 010)	6 165	76 435	(358 023)	–	–	(4 501)
Closing balance at 31 March 2022	826 989	8 156 182	2 326 110	33 761	203 972	688 050	3 515 188	1 749 556	–	17 499 808

B. Assets (continued)

B.2 Property, plant and equipment (continued)

2023

Figures in R'000s	Land	Buildings	Equipment	Office furniture and fittings	Motor vehicles	Computer equipment	Pavements	Work in progress	Right of use asset	Total
Opening balance at 1 April 2022	826 989	8 156 182	2 326 110	33 761	203 972	688 050	3 515 188	1 749 556	–	17 499 808
Asset reclassification[8]	–	–	–	–	–	–	–	(5 913)	–	(5 913)
Additions	–	9 729	24 975	1 172	–	126 126	118	167 251	–	329 371
Disposals	–	(96)	(727)	(33)	(181)	(7 750)	–	–	–	(8 787)
Transfers to and (from) property, plant and equipment[7]	–	4 470	125 675	627	–	134 904	3 330	(269 006)	–	–
Transfers from assets held for sale (note B.3)	–	–	13	–	443	–	13	–	–	469
Write offs	–	–	–	–	–	–	–	(96)	–	(96)
Depreciation	–	(427 633)	(309 951)	(10 645)	(36 744)	(187 518)	(352 575)	–	–	(1 325 066)
Impairment	–	(20)	(1 925)	–	(10)	(647)	(3 904)	–	–	(6 506)
Impairment reversal	–	106	584	–	110	–	–	–	–	800
Closing balance at 31 March 2023	826 989	7 742 738	2 164 754	24 882	167 590	753 165	3 162 170	1 641 792	–	16 484 080

[7] *Comprises transfers of assets under construction to the relevant category in property, plant and equipment, intangible assets or investment property upon completion.*

[8] *Asset reclassifications relate to the updating of the major and minor categories of assets, to ensure that assets with similar characteristics are grouped together. As a result, in addition to reclassifications within property, plant and equipment, R5.9 million (2022: R4.5 million) in assets were reclassified from work in progress to intangible assets (computer software).*

B. Assets (continued)

B.2 Property, plant and equipment (continued)

Company

2022

Figures in R'000s	Land	Buildings	Equipment	Office furniture and fittings	Motor vehicles	Computer equipment	Pavements	Work in progress	Right of use asset	Total
Balance as at 1 April 2021	827 728	7 861 464	2 328 759	27 064	225 251	756 606	4 101 929	2 436 028	–	18 564 829
Additions	–	22 217	38 763	6 903	151	36	61 518	388 242	–	517 830
Disposals	–	(15 724)	(10 208)	(3 609)	(4 492)	(6 669)	(53 435)	–	–	(94 137)
Transfers to and (from) property, plant and equipment	–	363 764	225 542	–	–	5 827	114 173	(709 306)	–	–
Transfers from investment properties	(739)	–	–	–	–	–	–	(354 130)	–	(354 869)
Transfers from assets held for sale	–	–	–	–	5 641	–	261	–	–	5 902
Transfers to intangible assets	–	–	–	–	–	–	–	(10 791)	–	(10 791)
Write-offs	–	–	–	–	–	–	–	(638)	–	(638)
Depreciation	–	(402 020)	(228 802)	(7 945)	(27 363)	(144 300)	(351 235)	–	–	(1 161 665)
Impairment	–	(54)	(1 506)	(17)	(1 413)	(3)	–	–	–	(2 993)
Impairment reversal	–	419	–	–	32	–	–	–	–	451
Asset reclassification8	–	307 818	(35 886)	(1 010)	6 165	76 435	(358 023)	–	–	(4 501)
Closing balance at 31 March 2022	826 989	8 137 884	2 316 662	21 386	203 972	687 932	3 515 188	1 749 405	–	17 459 418

B. Assets (continued)

B.2 Property, plant and equipment (continued)

2023

Figures in R'000s	Land	Buildings	Equipment	Office furniture and fittings	Motor vehicles	Computer equipment	Pavements	Work in progress	Right of use asset	Total
Opening balance at 1 April 2022	826 989	8 137 884	2 316 662	21 386	203 972	687 932	3 515 188	1 749 405	–	17 459 418
Asset reclassification[8]	–	–	–	–	–	–	–	(5 913)	–	(5 913)
Additions	–	9 729	24 102	291	–	125 904	118	167 251	–	327 395
Disposals	–	(96)	(727)	(10)	(181)	(7 750)	–	–	–	(8 764)
Transfers from assets held for sale (note B.3)	–	–	13	–	443	–	13	–	–	469
Transfers to and (from) property, plant and equipment[7]	–	4 470	125 675	627	–	134 904	3 330	(269 006)	–	–
Write offs	–	–	–	–	–	–	–	(96)	–	(96)
Depreciation	–	(426 553)	(309 284)	(7 603)	(36 744)	(187 400)	(352 575)	–	–	(1 320 159)
Impairment	–	(20)	(1 925)	–	(10)	(647)	(3 904)	–	–	(6 506)
Impairment reversal	–	106	584	–	110	–	–	–	–	800
Closing balance at 31 March 2023	826 989	7 725 520	2 155 100	14 691	167 590	752 943	3 162 170	1 641 641	–	16 446 644

7 *Comprises transfers of assets under construction to the relevant category in property, plant and equipment, intangible assets or investment property upon completion.*

8 *Asset reclassifications relate to the updating of the major and minor categories of assets, to ensure that assets with similar characteristics are grouped together. As a result, in addition to reclassifications within property, plant and equipment, R5.9 million (2022: R4.5 million) in assets were reclassified from work in progress to intangible assets (computer software).*

B. Assets (continued)

B.2 Property, plant and equipment (continued)

Split of Work in Progress – in R'000s	March 2023	March 2022
Buildings	**477 390**	562 708
Equipment	**260 782**	261 983
Furniture & Fittings	**10**	–
IT Equipment	**103 280**	173 977
Intangible Assets	**–**	5 913
Motor Vehicles	**37 108**	–
Pavements	**728 742**	711 220
Investment Property	**34 329**	33 605
	1 641 641	1 749 406

Transfers from assets held for sale comprise assets reclassified to property, plant and equipment due to a change in the Group's intention for use of motor vehicles, from disposal to utilisation in the ordinary course of operations.

R13.4 million in borrowing costs were capitalised during the year ended 31 March 2023 (Mar 2022: R36 million), which were incurred on the DBSA loan.

The applicable specific capitalisation rate was 8.74% in both 2023 and 2022.

No items of property, plant and equipment were pledged as security for liabilities. The Group received compensation from its insurers, amounting to of R4.9 million, for items of property, plant and equipment that were lost, stolen or damaged during the current financial year.

B. Assets (continued)

B.3. Non-current assets held for sale

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.

Disposal of investment in Aeroporto de Guarulhos Participações S.A.

During the 2021 financial year, the Group received an offer for the purchase of 100% of its investment stake in Aeroporto de Guarulhos Participações S.A (GRUPAR). A Share Purchase Agreement (SPA) was accepted and the investment was therefore classified as held-for-sale.

Due to non-fulfillment of certain conditions precedent by the buyer as set forth in the SPA, the SPA lapsed in December 2022. The Group continues to hold an airport operator guarantee to the GRU concession amounting to BRL 151 million, R530 million (Mar 2022: BRL 151 million, R459 million) in favour of the concession.

Since the lapse of the SPA, the Group has continued to actively seek a buyer for its equity interest in GRUPAR. A letter of intent was received from a potential buyer in March 2023, which was followed up by a preliminary, non-binding offer in April 2023.

The stake in GRUPAR was previously treated as an investment in associate and equity accounted in terms of IAS 28 (see note E3.). It was fully impaired in 2019.

The investment was obtained for a total cost of R1.2 billion as follows:

- R76 million to acquire a 10% stake in 2013.
- An additional R181 million upon an equity call by GRUPAR in 2014, in which both shareholders participated proportionally, the Group thereby retaining a 10% stake.
- R363 million in 2016 to increase the Group's shareholding by 10%, to a total of 20%.
- R530 million upon an equity calls by GRUPAR between 2017 and 2018, in which both shareholders participated proportionally, the Group thereby retaining a 20% stake.

The fair value of the investment in GRUPAR was determined with reference to the offer received, which is an indirectly observable event. It is therefore classified as Level 2 on the fair value hierarchy. However, as the investment was fully impaired and there were no indications of reversal of the conditions which had previously led to the impairment, it remains a Rnil value.

Property, plant and equipment – motor vehicles and equipment

In the 2020, 184 vehicles were classified as held-for-sale and as at 31 March 2023, some remain unsold. The Group remains committed to its plan to sell the remaining vehicles early in the 2024 financial year.

Due to delays in the completion of the sale, 48 vehicles remained on hand at 31 March 2023. The Group remains committed to its plan to sell the them early in the 2024 financial year.

One fire truck was returned to operations and was reclassified from non-current assets held-for-sale to property, plant and equipment (motor vehicles).

B. Assets (continued)

B.3. Non-current assets held for sale (continued)

Impairment loss

Impairment losses of R64 thousand (Mar 2022: R1.7 million) were recognised as the subsequent re-measurement of the vehicles to fair value less cost to sell.

Assets held for sale comprise the following at 31 March:

	GROUP		COMPANY	
Figures in R'000s	**March 2023**	**March 2022**	**March 2023**	**March 2022**
Motor vehicles	1 185	5 688	1 185	5 688
	–	–	–	–
	1 185	5 688	1 185	5 688

The following is a reconciliation of the motor vehicles balance:

Motor vehicles

Balance at 1 April 2022	5 688
Transfers	(469)
Impairment	(64)
Disposals	(3 970)
Balance at 31 March 2023	1 185

C. Debt and cash management

C.1 Interest-bearing borrowings

Please refer to note F for the accounting policy.

Company	MARCH 2023		MARCH 2022	
Figures in R'000s	Carrying Value	Fair Value	Carrying Value	Fair Value
Unsecured				
Long-term bonds	6 561 317	6 056 626	4 881 148	4 660 601
Development fund institution (DFI) loans	1 530 608	1 480 976	1 834 000	1 910 632
Redeemable preference shares	2 753 515	1 959 422	2 537 445	1 927 742
Total Company	10 845 440	9 497 024	9 252 593	8 498 975

Group	MARCH 2023		MARCH 2022	
Figures in R'000s	Carrying Value	Fair Value	Carrying Value	Fair Value
Unsecured				
Long-term bonds	6 561 317	6 056 626	4 881 148	4 660 601
Southern Sun Hotel Interests (Pty) Ltd	1 500	1 500	1 500	1 500
Development fund institution (DFI) loans	1 530 608	1 480 976	1 834 000	1 910 632
Redeemable preference shares	2 753 515	1 959 422	2 537 445	1 927 742
Total Group	10 846 940	9 498 524	9 254 093	8 500 475

C. Debt and cash management (continued)

C.1 Interest-bearing borrowings (continued)

Current liabilities

Company	MARCH 2023		MARCH 2022	
Figures in R'000s	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term bonds	**2 163 364**	–	384 657	–
Development fund institution (DFI) loans	**551 844**	–	459 460	–
Redeemable preference shares	–	–	266 692	–
Total current – Company	**2 715 208**	–	1 110 809	–

Current liabilities

Group	MARCH 2023		MARCH 2022	
Figures in R'000s	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term bonds	**2 163 364**	–	384 657	–
Development fund institution (DFI) loans	**551 844**	–	–	–
Southern Sun Hotel Interests (Pty) Ltd	**1 500**	–	1 500	–
L'Agence Francaise de Developpement (AFD)	–	–	459 460	–
Redeemable preference shares	–	–	266 692	–
Total current – Group	**2 716 708**	–	1 112 309	–

C. Debt and cash management (continued)

C.1 Interest-bearing borrowings (continued)

Non-current liabilities

Company Figures in R'000s	MARCH 2023 Carrying Value	 Fair Value	MARCH 2022 Carrying Value	 Fair Value
Long-term bonds	4 397 953	–	4 496 491	–
Development fund institution (DFI) loans	978 764	–	1 374 540	–
Redeemable preference shares	2 753 515	–	2 270 753	–
Total non-current – Company	8 130 232	–	8 141 784	–

Non-current liabilities

Group Figures in R'000s	MARCH 2023 Carrying Value	 Fair Value	MARCH 2022 Carrying Value	 Fair Value
Long-term bonds	4 397 953	–	4 496 491	–
Development fund institution (DFI) loans	978 764	–	1 374 540	–
Redeemable preference shares	2 753 515	–	2 270 753	–
Total non-current – Group	8 130 232	–	8 141 784	–

C. Debt and cash management (continued)

C.1 Interest-bearing borrowings (continued)

Group and Company

Terms and repayment schedule

Figures in R'000s	Nominal amount	Interest rate	Maturity date	CARRYING VALUE March 2023	CARRYING VALUE March 2022
Long-term bonds					
AIR02	1 712 billion	11.68%	Apr 2023	**1 802 525**	1 806 818
AIRL01	851 million	Inflation + 3.64%	Apr 2028	**1 734 002**	1 748 717
AIR04U	500 million	11.59%	Oct 2029	**524 836**	524 836
AIR04	544 million	9.25%	May 2024	**560 959**	560 959
AIR05	864 million	10%	May 2030	**861 632**	239 819
AIRF02	356 million	3m JIBAR + 2.55%	Nov 2027	**360 580**	–
AIRF03	210 million	3m JIBAR + 2.87%	Nov 2029	**212 781**	–
AIRF04	500 million	3m JIBAR + 3.30%	Dec 2032	**504 002**	–
				6 561 317	4 881 149

C. Debt and cash management (continued)

C.1 Interest-bearing borrowings (continued)

Terms and repayment schedule

Figures in R'000s	Nominal amount	Interest rate	Maturity date	CARRYING VALUE March 2023	CARRYING VALUE March 2022
DFI loans					
L'Agence Francaise de Developpement (AFD)	985.49 million	10.35%	Nov 2023	85 262	170 452
L'Agence Francaise de Developpement (AFD1)	1.95 billion	10.55%	Jan 2026	597 682	796 909
Infrastructure Finance Corporation Limited (INCA)	250 million	jibar-linked	Nov 2023	14 186	33 160
Development Bank of Southern Africa (DBSA)	810 million	8.774%	Nov 2027	833 479	833 479
				1 530 609	1 834 000
Long-term loans					
Southern Sun Hotel Interests (Pty) Ltd	1.5 million	2%	No set maturity	1 500	1 500
Redeemable preference shares	2.325 billion	8.20%	Mar 2031	2 753 515	2 537 445

The DBSA loan term commenced on 2 February 2021. There is a two-year capital grace period until 30 November 2022, after which capital will be payable on 30 May and 30 November respectively. Interest is payable semi-annually from 30 May 2021. The loan was utilised to fund the Company's capital expenditure projects in the current financial year.

On 5 March 2021, 2 324 750 cumulative, redeemable, non-participating, non-convertible preference shares were issued as fully paid with a par value of R1 000 per share. The redeemable preference shares are mandatorily redeemable at par on 31 May 2031. Dividends on the preference shares accrue at a fixed rate of 8.2% per annum. The dividends on the preference shares will be accrued daily and compounded quarterly. Accrued and unpaid dividends are to be serviced in accordance with ACSA's dividend policy. Any dividends that accrue and remain unpaid will be permitted to roll-up until final redemption date if Company has insufficient cash to service the preference shares as determined by the board of directors. Total unpaid interest of R428 million (Mar 2022: R216 million) has been accrued and included in the total interest-bearing borrowings balance to date.

Redeemable preference shares do not carry the right to vote.

C. Debt and cash management (continued)

C.1 Interest-bearing borrowings (continued)

The Group raised R1.1 billion through the issue of three listed bonds in November 2022 (AIRF02, AIRF03) and December 2022 (AIRF04), and topped up the existing AIR05 bond by R600 million. The funds were used to settle the AIR02 bond in May 2023 (refer to note G.12 – Events after the reporting period and going concern).

The table below analyses the Group's interest-bearing borrowings in terms of their maturities (undiscounted):

Figures in R'000s	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
2023	10 846 940	15 453 133	2 282 469	453 054	1 267 011	3 055 466	8 395 133
2022	9 254 093	13 305 250	583 359	528 949	3 051 319	2 091 779	7 049 844

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	GROUP		COMPANY	
Figures in R'000s	March 2023	March 2022	March 2023	March 2022
Reconciliation				
Balance at beginning of year	9 252 593	9 319 862	9 254 093	9 321 430
Proceeds from loans raised	1 665 744	–	1 665 744	–
Loans repaid	(296 355)	(296 355)	(296 355)	(296 355)
Total changes from financing cashflows	1 369 389	(296 355)	1 369 389	(296 355)
Effect of amortisation of borrowings	224 958	229 086	221 958	229 018
Balance at end of year	10 846 940	9 252 593	10 845 440	9 254 093

C. Debt and cash management (continued)

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 31 March 2023:

Bond: AIRL01c

Bond Holder	Holding %
FIRST NATIONAL NOMINEES (PTY) LTD	38%
STANDARD BANK NOMINEES (RF) (PTY) LTD	21%
NEDCOR BANK NOMINEES (RF) (PTY) LTD	14%
OLD MUTUAL LIFE ASSURANCE CO SA LTD	6%

Bond: AIR02

Bond Holder	Holding %
STANDARD CHARTERED BANK AS TRUSTEE FOR	15%
CORO STRATEGIC INCOME FUND -CO	
NEDCOR CIB TREASURY	15%
SBSA FINANCIAL MARKETS OPERATIONS	11%
SECURITIES MONEY MARKET	
OLD MUTUAL LIFE ASSURANCE CO SA LTD	6%
GEPF BONDS	9%
ABSA BANK LTD	6%
SBSA ITF MANDG CORPORATE BOND FUND	6%

Bond: AIR04

Bond Holder	
STANDARD CHARTERED BANK AS TRUSTEE FOR	27%
CORO STRATEGIC INCOME FUND – CO	
GEPF BONDS	22%
PIC UIF	9%
GOVERNMENT EMPLOYEE MEDICAL SCHEME	7%
AIPF-NT (STD007)	6%
SBSA ITF OLD MUTUAL MULTI-MANAGERS INCOMING	6%
FUND NO. 2	

Bond: AIR05

Bond Holder	Holding %
FRB ITF NINETY ONE CORPORATE BOND FUND	12%
GEPF BONDS	12%
IAL CREDIT OPPS 11 UPF Z	8%
STANDARD CHARTERED BANK AS TRUSTEE FOR	6%
CORO SPECIALIST BOND FUND – COS	
SBSA ITF OLD MUTUAL MULTI-MANAGERS INCOME	5%
FUND NO. 4	
SBSA ITF MANDG CORPORATE BOND FUND	6%

C. Debt and cash management (continued)

C.1 Interest-bearing borrowings (continued)

Bond: AIRF02

Bond Holder	Holding %
IBD BONDS	28%
GEPF BONDS	28%
IAL CREDIT OPPS 11 UPF Z	21%

Bond: AIRF03

Bond Holder	Holding %
GEPF BONDS	31%
IAL CREDIT OPPS 11 UPF Z	26%
RMB CAPITAL MARKETS PROP ACCOUNT	14%
NEDBANK ITF PRESCIENT INCOME PLUS F	5%

Bond: AIRF04

Bond Holder	Holding %
IAL CREDIT OPPS 11 UPF Z	21%
FRB ITF NINETY ONE DIVERSIFIED INCOME FUND	14%
FRB ITF NINETY ONE CORPORATE BOND FUND	13%
STANDARD CHARTERED BANK AS TRUSTEE FOR DISC DIVERSIFIED INCOME FUND	6%
IAL CREDIT OPPORTUNITIES FUND 13	6%

C. Debt and cash management (continued)

C.2 Finance income and expense

Accounting policy

Finance income comprises of interest income on funds invested and charged on overdue debtors, and 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. Trading financial instruments comprise derivatives and investments.

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

	GROUP		COMPANY	
Figures in R'000s	**March 2023**	**March 2022**	**March 2023**	**March 2022**
Interest received on cash and cash equivalents	**86 774**	43 800	**159 262**	107 488
Interest charged on overdue debtors	**177 513**	86 669	**177 513**	86 669
Net exchange differences	**5 592**	23 045	**(251)**	7
Finance income	**269 879**	153 514	**336 524**	194 164
Interest on borrowings	**(832 831)**	(777 555)	**(832 673)**	(777 073)
Gains on re-measurement and disposal of trading financial instruments	**89 555**	36 483	**89 555**	36 483
Total finance expense	**(743 276)**	(741 072)	**(743 118)**	(740 590)
Net finance expense	**(473 397)**	(587 558)	**(406 594)**	(546 426)

C. Debt and cash management (continued)

C.3 Derivative financial instruments and hedging information

Accounting policy

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss. The Group has not designated its derivatives as hedging instruments.

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

Interest rate swaps

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

			NOTIONAL AMOUNT		FAIR VALUE	
Figures in R'000s	Receive	Pay	**March 2023**	March 2022	**March 2023**	March 2022
	3 month JIBAR + 1.90%	10.98%	**250 000**	250 000	**89**	1 223
Total derivatives					**89**	1 223

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

Figures in R'000s	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 2023	89	89	89	–	–	–	–
Mar 2022	1 223	1 223	709	372	142	–	–

Repayments of R1.1 million (2022: R2.5 million) were made in the current financial year.

D Managing working capital

D.1 Trade and other receivables

Figures in R'000s	GROUP March 2023	GROUP March 2022	COMPANY March 2023	COMPANY March 2022
Trade receivables	**1 942 601**	1 780 647	**1 751 051**	1 632 912
Impairment loss allowance	**(456 190)**	(396 162)	**(277 416)**	(257 417)
Loan to joint venture/associate[10]	**1 765**	13 681	**1 765**	13 681
Loans and receivables	**1 488 176**	1 398 166	**1 475 400**	1 389 176
VAT	**–**	105 249	**–**	104 593
Prepayment	**35 402**	40 384	**34 918**	40 009
Insurance receivable[8]	**107 324**	101 341	**107 301**	101 341
Lease receivables	**962**	14 059	**962**	14 059
Other receivables[9]	**63 499**	47 195	**62 899**	46 960
	1 695 363	1 706 394	**1 681 480**	1 696 138

8 *Includes a contingency policy underwritten by Centriq. The amount receivable represents the balance of the special experience account. The special experience account is payable on demand and is measured at fair value.*

9 *Other receivables comprises mainly staff housing subsidies, and a rates refund based on valuation appeal outcomes.*

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

The average credit period is 104 days (2022: 133 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.

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 R'000s	GROUP March 2023	GROUP March 2022	COMPANY March 2023	COMPANY March 2022
Aeronautical	**465 002**	400 476	**465 002**	400 476
Commercial	**1 491 504**	1 130 888	**1 310 288**	1 009 590
Other[11]	**20 395**	96 514	**21 289**	73 264
	1 976 901	1 627 878	**1 796 579**	1 483 330

11 *Other includes debtors for permits and airports management services.*

D Managing working capital (continued)

D.1 Trade and other receivables (continued)

Credit risk

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. 20% 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, R129 million (March 2022: R138 million) is due from one significant client. Details of concentrations of debtors and revenue are disclosed above, as well as in note A.1. The credit risk for loans to joint ventures and associates, lease receivables and other receivables is assessed to be immaterial.

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 and Company 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 by assigning probabilities to loss events associated with 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 and an assessment of both the current as well as the forecast direction of conditions at the reporting date. These loss events are identified mainly with reference to passenger volumes within the airport precincts, which drive both aeronautical and non-aeronautical revenue and debtor balances in a similar manner and are thus considered to be a good prediction of future debtor balances behaviour. The Group therefore assigned the following loss factors:

- Customers undergoing business rescue/administration and liquidation;
- Customers who have ceased operations;
- Debt balances under dispute and handed over;
- Individual factors that may affect a customer's ability to pay; and
- Security deposits and guarantees held in favour of the customer.

Based on the Group's credit policy, a debtor's balance is considered to be in default when that debt is 60 days overdue, and a letter of breach and demand has been sent to them, indicating that they have defaulted.

There is a large number of debtors with balances varying from significant to insignificant. Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, as well as economic conditions and actual credit loss experience over the past several years. Probabilities are assigned separately for exposures in different segments based on the following common credit risk characteristics – revenue stream, industry classification, and age of customer relationship.

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

The Group and Company holds deposits as collateral from its debtors of R201 million at 31 Mar 2023 (Mar 2022: R225 million), however, there are no trade receivables amounts for which no loss allowance is recognised because of collateral. The deposits relate to rental of properties and aeronautical services rendered and is an average of three months' rent.

The increase in loss allowance is mainly attributable to the total increase in the gross carrying amounts of trade receivables.

D Managing working capital (continued)

D.1 Trade and other receivables (continued)

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

	GROUP		COMPANY	
Figures in R'000s	**March 2023**	**March 2022**	**March 2023**	**March 2022**
Balance at 1 April	**396 162**	381 128	**257 417**	328 186
Reversal of impairment	**(18 763)**	–	**–**	–
Increase in allowance	**541 715**	211 631	**482 922**	125 461
Bad debts written–off	**(462 924)**	(196 597)	**(462 924)**	(196 230)
Balance at 31 March	**456 190**	396 162	**277 415**	257 417

D.2 Cash and cash equivalents

Cash and cash equivalents consist of:

	GROUP		COMPANY	
Figures in R'000s	**March 2023**	**March 2022**	**March 2023**	**March 2022**
Cash on hand	**668**	646	**525**	496
Bank balances	**999 246**	798 931	**855 803**	734 005
Money markets	**1 183 710**	248 652	**1 183 710**	248 652
	2 183 624	1 048 229	**2 040 038**	983 153

The Group's 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 Managing working capital (continued)

D.2 Trade and other payables

Figures in R'000s	GROUP March 2023	GROUP March 2022	COMPANY March 2023	COMPANY March 2022
Trade payables	**859 499**	836 214	**768 341**	800 440
13th Cheque accrual	**22 511**	21 065	**22 511**	21 065
Leave payable	**125 990**	121 594	**125 989**	121 596
Deposits received[1]	**176 244**	220 102	**168 984**	212 765
Lease payable	**68**	7 494	**–**	–
Other payables[2]	**76 305**	86 032	**79 466**	86 720
VAT	**56 938**	–	**55 442**	–
	1 317 555	1 292 501	**1 220 733**	1 242 586

[1] *The deposits relate to rental of properties and aeronautical services rendered and is an average of three months' rent.*
The Group's and Company's exposure to liquidity risk related to trade and other payables is disclosed in note F2.

[2] *Other payables includes overtime accruals.*

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

GROUP

Figures in R'000s	Carrying amount	Contractual cash flows	6 months or 12 months	Between 6 – fewer	Between 1 – 2 years	Between 2 – 5 years	More than 5 years
Mar 2023	1 317 555	1 317 555	1 317 555	–	–	–	–
Mar 2022	1 292 501	1 292 501	1 292 501	–	–	–	–

COMPANY

Figures in R'000s	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 2023	1 220 733	1 220 733	1 220 733	–	–	–	–
Mar 2022	1 242 586	1 242 586	1 242 586	–	–	–	–

D Managing working capital (continued)

D.4 Cash generated from operations

Figures in R'000s	GROUP March 2023	GROUP March 2022	COMPANY March 2023	COMPANY March 2022
(Loss)/profit before taxation	**(21 630)**	(1 536 302)	**100 526**	(299 636)
Adjustments for:				
Depreciation and amortisation	**1 386 914**	1 200 697	**1 381 996**	1 195 384
Impairment of trade receivables	**541 716**	211 631	**482 923**	125 461
Dividends	**–**	–	**–**	(1 195 344)
Loss on sale of assets	**1 001**	3 380	**978**	3 300
Fair value loss on investment property	**208 781**	90 716	**149 381**	142 657
Gains from equity accounted investments	**(6 519)**	(980)	**–**	–
Finance income	**(269 879)**	(153 514)	**(336 524)**	(194 164)
Finance costs	**832 831**	777 555	**832 673**	777 073
Movements in retirement benefit obligation	**773**	1 360	**773**	1 360
Movements in provisions	**(11 909)**	15 256	**(12 798)**	15 256
Deferred income	**(2 013)**	(3 058)	**(3 058)**	(3 058)
Movement in non-current assets	**(18 424)**	143 548	**(18 345)**	144 393
Losses on property and equipment	**27**	87 140	**27**	87 140
Unrealised gains and losses	**47 827**	(15 675)	**23 704**	4 272
Gains on remeasurement of financial instruments	**(1 134)**	(2 436)	**(1 134)**	(2 436)
	2 688 362	819 318	**2 601 122**	801 658
Changes in working capital:				
Inventories	**(451)**	(294)	**–**	–
Trade and other receivables	**(530 684)**	(959 080)	**(468 267)**	(898 133)
Trade and other payables	**25 054**	187 646	**(21 854)**	160 875
	2 182 281	47 590	**2 111 001**	64 400

D Managing working capital (continued)

D.5 Other non-current assets

	GROUP		COMPANY	
Figures in R'000s	March 2023	March 2022	March 2023	March 2022
Lease receivable non-current portion	**323 913**	305 611	**323 913**	305 611
Investments[1]	**15 452**	15 330	**15 452**	15 409
	339 365	320 941	**339 365**	321 020

[1] *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 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. This investment is accessible to the Group in the short term and can be applied for other purposes if the arrangement is cancelled. The arrangement therefore does not meet the definition of a plan asset or a qualifying insurance policy. The liability has been disclosed in note G.3 – Retirement benefits (B. Life Fund).*

E. Investments

E.1 Subsidiaries

Accounting policy

Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

E. Investments (continued)

E.1 Subsidiaries (continued)

Details of the Company's subsidiaries at 31 March 2023 are indicated below. All subsidiaries are incorporated in South Africa except for ACSA Global Ltd which is incorporated in Mauritius.

Subsidiaries	Principal activity	Interest held March 2023	 March 2022
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%
ACSA Global Ltd	Investment holding	**100%**	100%
Special purpose entities			
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. There are no share-based payments due to employees in terms of the shares held by Lexshell 342, Kagano Trust and Airports Management Share Incentive Scheme.*

Non-Controlling Interest

The Group has one subsidiary with non-controlling interest ("OSI" with OSI Airport Systems (Pty) Ltd). The subsidiary is dormant.

E.2. Joint venture

Accounting policy

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

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventured are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which joint control ceases.

E. Investments (continued)

E.2. Joint venture (continued)

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

Summarised financial information of material joint ventures

Figures in R'000s	AIRPORT LOGISTICS PROPERTY HOLDINGS (PTY) LTD
Opening balance at 1 April 2021	193 690
Share of profit	28 906
Opening balance at 1 April 2022	222 596
Share of profits	18 167
Closing balance at 31 March 2023	240 763

	GROUP	
Figures in R'000s	March 2023	March 2022
Summarised statement of comprehensive income		
Revenue	30 280	29 405
Depreciation and amortisation	(3 465)	(3 465)
Fair value gain/loss on investment	–	–
Other operating expenses	(282)	(741)
Operating profit before interest and tax	26 533	25 199
Finance income	793	503
Finance costs	(2 220)	(4 535)
Profit before tax	25 106	21 167
Taxation	–	–
(Loss)/Profit for the period	25 106	21 167
Total comprehensive income	25 106	21 167

E. Investments (continued)

E.2. Joint venture (continued)

	GROUP	
Figures in R'000s	March 2023	March 2022
Summarised statement of financial position		
Non-current assets	129 455	132 697
Cash and cash equivalents	1 172	2 926
Current assets	16 392	15 490
Total assets	147 019	151 113
Non-current liabilities	3 531	32 361
Current liabilities	557	558
Total liabilities	4 088	32 919
Net assets	142 931	118 194
Group's share of net assets	50%	50%
Carrying value of equity accounted investment	71 466	59 097
Fair valuation of investment properties	169 297	163 499
Net assets at the end of the year	240 763	222 596

E. Investments (continued)

E.2 Joint venture (continued)

Judgement

ALPH is considered to be a strategically material investment and is therefore closely monitored by the Group and reported on to decision makers.

Contingent liabilities

There were no contingent liabilities at 31 March 2023 relating to the Group's joint ventures.

Commitments

There were no commitments at 31 March 2023 relating to the Group's joint ventures.

Impairment testing of Joint venture

The Group assessed whether there were any impairment indicators at each reporting date and there were none.

Restrictions

There are no significant restrictions on the ability of ALPH to transfer funds to the Group in the form of cash dividends or repayments of loans or advances.

Summarised financial information of material joint ventures

Commitments and contingencies

Refer to note E.4 Commitments and note G.14 Contingencies for details of commitments and contingencies related to joint ventures.

E.3 Associates

Accounting policy

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

The following associates exist in the Group and Company:

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. The objective of this entity 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. Although the statutory name of the entity contains the words Joint Venture, the Group holds significant influence over it and not joint control.

E. Investments (continued)

E.3 Associates (continued)

Summarised financial information of material associates

Investments in associates – Company

Figures in R'000s	March 2023	March 2022
Investment in associate	38,173	38,173

Reconciliation of movement in investments in associates – Group

Figures in R'000s	La Mercy JV Property Investments (Pty) Ltd	Total
Investment at 31 March 2021	226 717	226 717
Share of loss	(27 927)	(27 927)
Investment at 31 March 2022	198 790	198 790
Share of profit/(loss)	–	–
Share of losses	(11 648)	–
Investment at 31 March 2023	187 142	198 790

E. Investments (continued)

E.3 Associates (continued)

Summarised financial information of associates for March 2023

Figures in R'000s	La Mercy JV Property Investments (Pty) Ltd	Total
Summarised statement of comprehensive income		
Revenue	6 150	6 150
Depreciation and amortisation	(5 114)	(5 114)
Fair value loss on investment	(10 100)	(10 100)
Other operating expenses	(4 163)	(4 163)
Loss before tax	(13 227)	(13 227)
Taxation	(741)	(741)
Loss for the period	(13 968)	(13 968)
Total comprehensive loss	(13 968)	(13 968)

E. Investments (continued)

E.3 Associates (continued)

Summarised financial information of associates for March 2023

Figures in R'000s	La Mercy JV Property Investments (Pty) Ltd	Total
Summarised statement of financial position		
Non-current assets	241 105	–
Current assets	242 706	–
Total assets	483 811	483 811
Non-current liabilities	(14 050)	–
Current liabilities	(1 905)	–
Total liabilities	(15 955)	(15 955)
Total net assets/(liability)	467 856	–
Group's share of net assets	40%	
Carrying amount	187 142	–
Carrying amount	187 142	187 142

E. Investments (continued)

E.3 Associates (continued)

Figures in R'000s	La Mercy JV Property Investments (Pty) Ltd	Total
Summarised financial information of associates for March 2022		
Summarised statement of comprehensive income		
Revenue	4 291	4 291
Depreciation and amortisation	(6 558)	(6 558)
Fair value gain on investment	24 700	24 700
Other operating expenses	(5 580)	(5 580)
Profit before tax	16 853	16 853
Taxation	(217)	(217)
Profit for the period	16 636	16 636
Total comprehensive profit	16 636	16 636
Summarised statement of financial position		
Non-current assets	256 084	256 084
Current assets	243 597	243 597
Total assets	499 681	499 681
Non-current liabilities	(802)	(2 752 857)
Current liabilities	(1 903)	(12 445)
Total liabilities	(2 705)	(2 765 302)
Total net assets/(liability)	496 976	(2 265 621)
Group's share of net assets	40%	
Carrying amount	198 790	198 790
Net assets at the end of the year	198 790	198 790

E. Investments (continued)

E.3 Associates (continued)

Judgement

Associates are assessed for materiality based on the fact that they need monitoring by those charged with governance. Aeroporto de Guarulhos Participações S.A and La Mercy Joint Venture Company (Proprietary) Limited (Dube Trade Port) are considered to be material as they are closely monitored by and reported on to the decision makers and are considered to be a strategically material investment.

There are no guarantees issued in favour of the Group's associates.

Commitments

At 31 March 2023, there were no capital commitments in the associates (2022: Rnil).

Restrictions

There are no significant restrictions on the ability of the associate to transfer funds to ACSA in the form of cash dividends or repayment of loans or advances.

Impairment testing of associates

Based on impairment indicators at each reporting date, impairment tests in respect of investments in associates were performed and Aeroporto de Guarulhos Participações S.A was found to be impaired.

The recoverable amount of the investment is compared to the carrying amount and the associate was carried at Rnil.

E.4 Commitments

Capital commitments

	GROUP		COMPANY	
Figures in R'000s	March 2023	March 2022	March 2023	March 2022
Contracted for				
• Within one year	**360 147**	267 449	**360 147**	267 446
• One to two years	**145 901**	196 491	**145 901**	196 491
• Two to five years	**1 101 720**	759 325	**1 101 720**	759 325
• Over five years	**28 948**	–	**28 948**	–
	1 636 716	1 223 265	**1 636 716**	1 223 262

The capital commitments relate to future capital expenditure that the Group has committed to spending on property, plant and equipment and intangible assets as at the reporting date.

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

Financial liabilities held at fair value through profit or loss comprise of derivatives.

Classifications of financial assets depend on the Group's and Company's business model for managing the financial instruments and the contractual terms of the cash flows. Specifically, the Group manages its financial instruments to ensure sufficient daily reserves on a daily and long term bases to meet its financial obligations by collection of cash investments on maturity and payment of liabilities when due.

Initial recognition and measurement

The Group and Company initially recognise 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.

Redeemable preference shares are classified as financial liabilities and included in "Interest-bearing borrowings" as they bear non-discretionary dividends and are redeemable in cash by the holder. Non-discretionary dividends are recognised as finance expense in profit or loss as accrued, and recognised as financial liabilities to the extent not paid.

Subsequent measurement

The Group's and Company's financial assets and liabilities (with the exception of investments and 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

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.

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-month expected credit losses. In determining the expected credit losses, management has taken into account the historical default practices, the financial position of the counterparties as well collateral held against the loans and has determined that there is no probability of default. Intercompany loans are considered low risk as have no repayment terms and bear no interest. Where terms and interest apply and the counterparty experiences financial difficulty, the Parent (in this case, the Company), extends support to the extent that it does not have assets to back the loan. Cash and investments are considered to have low credit risk when their credit risk ratings are equivalent to the globally understood definition of "investment grade". The expected credit loss is therefore immaterial and no impairment has been recognised in the current year.

F. Financial instruments and financial instrument risk management (continued)

F.1.1.A Accounting classifications and fair values (continued)

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred, or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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)

F. Financial instruments and financial instrument risk management (continued)

F.1.1.A Accounting classifications and fair values (continued)

There were no transfers between levels 1, 2 or 3 in the hierarchy in the current financial year. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

March 2023		CARRYING AMOUNT				FAIR VALUE		
Figures in R'000s	Note	Amortised cost	Fair value	Other financial liabilities	Total	Level 1	Level 2	Total
Financial assets not measured at fair value								
– Trade and other receivables[1]	D.1	1 659 961	–	–	1 659 961	*	*	*
– Income funds	G.4	–	2 723 056	–	2 723 056	*	*	*
– Cash and cash equivalents	D.2	2 183 624	–	–	2 183 624	*	*	*
Financial liabilities measured at fair value								
– Derivative financial instruments	C.3	–	89	–	89	*	89	89
Financial liabilities not measured at fair value								
– Interest-bearing borrowings	C.1	10 846 941	–	–	10 846 941	5 763 256	3 733 768	9 497 024
– Trade and other payables[1]	D.3	1 260 617	–	–	1 260 617	*	*	*

Note 1 – Prepayments of R35 million and VAT of R57 million are not included as they are not financial assets or liabilities.

F. Financial instruments and financial instrument risk management (continued)

F.1.1.A Accounting classifications and fair values (continued)

March 2022

Figures in R'000s	Note	CARRYING AMOUNT Amortised cost	Fair value	Other financial liabilities	Total	FAIR VALUE Level 1	Level 2	Total
Financial assets not measured at fair value								
– Trade and other receivables[1]	D.1	1 560 761	–	–	1 560 761	*	*	*
– Income funds	G.4	–	1 113 180	–	1 113 180	*	*	*
– Cash and cash equivalents	D.2	1 048 229	–	–	1 048 229	*	*	*
Financial liabilities measured at fair value								
– Derivative financial instruments	C.3	–	1 223	–	1 223	–	1 223	1 223
Financial liabilities not measured at fair value								
– Interest-bearing borrowings	C.1	9 254 091	–	–	9 254 091	4 135 634	4 363 340	8 498 974
– Trade and other payables	D.3	1 292 501	–	–	1 292 501	*	*	*

Note 1 – Prepayments of R40 million and VAT of R101 million that are not financial assets are not included.

* *The Group and Company 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 (expected to be realised within 6 months of reporting date).*

F1.1 B 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 carrying amounts of the Group's and Company’s financial assets carried at amortised cost, which includes investments and cash and cash equivalents approximate their fair values due to their short-term, highly liquid nature.

Financial liabilities at amortised cost

The carrying amounts of the Group's and Company’s trade and other payables approximate their fair values due to their short-term, highly liquid nature. The fair values of interest-bearing borrowing are determined with reference to quoted prices (listed bonds) or a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.

F. Financial instruments and financial instrument risk management (continued)

F1.1 B Measurement of fair values (continued)

Financial liabilities at fair value through profit or loss

The Group's 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.

F.2 Financial risk management

The Group's and Company's comprehensive risk management process involves identifying, understanding and managing the risks associated with each of the Group's and Company's business units. Risk awareness, control and compliance are embedded in the Group's and Company'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, Board Economic Regulation and Board Investment Committees. The Executive Committee is ultimately responsible for managing risks that arise.

Sound financial risk management framework is in place at the Group and Company, 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

Surplus monies are invested only with institutions and funds with a minimum national long-term credit rating of A- or equivalent and/or minimum national short-term credit rating of F1 or equivalent.

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 and cash and cash equivalents. The Group's policy is to maintain a mix of fixed to floating rate debt within the Board-approved parameters. The policy allows for the fixed rate portion of no less than 50% and a variable rate portion of no more than 50%. These thresholds are set to enable the Group to minimise the impact of rising interest rates while taking advantage of falling interest rates.

As at 31 March 2023, the Group's fixed to floating rate profile after hedging, on net debt was 88% fixed (2022: 100%).

F. Financial instruments and financial instrument risk management (continued)

F.2 Financial risk management (continued)

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 R'000s	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022
Carrying amount						
	8 021 390	7 472 214	**1 091 548**	1 781 876	**10 862 638**	9 254 091
Interest-bearing borrowings	**88%**	99.6%	**12%**	0.4%		

A 5% change in interest rates would have had the effect of changing profit for the period by R18 million (Mar 2022: R12 million).

The AIRL01 bond of R1.8 billion (Mar 2022: R1.8 billion) exposes the Group to inflation risk and has been excluded from the ratios above. A 5% change in interest rates on cash and cash equivalents would have the effect of changing profit for the period by R112 million (Mar 2022: R52 million).

Tariff risk

Aeronautical revenue, contributing 49% (March 2022: 54%) of the Group's revenue, is regulated by an independent economic regulator using a price cap methodology. The regulated tariff is linked to CPI. 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 (Income funds per note G.4) which are based on quoted prices.

A 5% change in the quote price of the investments as at 31 March 2023 would have had the effect of changing profit for the period by R136 million (March 2022: R51 million), all other variables held constant.

Foreign exchange risk

The Group has two foreign investments that give rise to exposure to foreign currency risk, arising primarily with respect to the Brazilian Real and United States Dollar. All foreign borrowings are denominated in Rand. The Group uses foreign exchange contracts to hedge material expenditure once the project or purchase cash flows are certain.

F. Financial instruments and financial instrument risk management (continued)

F.2 Financial risk management (continued)

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

Figures in $'000s	March 2023 USD	March 2022 USD
Trade receivables	203	–
Cash and cash equivalents	1 817	881
Gross exposure	2 020	881

	AVERAGE RATE		REPORTING SPOT RATE	
	March 2023	March 2022	March 2023	March 2022
The following significant exchange rates applied during the year:				
USD	16.94	14.85	17.80	14.56

Sensitivity analysis

A 10% weakening of the Rand against the following currencies at 31 March 2023 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 2022.

	EQUITY		PROFIT OR LOSS	
Figures in R'000s	March 2023	March 2022	March 2023	March 2022
USD	18 673	(2 536)	20 281	(907)

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.

F. Financial instruments and financial instrument risk management (continued)

F.2 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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.

To manage liquidity risk, the Group has the following measures currently in place:

Facilities

The Group maintains short-term committed banking facilities for bridging finance purposes, and to comply with the requirements of credit ratings agencies. As at 31 March 2023, the Group had facilities of R1.8 billion (31 March 2022: R1.8 billion), of which zero has been utilised for both periods respectively.

Figures in R'000s	March 2023 Facility amount	March 2022 Facility amount
Available facilities	1 800 000	1 800 000

Available 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.

The full facility of R1.8 billion was available at 31 March 2023.

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.

F. Financial instruments and financial instrument risk management (continued)

F.2 Financial risk management (continued)

The Group's maximum gearing ratio is up to 60% (2022: 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 2023 and 2022 were as follows:

	GROUP		COMPANY	
Figures in R'000s	March 2023	March 2022	March 2023	March 2022
Total borrowings	**10 846 941**	9 254 091	**10 845 441**	9 252 593
Less: cash and cash equivalents and income funds	**(4 906 680)**	(2 161 409)	**(5 812 210)**	(3 063 685)
Net debt	**5 940 261**	7 092 682	**5 033 231**	6 188 908
Total equity	**18 657 015**	18 861 468	**18 362 518**	19 257 822
Total capital	**24 597 276**	25 954 150	**23 395 749**	25 446 730
Gearing ratio (net debt divided by total capital)	**24%**	26%	**22%**	24%

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

G. Other

G.1 Intangible assets

Accounting policy

Intangible assets comprise 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.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

G. Other (continued)

G.1 Intangible assets (continued)

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation on internally generated intangible assets is calculated using the straight-line method to allocate costs to the residual values over the estimated useful lives, which are currently estimated to be between three and five years.

The assets' useful lives are annually reviewed and adjusted where appropriate.

Changes in accounting estimate

The effect of the changes in the current financial year was a decrease in depreciation of 53 thousand.

Figures in R'000s Intangible assets	2023	2024	2025	2026	2027	2028	Later
(Decrease)/Increase in depreciation expense	(53)	52	–	–	–	–	1

Group

Figures in R'000s	MAR 2023			MAR 2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	426 200	(353 556)	72 644	395 629	(324 823)	70 806
Computer software – WIP	31 605	–	31 605	–	–	–
Total	457 805	(353 556)	104 249	395 629	(324 823)	70 806

Company

Figures in R'000s	MAR 2023			MAR 2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	426 180	(353 548)	72 632	395 348	(324 565)	70 783
Computer software – WIP	31 605	–	31 605	–	–	–
Total	457 785	(353 548)	104 237	395 348	(324 565)	70 783

G. Other (continued)

G.1 Intangible assets (continued)

Reconciliation of intangible assets – Group – 2023	Opening balance	Additions	Reclassification from PPE	Transfers	Amortisation	Disposals/ Retirements	Total
Computer software	70 806	10 351	–	47 572	(56 078)	(7)	72 644
Computer software – WIP	–	73 264	5 913	(47 572)	–	–	31 605
	70 806	83 615	5 913	–	(56 078)	(7)	104 249

Reconciliation of intangible assets – Group – 2022	Opening balance	Additions	Reclassification	Transfers	Amortisation	Total
Computer software	78 703	6 053	4 499	10 791	(29 239)	70 806

Reconciliation of intangible assets – Company – 2023	Opening balance	Additions	Reclassification from PPE	Transfers	Amortisation	Disposals/ Retirements	Total
Computer software	70 783	10 351	–	47 572	(56 067)	(7)	72 632
Computer software – WIP	–	73 264	5 913	(47 572)	–	–	31 605
	70 783	83 615	5 913	–	(56 067)	(7)	104 237

Reconciliation of intangible assets – Company – 2022	Opening balance	Additions	Reclassification	Transfers	Amortisation	Total
Computer software	78 680	6 033	4 499	10 791	(29 219)	70 783

Transfers comprise assets under construction transferred to intangible assets upon completion.

* *Asset reclassifications relate to the updating of the major and minor categories of assets, to ensure that assets with similar characteristics are grouped together. As a result, R5.9 million (2022: R4.5 million) in assets were reclassified from property, plant and equipment (computer equipment) to computer software and computer software WIP.*

G. Other (continued)

G.2 Deferred tax liability

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.

	GROUP		COMPANY	
Figures in R'000s	Mar 2023	Mar 2022	Mar 2023	Mar 2022
Deferred tax liability				
Property and equipment	1 137 681	1 142 245	1 137 681	1 142 245
Investment property	1 242 200	1 303 332	1 291 788	1 319 480
Lease receivable	93 728	86 311	93 728	86 311
Investments in associates	(364 170)	(364 170)	–	–
Impairment of trade and other receivables	(44 941)	(41 702)	(44 941)	(41 702)
Other assets	(137 009)	(37 746)	29 445	28 155
Prepayments	6 684	7 364	6 684	7 364
Provisions	(37 564)	(181 799)	(35 679)	(33 718)
Derivative financial instruments	–	–	–	–
Deferred income	(6 718)	(7 263)	(6 718)	(7 263)
Tax loss	(1 152 053)	(1 297 797)	(1 152 053)	(1 297 797)
	737 838	608 775	1 319 935	1 203 075

The deferred tax liability relates to income tax in the same jurisdiction, and the law allows net settlement. Refer to note G.15 for details of the prior period errors.

G. Other (continued)

G.2 Deferred tax liability (continued)

Reconciliation of deferred tax liability

Figures in R'000s	GROUP Mar 2023	GROUP Mar 2022	COMPANY Mar 2023	COMPANY Mar 2022
At beginning of year – previously reported	**(168 677)**	302 346	**425 623**	787 565
Restatement	**777 452**	777 452	**777 452**	777 452
At beginning of year	**608 775**	1 079 798	**1 203 075**	1 565 017
Prior period over-provision:				
Movements during the year:				
– recognised in the statement of comprehensive income	**71 194**	(469 218)	**116 504**	**(362 877)**
– recognised directly in other comprehensive income	**23 634**	(1 805)	**356**	935
Effect of currency translation	**34 236**	–	**–**	–
	737 839	608 775	**1 319 935**	1 203 075
Deferred tax liabilities expected to be recovered after more than 12 months	**682 368**	502 199	**1 264 464**	1 096 356
Deferred tax liabilities expected to be recovered within the next 12 months	**55 471**	106 576	**55 471**	106 719
	737 839	608 775	**1 319 935**	1 203 075

The deferred tax liability was understated in the prior year as a result of an overstated tax base due to inclusion of non-allowance assets (airport assets and commercial buildings). The details of the restatement have been disclosed in note G.15.

G.3 Retirement benefits

Group and Company

The retirement benefits have been accounted for in accordance with the requirements of IAS 19.

Figures in R'000s	Mar 2023	Mar 2022
Post-retirement medical benefit – plan asset	**(7 440)**	(7 298)
Post-retirement medical benefit – plan liability	**19 695**	19 341
A. Net post-retirement medical benefit liability – defined benefit plan	**12 255**	12 043
B. Life fund – plan liability – defined benefit plan	**15 062**	15 820
Total employee benefit liabilities	**27 317**	27 863

G. Other (continued)

G.3 Retirement benefits (continued)

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 medical benefit are those who were in employment at 1 August 2007. The plan entitles retired employees to receive a reimbursement of certain medical costs.

Movement in net defined benefit liability:

Group and Company

	PRESENT VALUE OF PLAN LIABILITY		FAIR VALUE OF PLAN ASSET		NET LIABILITY	
Figures in R'000s	**Mar 2023**	**Mar 2022**	**Mar 2023**	**Mar 2022**	**Mar 2023**	**Mar 2022**
Balance at 1 April Included in other comprehensive income:	19 341	20 240	(7 298)	(6 242)	12 043	13 998
– *Actuarial (gains)/losses* arising from:	(957)	(2 772)	396	(541)	(561)	(3 313)
– Financial assumptions	(2 685)	595	120	793	(2 565)	1 388
– Demographic assumptions	1 728	(3 367)	276	(1 334)	2 004	(4 701)
Included in profit or loss:	2 510	3 016	(811)	(857)	1 699	2 159
– Current service cost	259	223	–	–	259	223
– Interest cost	2 251	2 793	–	–	2 251	2 793
– Return on plan assets	–	–	(811)	(857)	(811)	(857)
Other:						
Benefits paid	(1 199)	(1 143)	990	989	(209)	(154)
Contributions by employer	–	–	(717)	(647)	(717)	(647)
Balance at 31 March	19 695	19 341	(7 440)	(7 298)	12 255	12 043

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 R7.4 million (2022: R7.3 million) per the reconciliation above relates to that annuity policy.

G. Other (continued)

G.3 Retirement benefits (continued)

The Group has also set aside an amount of R15 million (2022: R14.6 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 Group does not expect to pay contributions to this plan in 2024 as future contributions were already factored in the total service obligation. There have been no curtailments, amendments or settlements to the plan since the 2014 financial year. The Group does not have any other responsibilities for the governance of the plan.

Net expense recognised in profit or loss

Group and Company

Figures in R'000s	Mar 2023	Mar 2022
Current service cost	259	223
Interest cost	2 251	2 793
Return on plan asset	(811)	(857)
	1 699	2 159
Cumulative expenses recognised in other comprehensive income		
Balance at 1 April	(27 089)	(23 776)
Actuarial gains recognised during the year	(561)	(3 313)
Balance at 31 March	(27 650)	(27 089)
Principal assumptions at the reporting date:		
Discount rates used	12.20%	11.91%
Healthcare cost inflation	8.80%	8.88%
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" is referred to as the net discount rate and is the difference between the discount rate and the expected medical inflation. The current year net discount rate is 4.0% (2022: 2.79%) per annum.

G. Other (continued)

G.3 Retirement benefits (continued)

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:

	1% INCREASE		1% DECREASE	
Figures in R'000s	**Mar 2023**	**Mar 2022**	**Mar 2023**	**Mar 2022**
Effect on liability	**17 844**	17 422	**21 903**	21 654

B. Life Fund

Figures in R'000s	Mar 2023	Mar 2022
Present value at 1 April	**15 820**	15 378
Actuarial (gains)/losses recognised in other comprehensive income during the year	**(758)**	442
Balance at 31 March	**15 062**	15 820

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.

Inflation risk:

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

G. Other (continued)

G.4 Investments

Figures in R'000s	GROUP Mar 2023	GROUP Mar 2022	COMPANY Mar 2023	COMPANY Mar 2022
Investments short-term				
Income funds	**2 723 055**	1 113 181	**2 723 055**	1 113 181
Intercompany loans	**1**	(1)	**1 049 117**	967 351
	2 723 056	1 113 180	**3 772 172**	2 080 532
Investments long-term				
Intercompany loans	**–**	–	**44 585**	43 317
	–	–	**44 585**	43 317

Refer to note F1 for Accounting Policy.

Refer to note G11 for detailed intercompany loan balances and terms.

G.5 Share capital

Ordinary shares

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 2023 and 31 March 2022.

Authorised – Group and Company

1 000 000 000 Ordinary shares of R1 par value each

Issued – Group and Company

Figures in R'000s	Mar 2023	Mar 2022
500 000 000 Ordinary shares of R1 par value each	**500 000**	500 000
Share premium	**250 000**	250 000
	750 000	750 000

G. Other (continued)

G.5 Share capital (continued)

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

Preference shares

The Group's redeemable preference shares are classified as financial liabilities, as they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued. Refer to note C.1 for further disclosures related to the Group's redeemable preference shares.

G.6 Other reserves

Group

Figures in R'000s	Total	Fair value	Foreign currency translation reserve	Actuarial reserve
Balance at 1 April 2021	459 758	70 608	401 555	(12 405)
Remeasurements of retirement benefit obligations net of tax	1 938	–	–	1 938
Foreign currency translation differences, net of tax	(17 434)	–	(17 434)	–
Balance at 1 April 2022	444 262	70 608	384 121	(10 467)
Remeasurements of retirement benefit obligations net of tax	963	–	–	963
Foreign currency translation differences, net of tax	(62 937)	–	(62 937)	–
Balance at 31 March 2023	**382 288**	**70 608**	**321 184**	**(9 504)**

G. Other (continued)

G.6 Other Reserves (continued)

Company

Figures in R'000s	Total	Fair value	Actuarial reserve
Balance at 1 April 2021	204 342	216 747	(12 405)
Remeasurements of retirement benefit obligations net of tax	1 938	–	1 938
Balance at 1 April 2022	**206 280**	**216 747**	**(10 467)**
Remeasurements of retirement benefit obligations, net of tax	**963**	–	**963**
Balance at 31 March 2023	**207 243**	**216 747**	**(9 504)**

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. Refer to note 1.6.1 for the accounting policy.

Actuarial reserve

The actuarial value reserve relates to decreases or increases in plan assets and plan liabilities due to changes in actuarial assumptions. Refer to note A.3 for the accounting policy for defined benefit plans.

G. Other (continued)

G.7 Deferred income

Deferred income consists of the following balances:

Group

Figures in R'000s	Mar 2023	Mar 2022
Dube Trade Port rentals	18 690	21 368
Gautrain development	4 942	5 632
Cape Town Construction	20 377	20 067
Other	1 045	–
	45 054	47 067

Company

Figures in R'000s	Mar 2023	Mar 2022
Dube Trade Port rentals	18 690	21 368
Gautrain development	4 942	5 632
Cape Town Construction	20 377	20 067
	44 009	47 067

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 and Company will comply with the conditions associated with the grant. Grants that compensate the Group and Company 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 in relation to assets comprise the following:

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.
- Rentals received in advance from Dube Trade Port for a portion of land leased adjacent to King Shaka International Airport.

G. Other (continued)

G.7 Deferred income (continued)

Group

Figures in R'000s The deferred income is allocated as follows:	Mar 2023	Mar 2022
Current	4 103	3 058
Non-current	40 951	44 009
	45 054	47 067

Company

The deferred income is allocated as follows:	Mar 2023	Mar 2022
Current	3 058	3 058
Non-current	40 951	44 009
	44 009	47 067

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.

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.

G. Other (continued)

G.8 Provisions (continued)

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 R'000s	Project terminations	Staff incentive bonus	Environmental rehabilitation	Other provisions	Total
Opening balance at 1 April 2021	–	1 338	24 468	2 819	28 625
Additions	17 875	–	–	–	17 875
Utilised during the year	–	–	(1 063)	(2 423)	(3 486)
Effect of passage of time	–	–	866	–	866
Closing balance at 31 March 2022	17 875	1 338	24 271	396	43 880
Additions	–	2 088	–	–	2 088
Utilised during the year	(12 979)	(1 200)	(1 960)	(25)	(16 164)
Effect of passage of time	–	–	2 167	–	2 167
Closing balance at 31 March 2023	**4 896**	**2 226**	**24 478**	**371**	**31 971**

Reconciliation of provisions – Company

Figures in R'000s	Project terminations	Staff incentive bonus*	Environmental rehabilitation	Other provisions	Total
Opening balance at 1 April 2021	–	–	24 468	2 818	27 286
Additions	17 875	–	–	–	17 875
Utilised during the year	–	–	(1 063)	(2 423)	(3 486)
Effect of passage of time	–	–	866	–	866
Closing balance at 31 March 2022	17 875	–	24 271	395	42 541
Additions	–	–	–	–	–
Utilised during the year	(12 979)	–	(1 960)	(25)	(14 964)
Effect of passage of time	–	–	2 167	–	2 167
Closing balance at 31 March 2023	**4 896**	**–**	**24 478**	**370**	**29 744**

G. Other (continued)

G.8 Provisions (continued)

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:

- Acoustic insulation of homes in Mt Moreland, Herrwood and Waterloo.
- Installation and maintenance of permanent noise and flight monitoring stations.

The provision for project terminations relates to the fees estimated to be required to curtail capital expenditure programmes which the Group is carrying out as part of its cost containment strategy.

G.9 Taxation

Accounting policy

The Group's foreign subsidiary ACSA Global, as 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 ACSA shareholders are exempt "beneficial owners" of the company shares in terms of section 64F of the Income Tax Act.

G. Other (continued)

G.9 Taxation (continued)

Major components of the tax expense (income)

Figures in R'000s	GROUP Mar 2023	GROUP Mar 2022	COMPANY Mar 2023	COMPANY Mar 2022
Current				
Current year	37 691	980	36 436	–
Prior period under-provision**	11 964	(65 705)	11 964	(65 705)
Total current tax	49 655	(64 725)	48 400	(65 705)
Deferred				
Current year	71 105	(428 827)	116 415	(356 538)
Deferred tax asset not raised	–	12 257	–	13 470
Rate change	–	(10 370)	–	(15 764)
Prior period under provision	89	(42 278)	89	(4 045)
Total deferred tax	71 194	(469 218)	116 504	(362 877)
Total	120 849	(533 943)	164 904	(428 582)

** *Relates to additional tax on reassessment of the 2018 return to which the Group has conceded. SARS disallowed capital deductions on capital assets.*

G. Other (continued)

G.9 Taxation (continued)

Tax rate reconciliation

Reconciliation between applicable tax rate and average effective tax rate.

	GROUP		COMPANY	
Figures in %	Mar 2023	Mar 2022	Mar 2023	Mar 2022
Applicable tax rate	**27.00%**	(28.00)%	**27.00%**	(28.00)%
Non-deductible expenses[1]	**(577.45)%**	0.15%	**125.31%**	(90.99)%
Non-taxable Income[2]	**(0.26)%**	–%	**(0.26)%**	–%
Under/(over) provision current tax	**(54.84)%**	(4.28)%	**11.90%**	(21.93)%
Under/(over) provision – deferred tax	**(0.41)%**	(2.75)%	**0.09%**	(1.35)%
Deferred tax asset not raised	**–%**	0.80%	**–%**	4.50%
Rate change	**–%**	(0.68)%	**–%**	(5.26)%
Effective tax rate	**(605.96)%**	(34.76)%	**164.04%**	(143.03)%

[1] *Non-deductible expenses mainly comprise capital expenditure; fruitless and wasteful expenditure; interest on preference shares; non-deductible donations, fair value adjustment on investment property and depreciation on fixed assets.*

[2] *Non-taxable income mainly comprise of receipts and/or accruals of capital nature.*

G.10 Earnings per share and dividend per share (Group only)

ACSA 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.

G. Other (continued)

G.10 Earnings per share and dividend per share (Group only)

Reconciliation of weighted average number of shares

	Mar 2023	Mar 2022
Number of shares in issue	**500 000**	500 000
Adjusted for:		
Treasury shares issued to entities within the Group	**(5 962)**	(5 962)
Weighted average number of shares	**494 038**	494 038
There were no changes in the weighted number of shares in the current year.		
Loss for the year attributable to shareholders	**(142 479)**	(1 002 359)
Weighted average number of ordinary shares in issue	**494 038**	494 038
Basic earnings per share (cents per share)	**(28.84)**	(204.55)

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 reports to the Department of Transport. It therefore has a significant number of related parties including other state-owned entities, government departments and all other entities within the national sphere of government. 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 entities within the Group are able to transact with each other.

Key management personnel has been defined as Airports Company South Africa board of directors and prescribed officers effective for 2023 and 2022. 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 dependants of the person or the person's domestic partner.

G. Other (continued)

G.11 Related parties

Related party transactions

Figures in R'000s	Services rendered Mar 2023	Services rendered Mar 2022	Services received Mar 2023	Services received Mar 2022	Amounts due from Mar 2023	Amounts due from Mar 2022	Amounts due to Mar 2023	Amounts due to Mar 2022
National departments	–	38 295	–	18 776	–	8 692	–	–
Major public entities	**294 920**	130 445	**280 529**	430 818	**216 608**	155 815	**3 579**	137
National government business	**1**	26 275	–	301	–	313	**16**	–
Other national public entities*	–	–	–	–	–	–	**1 794**	–
Subsidiaries, associates, special purpose entities and joint ventures	**98 308**	1 303 140	–	–	**1 095 465**	1 010 074	**20 192**	19 504

* *These are Schedule 3 other public entities in terms of Public Finance Management Act.*

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

Subsidiaries

Figures in R'000s	Services rendered Mar 2023	Services rendered Mar 2022	Services received Mar 2023	Services received Mar 2022	Amounts due from Mar 2023	Amounts due from Mar 2022	Amounts due to Mar 2023	Amounts due to Mar 2022
JIA Piazza Park (Pty) Ltd	**17 784**	33 248	–	–	–	–	–	–
Precinct 2A (Pty) Ltd	**78 109**	71 328	–	–	**1 005 938**	905 297	–	–
ACSA Global (Pty) Ltd	–	1 195 344	–	–	**13 020**	17 633	–	–

G. Other (continued)

G.11 Related parties (continued)

Special purpose entities

Figures in R'000s	Services rendered Mar 2023	Services rendered Mar 2022	Services received Mar 2023	Services received Mar 2022	Amounts due from Mar 2023	Amounts due from Mar 2022	Amounts due to Mar 2023	Amounts due to Mar 2022
Airports Company South Africa Kagano Trust	–	–	–	–	**18 246**	18 246	–	–
Lexshell 342 Investment Holdings (Pty) Ltd	**1 305**	873	–	–	**26 338**	25 119	**5 930**	5 930
Airports Company Share Incentive Scheme Trust (Pty) Ltd Sakhisizwe Community Programme	–	–	–	–	**30 158**	30 098	**13 574**	13 574
ACSA Management Share Incentive Company (Pty) Ltd	–	–	–	–	–	–	**688**	752

Joint Ventures

Figures in R'000s	Services rendered Mar 2023	Services rendered Mar 2022	Services received Mar 2023	Services received Mar 2022	Amounts due from Mar 2023	Amounts due from Mar 2022	Amounts due to Mar 2023	Amounts due to Mar 2022
Airport Logistics Property Holdings (Pty) Ltd	**1 110**	2 268	–	–	**1 765**	13 681	–	–
Total subsidiaries, associates, special purpose entities and joint ventures	**98 308**	1 303 061	–	–	**1 095 465**	1 010 074	**20 192**	20 256

In the 2022 financial year, the Company provided financial assistance to JIA Piazza Park (Pty) Ltd, in terms of section 45 of the Companies Act, in the form of rental relief of R65 million. In the 2023 financial year, relief was not provided. Instead, the lease was amended to fully variable based on a percentage of revenue.

G. Other (continued)

G.11 Related parties (continued)

Key management personnel

Executive Directors

Figures in R'000s	Salary Mar 2023	Salary Mar 2022	Pension fund contributions Mar 2023	Pension fund contributions Mar 2022	Other benefits* Mar 2023	Other benefits* Mar 2022	Total Mar 2023	Total Mar 2022
N Mpofu	4 349	4 203	400	386	433	175	5 182	4 764
S Mthethwa	3 152	2 834	299	288	413	430	3 864	3 552
	7 501	7 037	699	674	846	605	9 046	8 316

* *Other benefits comprise medical contributions, allocations and fees.*

Non-executive Directors

Figures in R'000s	Directors' fees Mar 2023	Directors' fees Mar 2022
S Nogxina	840	770
D Hlatshwayo	667	493
P Mokupo	–	309
N Nokwe-Macamo[2]	613	529
I Phenyane	–	287
Y Pillay	628	524
N Zikalala-Mvelase	781	616
K Esterhuizen[3]	402	461
G Victor[4]	467	500
K Badimo	590	507
N Siyotula[1]	15	–
G Mancotywa[1]	15	–
SR Sambo[1]	15	–
A Khumalo[5]	15	–
	5 048	4 996

[1] *Appointed 2 March 2023.* [2] *Resigned 2 March 2023.* [3] *Resigned 18 December 2022.* [4] *Resigned 14 December 2022.* [5] *Appointed 3 March 2023.*

G. Other (continued)

G.11 Related parties (continued)

Prescribed officers

Figures in R'000s	Salary Mar 2023	Salary Mar 2022	Pension Fund Contributions Mar 2023	Pension Fund Contributions Mar 2022	Other benefits* Mar 2023	Other benefits* Mar 2022	Severance Mar 2023	Severance Mar 2022	Total Mar 2023	Total Mar 2022
B Mbomvu[1]	149	2 657	21	256	12	247	4 315	–	4 497	3 160
F Sithebe	–	255	–	24	–	22	–	–	–	301
M Mncwabe	2 877	2 774	265	255	289	124	–	–	3 431	3 153
S Ngwenya	2 586	2 492	228	220	136	–	–	–	2 950	2 712
R Shinners [2]	152	2 802	21	258	10	124	2 012	–	2 195	3 184
B Matshego[3]	–	1 253	–	128	–	525	–	–	–	1 906
C Shilowa	3 037	2 926	268	258	174	–	–	–	3 479	3 184
L Langa	2 485	2 367	227	219	228	114	–	–	2 940	2 700
M Petros	3 114	3 000	–	–	150	–	–	–	3 264	3 000
J Khambule	–	1 315	–	125	–	85	–	–	–	1 525
T Dolomoney[4]	2 574	1 386	260	134	468	123	–	–	3 302	1 643
L Less[5]	2 260	184	210	17	272	7	–	–	2 742	208
	19 234	23 411	1 500	1 894	1 739	1 371	6 327	–	28 800	26 676

1 *Group Executive Governance and Assurance – resigned with effect from 30 April 2022 under the voluntary severance programme.*
2 *Group Executive Corporate Affairs – resigned with effect from 30 April 2022 under the voluntary severance programme.*
3 *Group Executive Infrastructure Asset Management – resigned with effect from 30 September 2021 under the voluntary severance programme.*
4 *Group Executive Operations Management – appointed 20 September 2021.*
5 *Group Executive Corporate Services – appointed 1 March 2022.*

G. Other (continued)

G.12 Events after the reporting period and going concern

EVENTS AFTER BALANCE SHEET

AIR02 fixed rate bond redemption

The AIR02 fixed rate bond (R1.7 billion) matured on 30 April 2023 and was repaid on 2 May 2023 in line with the 'following business day' convention. The redemption was repaid from the funds raised through bonds issued between November and December 2022.

GOING CONCERN

The Group has prepared the financial statements on a going-concern basis as there is a reasonable expectation that it will continue in operational existence for the foreseeable future.

Performance projections

The Group has projected future financial performance for the 12 months period after the reporting date to 31 March 2024; the projections indicate a net profit, and considered the following:

- The Regulating Committee approved a traffic forecast of 16.7 million departing passengers, up from a 15.8 million in the financial year under review.
- 17.5%* tariff increase in the first year of the FY2023/24 to FY2027/28 Permission.
- Expected increase in operating expenses of 20% from R3.3 billion in FY2023/24 to R4.1 billion.

* *As a result of delays in finalising the permission the Regulating Committee granted the company an interim CPI related increase of 4.4%.*

Liquidity

The Company maintains short-term committed credit facilities with banks for bridging purposes and to comply with the requirements of credit rating agencies. In December 2022, the Company renewed its credit facilities, amounting to R1.8 billion, for a period of 12 months. The current facilities will expire on 30 November 2023, and the Company intends to renew the credit facilities for further 12 months thereafter. Over the forecast period, the Company will meet its financial obligations, including those for capital expenditure of R679 million, from available cash and operational flows. Therefore, short-term banking facilities will be used only under unavoidable and exceptional circumstances.

The Group will continue to engage proactively with its investors, and lenders to ensure its ability able to access various funding sources in a cost-effective manner, with less onerous terms and conditions, whenever the need for new debt funding arises.

Debt management

Debt levels are projected to decline over the forecast period due to capital repayments of the following instruments in FY2023/24:

- AFD1 loan (amortising loan) – R82 million
- AFD2 loan (amortising loan) – R195 million
- INCA loan (amortising loan) – R14 million
- DBSA loan (amortising loan) – R135 million

G. Other (continued)

G.12 Events after the reporting period and going concern (continued)

Credit metrics

During March 2023, all the loan covenant ratios, including net debt to EBITDA and the debt service coverage ratio, fell within the required thresholds for the first time in three years. The projection for the forecast period is as follows:

Covenant	Requirement	FY2022/23 (actual)	FY2023/24 (forecast)
Credit ratings	Above investment grade BBB (national scale)	Aa2.za	Aa2.za
Net debt capitalisation	Shall not exceed 65%	24%	27%
Net debt/EBITDA	Shall not exceed 4 times	2.9X	3.3X
Government shareholding	At least 50% plus one share	74.6%	74.6%
Debt service cover ratio by available cash	Not less than 1.5 times	8.1X	2.0X

Credit rating outlook

Agency	Rating action	Long-term local currency	Long-term national scale	Outlook
Moody's	Affirmed	Ba2	Aa2.za*	Negative

* *The rating outlook for the Company remains negative which, according to Moody's, reflects significant uncertainties around air traffic recovery prospects and the regulatory tariffs determination.*

G.13 Irregular, fruitless and wasteful expenditure

	GROUP		COMPANY	
Figures in R'000s	Mar 2023	Mar 2022	Mar 2023	Mar 2022
Current year expenditure				
A. Irregular expenditure	**59 086**	36 714	**58 327**	36 714
B. Fruitless and wasteful expenditure	**6 732**	3 797	**6 547**	3 797
Total	**65 818**	40 511	**64 874**	40 511

Irregular, fruitless and wasteful expenditure has been disclosed in line with National Treasury's Compliance and Reporting Framework.

G. Other (continued)

G.14 Contingencies

Contingent liabilities

Levy agreements

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

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 ("Minorities") a court order for Airports Company South Africa SOC Limited (the Company) to purchase their shares in the Company for an amount to be determined by a Referee. Such Referee concluded its valuation on 26 February 2018, after which the Minorities brought an application to make the valuation an Order of Court. The Company opposed this application based on it being fundamentally flawed, irrational and detrimental to other shareholders. Additionally, the Minister of Transport, as the Company's majority shareholder, brought an application to rescind the order of 1 August and 21 December 2017 on the basis that, *inter alia*, it contravened the Public Finance Management Act, the Companies Act and the Company's Memorandum of Incorporation. The rescission application was heard in October 2019, and on 17 July 2020 the Johannesburg High Court found that the rescission application succeeds on the grounds that:

- it is just and equitable to do so, and
- the settlement agreement is unlawful and cannot be allowed to be enforced by the courts simply because it was agreed to.

The Minorities are liable for costs.

The Minorities launched an application for leave to appeal to the Supreme Court of Appeal (SCA) the Rescission Application that was awarded in favour of the Minister of Transport by the Johannesburg High Court. The application for leave to appeal was successfully granted in favour of the Minorities as a result the matter is now before the SCA. In terms of its status before the SCA, the Minorities delivered their record of proceedings in the High Court on 16 February 2021. Their Heads of Argument will be due by 05 April 2021. ACSA's Heads of Argument will be due a month thereafter, the SCA will then set the matter down for hearing of the appeal. The estimated potential financial impact of this matter has not been disclosed as management is of the view that doing so could prejudice the case.

Contingencies relating to interests in other entities

Aeroporto de Guarulhos Participações S.A.

The Group has an airport operator guarantee to the GRU concession amounting to BRL 151 million, R530 million, which is renewed annually by the concession.
(2022: BRL 151 million, R459 million).

Uncertain tax exposures

There are several tax disputes ongoing in the Company. The most significant pertains to the disallowance of capital allowances in respect of commercial buildings and airport assets in terms of sections 13quin and 12F of the Income Tax Act No. 58 of 1962 respectively, for the 2018 and 2019 tax years. The Company is contesting the matter with the South African Revenue Service (SARS). In the interim, SARS has provisionally granted the Company's request for suspension of the obligations to pay the additional taxes, penalties and interest resulting from the re-assessments. Based on internal and external legal and technical advice obtained, the Group remains confident that it has a robust legal case to contest the exposure.

G. Other (continued)

G.14 Contingencies (continued)

The financial impact of the uncertain tax position is as follows:

	GROUP AND COMPANY	
Figures in R'000s	2019 tax year	2018 tax year
Additonal taxes	**57 977**	55 924
Penalties	**80 106**	65 016
Interest	**–**	11 496
	138 083	132 436

G.15 Prior period errors

Effect on statement of financial position

Deferred tax liability

Non-allowance assets (airport assets and commercial buildings), which the South African Revenue Services (SARS) does not permit capital allowances on in terms of Income Tax Act No. 58 of 1962, were previously treated as bearing allowances in calculating deferred tax. This resulted in the deferred tax liability being understated, due to an overstated tax base. The restatement has been effected on the balances at 1 April 2022, which was the earliest practicable date at which the tax asset register could be recalculated.

Income tax liability

The income tax liability has been restated to align with the SARS statement of account. The error occurred in 2021, where the tax expense recognised in the financial statements did not agree to the final tax computation for tax return purposes.

G. Other (continued)

G.15 Prior period errors (continued)

The following tables summarise the impact of the correction of these errors on the Group's financial statements:

Effect on Statement of Financial Position

	GROUP		COMPANY	
Figures in R'000s	Mar 2022	Mar 2021	Mar 2022	Mar 2021
Retained income				
Previously stated	**18 543 119**	19 545 478	**18 301 541**	18 172 605
Restatement of current tax receivable	**(54 437)**	(54 437)	**(54 437)**	(54 437)
Restatement of deferred tax (asset)/liability	**(777 452)**	–	**(777 452)**	–
Restated amount	**17 711 230**	19 491 041	**17 469 652**	18 118 168
Deferred tax (asset)/liability				
Previously stated	**(168 677)**	302 346	**425 623**	787 565
Restatement	**777 452**	–	**777 452**	–
Restated amount	**608 775**	302 346	**1 203 075**	787 565
Current tax receivable				
Previously stated	**145 016**	238 600	**122 977**	229 697
Restatement	**(54 437)**	(54 437)	**(54 437)**	(54 437)
Restated amount	**90 579**	184 163	**68 540**	175 260

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