AIR TRAFFIC & NAVIGATION SERVICES

ATNS

SADC VSATII 2020/21 ANNUAL FINANCIAL REPORT

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1 Introduction

The SADC VSAT (Very Small Aperture Terminal) Network has been operational since 1998 and has eliminated all communication deficiencies in the SADC region. This network is fulfilling the region's communication requirements in terms of the ICAO Africa / Indian Ocean (AFI) plan. It has succeeded in integrating a regional communications network, contributing to increased communication allowing for greater safety on air traffic movements.

The Air Traffic and Navigation Services State Owned Company (ATNS), based in South Africa is the network service provider. The network is made up of the following States:

a) Angola
b) Botswana
c) Burundi
d) DRC
e) Lesotho
f) Malawi
g) Mauritius
h) Mozambique
i) Namibia
j) Rwanda
k) Tanzania
l) Zambia
m) Zimbabwe
n) Swaziland

The objectives for the implementation of the SADC VSAT projects amongst others are to:

o) Provide reliable, efficient, sustainable and effective aeronautical voice (ATS/DS) and data (AFTN) circuits and services;
p) Provide additional communication functionality for future implementation of VHF remote relay, radar data transmission, ATN communication and other critical services in line with the ICAO regional CNS/ATM plan;
q) Implement a VSAT technology platform which not only meets the user requirements, but is of modern design and has future expansion capability;
r) Facilitate the interoperability and interconnectivity of the NAFISAT network with other VSAT networks used for aeronautical fixed communication in the AFI region; and
s) Implement a cost effective logistic support system and support infrastructure to allow, not only network and remote terminal maintenance to be conducted from a central point, but also "on-site" distributed maintenance to be undertaken by the individual member states.

2 ATNS Management Report

ATNS management hereby presents the financial report for the year ended 31 March 2021. The SADC VSAT II (Very Small Aperture Terminal) Network has been operational since 1998 and has eliminated all communication deficiencies in the SADC region. This network is fulfilling the region's communication requirements in terms of the ICAO Africa/Indian Ocean (AFI) plan. It has succeeded in integrating a regional communications network, contributing to increased communication allowing for greater safety on air traffic movements. Management is responsible for the preparation, integrity and fair presentation of the financial report.

The auditors performed agreed upon procedures on the financial report presented on pages 8 to 25 in accordance with the International Standard on Related Services (ISRS4400) "Engagements to Perform Agreed-Upon Procedures regarding Financial Information". The external auditors are responsible for independently reviewing and reporting on Air Traffic and Navigation Services SOC Limited's audited financial statements. In addition to the audit performed on ATNS (which includes the VSAT II), agreed upon procedures were performed by the auditors to the network and their report is on pages 5 to 7.

Globally, the aviation sector has been hard hit by the impact of the COVID-19 pandemic, including the ongoing restrictions placed on local and international travel and the poor global economic outlook for the remainder of the
2021 calendar year. As VSAT network revenue is directly linked to the number of FIR crossings, the network recorded extremely low revenues during FY21, which did not enable the VSAT network to cover its full operational costs for the year under review. Management have considered the impact of the ongoing of the COVID-19 pandemic on the network status as a going concern. However, having assessed the following factors, management are of the view that VSAT network remains a going concern:

• VSAT network ability to raise a borrowing facility;
• Monitoring of cash flow and liquidity requirements on a regular basis, using rolling forecasts, with cash reserves at the end of the reporting period being $2.3 million (FY20: $1.3 million) and
• An ongoing review of operating costs with clear cost containment measures in place.

Management is of the opinion, based on the information available to date, that VSAT's financial report fairly presents the financial position of VSAT II and the results of its operations and cash flow for the year ended 31 March 2021.

Management has every reason to believe that the network has adequate resources in place to be able to continue in operations for the foreseeable future.

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Chief Financial Officer

3 Independent Auditors Report

4 Statement of Financial Position as at 31 March 2021

ASSETS	Notes	US $ 2021	US $ 2020
Non-Current Assets			
Property, plant and equipment	9.9	1,155,222	1,669,311
		1,155,222	1,669,311
Current Assets			
Trade and other receivables	9.10	137,507	54,689
Cash and cash equivalents	9.11	2,325,999	1,327,329
		2,463,506	1,382,018
TOTAL ASSETS		**3,618,728**	**3,051,329**
EQUITY AND LIABILITIES			
Foreign translation reserve		(235,990)	131,987
Retained Earnings		(461,395)	308,676
Total Equity		(697,385)	440,663
LIABILITIES			
Current Liabilities			
Trade and other payables	9.12	859,040	906,053
Loan	9.13	3,457,073	1,497,789
Current income tax liabilities	9.8	-	171,369
Provisions	9.14	-	35,455
Total Liabilities		4,316,113	2,610,666
TOTAL EQUITY AND LIABILITIES		**3,618,728**	**3,051,329**

5 Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 March 2021

	Note	US $ 2021	US $ 2020
Revenue	9.2	1,091,451	3,497,953
Other Income	9.3	3,820	14,212
Staff Costs	9.4	(383,093)	(467,369)
Administration cost	9.5	(798,365)	(2,079,658)
Depreciation	9.9	(135,981)	(162,950)
Other Expenses	9.6	(244,353)	(307,611)
Operating Profit		(466,521)	494,577
Investment income	9.7	5,126	23,841
Profit before tax		(461,395)	518,418
Income tax expense	9.8	-	(209,742)
Profit for the year		(461,395)	308,676

6 Statement of change in equity for the year ended 31 March 2021

	Foreign translation reserve US $	Retained Income US $	Total US $
Balance as at 31 March 2020	131,987	308,676	440,663
Total comprehensive income for the year	-	-	-
Balance as at 31 March 2020	131,987	308,676	440,663
Total comprehensive income for the year	-	(461,395)	(461,395)
Additions	(367,977)	-	(367,977)
ATNS' share of profits	-	(308,676)	(308,676)
Balance as at March 31 2021	(235,990)	(461,395)	(697,385)

7 Statement of cash flows for the year ended 31 March 2021

	US $ 2021	US $ 2020
Cash flow from operating activities		
Profit before taxation	(466,521)	494,577
Finance revenue	5,126	23,841
Adjustments for:		
Depreciation	135,981	162,950
Profit share	-	(382,913)
Tax paid	(171,369)	(38,373)
Movements in provisions and other non-cash items	(35,455)	(6,205)
Changes in Working capital		
Trade and other receivables	(82,818)	134,144
Trade and other payables	(47,013)	(207,303)
Loan	1,959,284	0
Cash from operating activities	**1,297,215**	**180,718**
Cash flow from investing activities		
Purchase of property, plant and equipment	-	-
Cash from investing activities	-	-
Net increase in cash and cash equivalent	1,297,215	180,718
Cash and Cash equivalent at beginning of year	1,327,329	643,408
Effects of currency translation	(298,545)	503,203
Cash and Cash equivalent at end of year	**2,325,999**	**1,327,329**

8 Accounting policies

8.1 Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in American Dollars, which is the VSAT network functional and presentation currency. Amounts presented in the financial statements were rounded off to the nearest Dollar.

Statement of compliance

The financial statements of VSAT network have been prepared in accordance with and comply with IFRS as issued by the IASB and in the manner required by the Companies Act of South Africa.

Summary of significant accounting policies

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

8.2 Property, plant and Equipment

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

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

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

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

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

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

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

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

Item	**Estimated useful life**
Communication equipment	15 years

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

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

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each balance sheet date.

VSAT network has made certain estimates in adjusting the carrying amounts of assets, which is resultant from assessing the present status of the company's assets and the expected future benefits and obligations associated with the assets.

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

8.3 Capital work in progress

Capital work in progress is measured at cost. Major property, plant and equipment which are commissioned over a period of time are reflected as capital work in progress on the statement of financial position. Capital work in progress is transferred to property, plant, equipment when available for use.

8.4 Financial Instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Financial assets: Amortised cost.

Financial liabilities: Amortised cost;

8.4.1 Cash and Cash Equivalents

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

8.4.2 Trade and other payables

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs. Trade and other payables expose the company to liquidity risk and possibly to interest rate risk.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).
Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables note 9.12.

Derecognition

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

Reclassification

Financial liabilities

Financial liabilities are not reclassified.

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.
They are subsequently measured at amortised cost.
The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).
Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management

Impairment

The Network recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

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

Measurement and recognition of expected credit losses

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

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix are presented in note 9.11.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is shown separate in profit or loss as credit loss allowance (note 9.5).

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 9.11) and the financial instruments and risk management note.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

8.5 Provisions

Provisions are recognised when:

a) the company has a present obligation as a result of a past event;

b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
c) and a reliable estimate can be made of the obligation.

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

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

Provisions are not recognised for future operating losses.

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

Contingent assets and contingent liabilities are not recognised.

8.6 Revenue recognition

Revenue arises mainly from services rendered from the following major sources:

- VSAT networks
- Sundry revenue

To determine whether to recognise revenue, the company follows a 5-step process:

1) Identifying the contract with a customer

2) Identifying the performance obligations

3) Determining the transaction price

4) Allocating the transaction price to the performance obligations

5) Recognising revenue when/as performance obligation(s) are satisfied

The company often enters into transactions involving a range of services, for example en-route, aerodrome and approach fees, small aerodrome services, technical maintenance services, VSAT networks and Aviation training fees. In all cases, the total transaction price for contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers. The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

VSAT Networks

The entity operates VSAT networks satellite communication system to address communication deficiencies in the North East African Indian Ocean (NAFISAT) and Southern African Development community (SADC VSAT II). The entity has contracts with the individual member states as well as International Air Transport Association. The probability of the customer paying for services rendered is based on the payment history of the customer and ongoing credit valuation. The promised services to be offered among others include the following;

(i) ATS direct speech
(ii) Aeronautical fixed telecommunication network, eventually offering a smooth migration support to the aeronautical telecommunication network. Applications, including ATS Message Handling System, ATS Inter-facility Data Communication and Voice over Internet Protocol.
(iii) Computer-to-computer data exchange between ATS flights data processing system
(iv) Operational meteorological data exchanges
(v) Aeronautical administrative support

The above performance obligations are bundled together as distinct services offered by the entity to the network users.
The price charged for network usage by the entity is a fixed consideration for each gateway utilised. Revenue from air traffic management services is recognised over time as the services are rendered. The transaction price allocated to VSAT networks services are recognised as a receivables once the entity has satisfied the performance obligations.

Sundry Revenue

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

The performance obligations includes among others survey and procedure design for routing and safe navigation of aircraft. The aeronautical information services comprise of both dynamic and static data enabling safe navigation of aircraft between the pilot and the air traffic controller.
The consideration charged for aeronautical information services by the entity is a fixed consideration and, in some instances, a variable consideration is charged. Revenue is recognised over time. The transaction price allocated to these services are recognised as a receivable once the entity satisfies the performance obligations.

8.7 Significant accounting estimates and judgements

The preparation of annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies in areas that involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements.

Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

8.7.1 Estimates

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

8.7.2 Provisions

Provisions were raised and management determined an estimate based on the information available as well as past experience.

8.7.3 Property, plant and equipment

Management has made certain estimates with regards to the determination of estimated useful lives and residual values of items of property, plant and equipment and intangible assets. In estimating the useful lives of the assets, management considered the industry standards, the present status of the assets and the expected future benefits associated with the continued use of the assets.

8.8 Taxes

8.8.1 Current tax assets and liabilities

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

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

9 Notes to the financial statements

9.1 New standards adopted as at 01 April 2020

Some of the accounting pronouncements which have become effective 01 April 2020 and have therefore been adopted do not have significant impact company's financial results.

Standards, amendments and Interpretations to existing Standard that are not yet effective and have not been early adopted by the company

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

Property, Plant and Equipment: Proceeds before Intended Use – (Amendments to IAS 16)

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PPE), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. Transition The amendment must be applied retrospectively only to items of PPE made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Effective for annual periods beginning on or after 1 April 2022

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

Classification of Liabilities as Current or Noncurrent – (Amendments to IAS 1)

The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

If an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions that existed at the end of the reporting period. The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date. Management expectations IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Effective for annual periods beginning on or after 1 April 2023.

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

9.2 Revenue

Revenue from contracts with customers	US $ 2021	US $ 2020
Revenue	1,091,451	3,497,953
	1,091,451	3,497,953

Disaggregation of revenue from contracts with customers	US $ 2021	US $ 2020
FIR crossings	1,091,451	3,497,953
	1,091,451	3,497,953

The are no transaction price which has been allocated to performance obligations which are unsatisfied or partially unsatisfied at the reporting date.

9.3 Other Income

	US $ 2021	US $ 2020
Bad Debts recovered	2,397	5,257
Sundry income	1,423	8,955
	3,820	14,212

9.4 Staff costs

	US $ 2021	US $ 2020
Salaries and related costs	383,093	467,369
	383,093	467,369

Salaries are paid to the administrative personnel and engineers, related cost includes pension fund and medical aid.

9.5 Administration costs

	US $ 2021	US $ 2020
Bad Debts	63,880	272,224
Bank Charges	339	247
Commission Paid	14,579	46,931
Management Fees	179,783	535,874
Profit share	-	680,011
Indirect Costs	499,784	504,371
Computer consumables	-	-
IATA Management Fees	40,000	40,000
	798,365	2,079,658

9.6 Other expenses

	US $ 2021	US $ 2020
Contract Services	9,763	-
Traveling Expenses	672	31,900
Audit Fees	2,907	3,328
Telecommunications Expenses	230,676	231,612
Electronic Maintenance	335	40,771
	244,353	307,611

9.7 Investment income

	US $ 2021	US $ 2020
Interest on bank deposits	5,126	23,841
	5,126	23,841

9.8 Income tax

	US $ 2021	US $ 2020
Current income tax charge	-	209,742
	-	209,742
Current income tax liabilities	-	171,369
Foreign exchange movement	-	38,373
	-	209,742

9.9 Property, plant and equipment

Category	2021 US $ Cost	Accumulated depreciation	Carrying Value
Communication equipment	2,420,714	(1,265,492)	1,155,222
	2,420,714	**(1,265,492)**	**1,155,222**

Category	2020 US $ Cost	Accumulated depreciation	Carrying Value
Communication equipment	1,992,742	(323,431)	1,669,311
	1,992,742	**(323,431)**	**1,669,311**

Reconcilliation of Property, plant and equipment : 2021

Category	Opening balance	Transferred from work in proress	Foreign exchange movement	Depreciation	Closing balance
Communication equipment	1,669,311	-	(378,108)	(135,981)	1,155,222
	1,669,311	-	(378,108)	(135,981)	**1,155,222**

Reconcilliation of Property, plant and equipment : 2020

Category	Opening balance	Transferred from work in proress	Foreign exchange movement	Depreciation	Closing balance
Communication equipment	2,228,443	59,024	(455,206)	(162,950)	1,669,311
	2,228,443	**59,024**	(455,206)	(162,950)	**1,669,311**

Pledged as security

During the year under review the company had no assets pledged as security also there were no assets whose title was restri

9.10 Trade and other receivable

	US $ 2021	US $ 2020
Trade receivables	576,209	523,377
Less: Impairment of trade receivables	(537,694)	(468,689)
Trade receivables - net	38,515	54,688
Other receivables	98,993	-
	137,508	54,688

The movement in the impairment of trade receivables allowances during the was as follows:

Balance at 1 April	468,689	325,426
Foreign exchange movement	110,722	(108,705)
Impairment loss recognised	63,880	272,224
Receivables written off during the year	(105,597)	(20,256)
Balance at 31 March	537,694	468,689

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

Other receivable includes in the main sundry debtors and indications are that at year end other receivables are not impaired.

Exposure to credit risk

The aviation industry is essential to the viability of the South African socio-economic development, during the year under review the industry was faced with many challenges such as key airlines going under business rescue and or being liquidated and during the year under review the impact of COVID-19 global pandemic also exacerbated the already struggling industry with most airlines operating at reduced capacity due lockdown restrictions. These events impacted the company's cash flow negatively resulting in significant increase credit risk.

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

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been reviewed and developed in the current year by making use of the company credit management policy, history experience of past default debtors and also incorporates forward looking information as results of the COVID-19 global pandemic.

The company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due. The following indicators are used:

1) Forward looking expected credit loss (ECL) model

    1.1) With the write off historic debt, the analysis of the forward-looking information indicates that the credit risk will be low leading to improved provision matrix.

2) The company also analysed the payment patterns for the past 12 months.

3) The company analyses the total amount of sales that were made during the past 12 months

4) The cash flow forecast for the month of April 2021 was considered

5) Broader range of information considered – historic and current information such as the following indicators:

a) Withholding of services (grounding)

b) Business rescue proceedings

c) Liquidity factors
d) Extended payment terms granted to the customer
e) Defaults on extended payment terms
f) Final notice to withhold services sent to the customer
The expected credit loss rate is representative of the company's credit loss for the year under review. The following is in place to address credit risk;
a) ATNS Credit Policy guides the treatment of defaulting debtors,
b) Regular credit evaluations are performed on the financial position of defaulting customers; and
c) Security deposits and bank guarantees for top clients and new operator

The expected credit loss is determined as follows:

	US $		
	2021		
	Estimated gross carrying	Impaired	Provision matrix
Not past due	139,561	101,206	73%
Past due by 0 to 30 days	54,664	54,505	100%
Past due by 31 to 60 days	31,406	31,406	100%
Past due by more than 60 days	350,578	350,578	100%
	576,209	537,694	

	US $		
	2020		
	Estimated gross carrying	Impaired	Provision matrix
Not past due	79,660	31,576	40%
Past due by 0 to 30 days	73,073	66,469	91%
Past due by 31 to 60 days	29,790	29,790	100%
Past due by more than 60 days	340,854	340,854	100%
	523,377	468,689	

Trade receivables generally have 60 days credit terms.

Pledged as security

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

9.11 Cash and cash equivalents

	US $ 2021	US $ 2020
Bank balances	2,325,999	1,327,329
	2,325,999	1,327,329

Pledged as security

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

Credit Quality

The credit quality of cash and cash equivalents is the credit rating of the financial institutions. Cash and cash equivalents attract interest at variable rates linked to prime rate.

The credit quality of cash and cash equivalents that are neither past due nor impaired are assessed/monitored by reference to historical information about counter party default rates. Furthermore the credit quality of cash and cash equivalents are ensured by only contracting with highly reputable financial institutions registered in terms of the Banks Act of South Africa and endorsed by National Treasury.

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

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

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

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

Restrictions to the use of cash

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

9.12 Trade and other payables

	US $ 2021	US $ 2020
Trade payables	196,058	-
	196,058	-
Accrued expenses	662,982	906,053
	859,040	906,053

(a) Accrued Expenses

Includes accrued invoices as well as leave pay. Leave pay is raised on the unutilised leave days owing to employees at financial year end date.

All trade and other payables are due within 30 days.

9.13 Loan payable

	US $ 2021	US $ 2020
Opening balance	1,497,789	-
Additions	1,959,284	1,497,789
Closing balance	3,457,073	1,497,789

(a) Loan with ATNS

The loan relates to a loan from Air Traffic and Navigation Services (ATNS), the loan is interest free, unsecured and has no terms of repayment, for the year under review no repayment were done on the loan.

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

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

9.14 Provision for other liabilities and charges

	US $ 2021	US $ 2020
Provision Incentive Bonus	-	35,455
	-	35,455

(a) Incentive bonus

Employees are eligible for an annual performance related bonus payment linked to appropriate company targets. For the current year no performance incentive bonus were provided for due operational losses of the network.