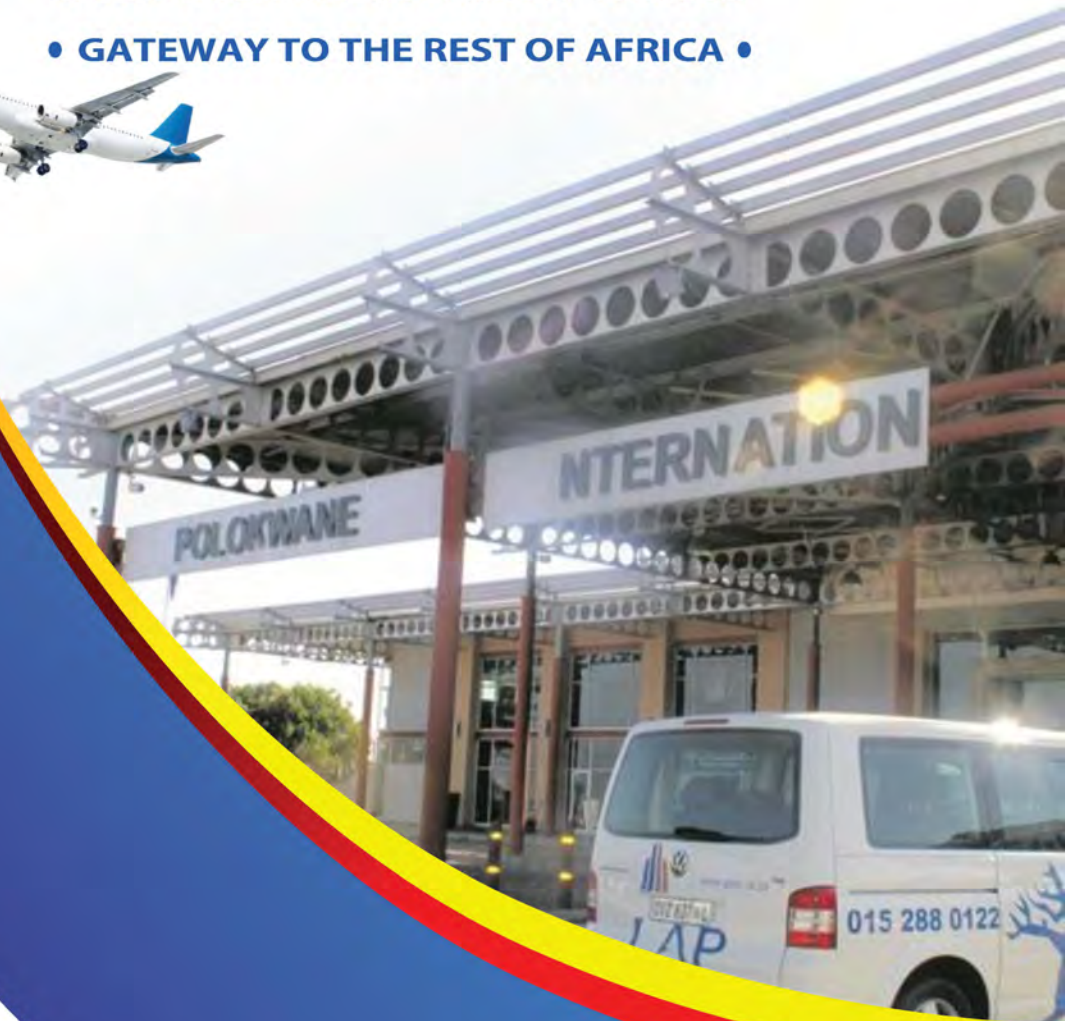




GAAL

GATEWAY AIRPORT AUTHORITY LIMITED

• GATEWAY TO THE REST OF AFRICA •



2024 - 2025
ANNUAL
REPORT



GAAL

GATEWAY AIRPORT AUTHORITY LIMITED

• GATEWAY TO THE REST OF AFRICA •



TABLE OF CONTENTS

PART A: GENERAL INFORMATION	1
1. PUBLIC ENTITY GENERAL INFORMATION	2
2. LIST OF ABBREVIATIONS	3
3. STATEMENT BY EXECUTIVE AUTHORITY	4
4. STATEMENT BY THE BOARD CHAIRPERSON	5
5. OVERVIEW BY THE CEO	7
6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY	9
7. STRATEGIC OVERVIEW	10
7.1 Vision	10
7.2 Mission	10
7.3 Values	10
8. LEGISLATIVE MANDATES	11
9. APPROVED ORGANISATIONAL STRUCTURE	12
PART B: PERFORMANCE INFORMATION	14
1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	15
2. OVERVIEW OF PERFORMANCE	15
2.1 Service Delivery Environment	15
2.2 Organisational Environment	16
2.3 Key Policy developments and legislatives changes	16
2.4 Progress towards achievement of institutional Impacts and Outcomes	16
3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	18
3.1 Programme 1: Administration	18
3.2 Programme 2: Business Development	20
3.3 Programme 3: Operations	21
4. LINKED PERFORMANCE WITH BUDGETS	24
5. REVENUE COLLECTION	24
6. CAPITAL EXPENDITURE	24
PART C: GOVERNANCE	25
1. INTRODUCTION	26
2. PORTFOLIO COMMITTEES	26
3. THE ACCOUNTING AUTHORITY/BOARD	26
4. RISK MANAGEMENT	28
5. INTERNAL CONTROL UNIT	28
6. INTERNAL AUDIT AND AUDIT COMMITTEES	28
7. COMPLIANCE WITH LAWS AND REGULATIONS	30
8. FRAUD AND CORRUPTION	30
9. MINIMISING OF CONFLICT OF INTEREST	30

10. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	31
11. COMPANY SECRETARY	31

PART D: HUMAN RESOURCES **33**

1. INTRODUCTION	34
2. HUMAN RESOURCES OVERSIGHT STATISTICS	35
3. EMPLOYMENT AND VACANCIES	35
4. REASONS FOR EMPLOYEES LEAVING	35
5. LABOUR RELATIONS, MISCONDUCT AND DISCIPLINARY ACTIONS	36
6. EMPLOYMENT EQUITY	36

PART E: PFMA COMPLIANCE REPORT **38**

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES	39
1.1 Irregular Expenditure	39
1.2 Fruitless and Wasteful Expenditure	41

PART F: FINANCIAL INFORMATION **44**

1. REPORT OF THE AUDITOR GENERAL	45
2. AUDITED FINANCIAL STATEMENTS	56

PART A:

GENERAL INFORMATION

1. PUBLIC ENTITY GENERAL INFORMATION

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

2. LIST OF ABBREVIATIONS/ ACRONYMS

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

STATEMENT BY EXECUTIVE AUTHORITY



The GAAL Board has approved the Annual Report for the year under review. The report seeks to report on the first year of implementing the turnaround strategy to turn GAAL into a bankable enterprise. Further to break away from a culture of dependency on grants.

The legislature believes that with proper steering and diligent oversight, GAAL is on a path to break even and later on be profitable. The bedrock of the Turnaround strategy is attraction of the new airlines, development of new routes and turning the Polokwane airport into a freight hub.

It is a common course that our provincial economy rests on agricultural, tourism and mining activities. Some of the products first leave to Gauteng then pass through our Province enroute to North Africa and abroad, thereby attracting unnecessary time delay and financial costs.

It is for this reason that the year under review has seen concerted efforts to bring to life the Turn-around strategy. The finances are being managed with due diligence by safeguarding value for money and stringent adherence to financial controls. The consistent improvement of the audit outcomes are encouraging as they pave a way for a clean audit.

We still have to increase daily passenger movement on daily flights and further attract more airlines to break the monopoly by a single carrier. The more availability of flights, the cheaper it will be for the passengers. The airport endeavour to diversify by including cargo freight amongst airport operation. We remain convinced that the many agricultural and mineral produce in the province can find convenient management, which will reduce the several handling from land to sea or land to air at far distant places and bring economic growth into the province.

It is common course that business is dependent on efficacy and cost reduction. The speed of delivering commodities at a quicker rate will go a long way in advantaging our economy thereby increasing employment. We strive to make the Polokwane International Airport the Gateway to Africa by leveraging our produce and getting laden freight to and from countries that we will do business with.

The turning around of GAAL is a must because it is not about resources as the Government has availed funds and therefore this annual report will encapsulate the distance covered in the year under review in creating a business hub and a profitable entity to make our people proud.



HONOURABLE SUSANI VIOLET MATHYE

MEMBER OF EXECUTIVE COUNCIL: TRANSPORT AND COMMUNITY SAFETY

STATEMENT BY BOARD CHAIRPERSON



Mr V Xaba

Board Chairperson

I am pleased to share the Annual Report for the 2024/25 financial year. Gateway Airport Authority Limited (GAAL) plays a crucial role in developing aviation related services through the Limpopo Province, using state owned assets entrusted to GAAL's management and control. The year under review showcased exceptional dedication and drive despite facing significant budget constraints. The GAAL Board of Directors, Management, and employees have worked tirelessly to provide essential aeronautic and non-aeronautic services to the community of aviators across the province.

The year under review has seen continuous, cumulative improvement on performance compared to prior year, largely due to stability at leadership level, both at Board and Senior Manager level. Leadership stability forms one of the key pillars of the Turnaround Strategy and its sustainable impact is materializing. The current Board comprises of directors who have served since 2021 and 2023 respectively which has contributed immensely to the stability, especially the recruitment for critical Senior Manager Positions like the Chief Executive Office, Chief Financial Officer, Company Secretary, Senior Manager: Commercial Services, IT Manager and other critical compliance related positions in Finance and Operations functions. Under this Board's leadership, a Turnaround Strategy was developed and approved, which became the bedrock for funding support from the Shareholder which will see reduced reliance in state funding in the subsequent years. In September 2025, the term for the current Board will be coming to an end and we remain confident that the next Board will continue the leadership stability imperative.

The Board has prioritized establishing mutually beneficial partnerships with likeminded organizations at a strategic level within the Province and within the aviation sector. During the review period, new partnerships were formed to enhance GAAL's financial and business development performance such as with ACSA.

The organization's governance, another key pillar of the Turnaround Strategy, has stabilized and improved year on year. While enhancing internal controls to guarantee ongoing clean audit outcomes, other key areas of focus moving forward include:

- Enhancement of debt collection rates;

- Maximization of non-aeronautical revenue generation, especially occupancy rates;
- Diversification of aeronautical revenue streams (more flight operators, more non-passenger flights);
- Establishment of partnerships to preserve capital, leverage delivery networks and strengthen skill sets;
- Strengthening the Marketing function to increase GAAL's strategic visibility and earning potential;
- Higher retention rates of key compliance related positions in Operations.

Although this has been a challenging medium-term journey for the Board, circa 5 years or so, the envisaged destination is within sight however still not within reach. With the support from the Shareholder, the unrelenting commitment of the management team and colleagues at large, we have reached an encouraging stable phase of the journey. Continuation of stability is critical towards reaching the envisaged destination.

On behalf of the Board, I would like to express our deep appreciation to the Shareholder representative, Honourable MEC Violet Mathye MEC of Transport and Community Safety in the Limpopo Province. A further note of appreciation to Executive team and all expanded employee team at GAAL for their unwavering dedication to fulfilling the organization's mandate and achieving better results. Lastly, I wish to extend sincere gratitude to the Board members whose term concludes in September 2025; their contributions to GAAL's work are greatly valued as we are leaving the entity in a much better position than we found it.



Mr V Xaba

Board Chairperson: GAAL

OVERVIEW BY CHIEF EXECUTIVE OFFICER



Ms M Matli

CEO: GAAL

As I reflect on this past year, it has been both a test of resilience and a period of significant progress for Gateway Airport Authority Limited (GAAL). Polokwane International Airport (PIA) a Category 7 aerodrome license issued by the South African Civil Aviation Authority (SACAA), which is critical for the safe and secured operation of scheduled domestic and international flights. Our commitment to continuous safety, fire and rescue readiness, and technical compliance was further reinforced through targeted training of our staff and infrastructure upgrades.

We have actively responded to technical air navigation challenges particularly the suspension of instrument landing procedures during poor visibility conditions which regrettably led to six missed flight landings in April 2025. We worked closely with ATNS to instantly inform affected carriers and travellers and minimize further operational impacts and reinstate the instrument landing procedure.

I am pleased to announce that GAAL concluded the year with an **unqualified audit opinion**, reaffirming our commitment to our strengthened internal controls, financial integrity and transparent governance. Revenue performance improved across multiple streams, with a particular uplift in leasing income, following growing occupancy of terminal and office facilities.

GAAL implemented stringent cost-control measures without compromising service delivery. These efforts were supported by enhanced procurement processes, digitised reporting tools, and quarterly financial reviews across all departments.

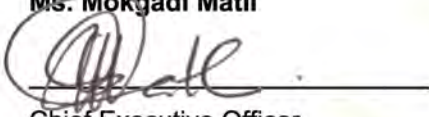
Revenue grew significantly by 22% compared to the previous year following enhanced commercial services strategies. In partnership with ACSA, we enhanced our technical and operational expertise via a formal advisory services agreement to support compliance and integrated development. We made significant strides in improving customer experience, aviation safety, and airport infrastructure, all while maintaining strict compliance with national and international standards.

Looking Ahead to 2025/26 our priorities include completing cargo-hub readiness, pursuing regional route expansion, exploring new revenue streams and leveraging our strategic geography to benefit tourism, trade, and economic growth in Limpopo and beyond.

In closing, our collective efforts have positioned GAAL for sustainable growth anchored by disciplined financial management, expanded infrastructure, and a clear vision for cargo driven transformation.

I wish to extend my deepest gratitude to the GAAL Board of Directors, the MEC of Department of Transport and Community Safety, Honourable V.S Mathye, Limpopo Provincial Government, national aviation regulators, our tenants, airline partners, contractors and all stakeholders. A special appreciation to our dedicated GAAL team for unwavering commitment to improvement, growth and excellence. Your support and commitment have been central to every success. Together, we are not only growing an airport we are building a gateway to opportunity, prosperity, and shared growth for the people of Limpopo and beyond.

Ms. Mokgadi Matli



Chief Executive Officer

Gateway Airports Authority Limited

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

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

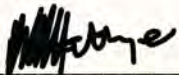
- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor General.
- The Annual Report is complete, accurate and free from any omissions.
- The Annual Report has been prepared in accordance with the Guidelines on Annual Reporting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

Yours Sincerely



Ms M Matli
Chief Executive Officer

Date 22.08.2025



Ms SV Mathye
MEC: Department of Transport and Community Safety

Date 22.08.2025



Mr V Xaba
Board Chairperson: GAAL

Date 22.08.2025

7. STRATEGIC OVERVIEW

7.1 Vision

To lead growth of the aviation industry in Limpopo.

7.2 Mission

- a) To operate and develop public airports within the province of Limpopo
- b) To create an intra-Limpopo flight operations network to feed PIA
- c) To develop PIA as the hub of SADC region and the North of South Africa
- d) In collaborate with our key stakeholders to stimulate economic and social development for the people of Limpopo.

7.3 Values

Passionate

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

Integrity

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

Agility

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

Commitment

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

Results

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

8. LEGISLATIVE AND OTHER MANDATES

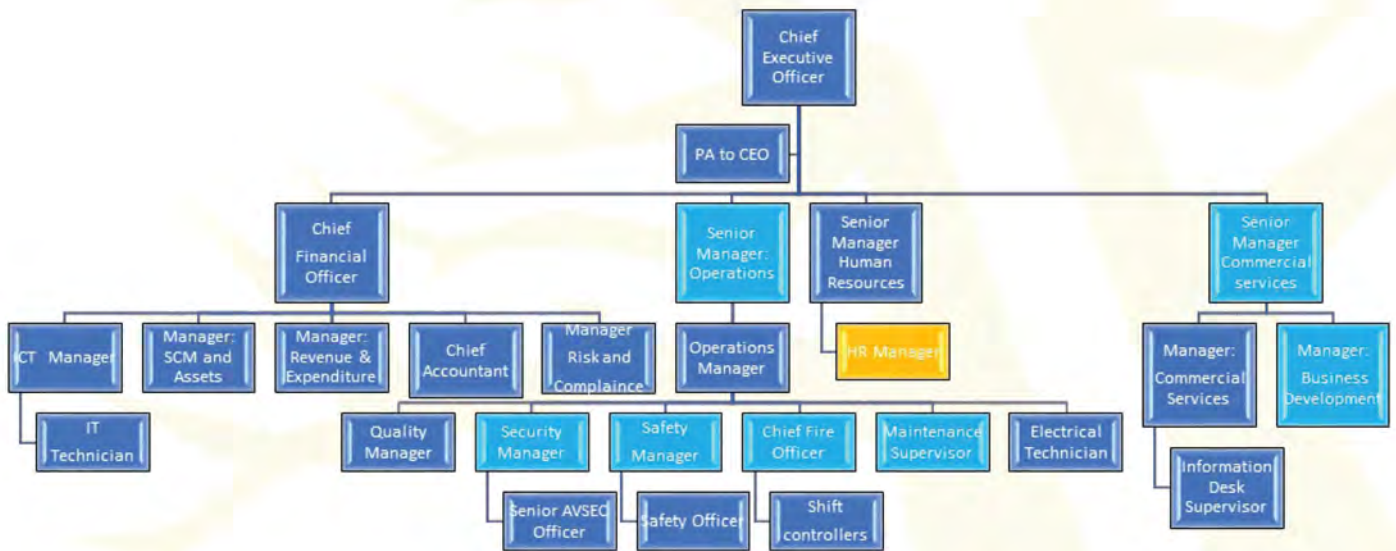
GAAL operates in a highly regulated industry. The main legislations governing the Airport include:

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

ORGANISATIONAL STRUCTURE

Vacant

Unfunded





PART B:

PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 52 of the Report of the Auditors Report, published as Part F: Financial Information

2. OVERVIEW OF PERFORMANCE

2.1 Service Delivery Environment

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

The sustainability will be derived from a combination of; effective and efficient utilization of resources, optimum use of state assets (aeronautical and non-aeronautical) for increased revenue generation, as well as the acquiring of investment funding for operational and capital growth, and where required, shareholder support. This suite of initiatives will, in the medium to long-term, reduce the dependence on shareholder grant funding.

Although the Entity receives a grant from the Department of Transport and Community Safety and has strong leadership support, it has the capabilities to function efficiently on its own.

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

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

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

TYPE	2020/21	2021/22	2022/23	2023/24	2024/25
Domestic Schedule	133	128	1 245	1 689	1 762
Domestic non-scheduled	13	50	977	1 326	1 023
Regional non-scheduled	1	16	209	284	0
International non-scheduled	5	6	396	537	1 273
TOTAL	133	200	2 827	3 836	4 058

Table 2: The history of passengers' movements:

TYPE	2020/21	2021/22	2022/23	2023/24	2024/25
Domestic Schedule	3325	2365	40 412	53 553	47 665
Domestic non-scheduled	18	86	4296	6 808	1 803
Regional non-scheduled	1	32	1294	1 968	0
International non-scheduled	126	12	1380	1 979	1349
TOTAL	3470	2495	47 382	64 308	50 833

2.2 Organisational Environment

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

2.3 Policy developments and legislative changes

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

2.4 Progress towards achievement of institutional impacts and outcomes

GAAL's operational performance has shown improvement and while working at that, the Entity strives to improve financial and operating performance as well as brand positioning.

Ultimately, GAAL will focus on expanding the operating model in the next few years.

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



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3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 ADMINISTRATION

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

Outcomes, Outputs, Output indicators, Targets and Actual Achievement

Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reasons for deviation
Safe Air Transport Environment	Improvement on revenue collection	Amount of own revenue collected	R13 556 000.00	R16 119 000.00	R24 854 000.00	R23 243 000.00	(R1 611 000.00)	Lower revenue realised from dispensing of fuel than budgeted for as well as no revenue realised from advertising income due to billboards that still need to be refurbished before engagement with potential advertisers can be secured. Lower traffic numbers also contributed to less revenue collected.
		Amount spent on CAPEX and assets maintenance	R2 486 000.00	R9 500 000.00	R74 011 000.00	R17 744 000.00	(R56 267 000.00)	Delays in drafting of tender specifications in due to capacity challenges in SCM, which led to majority of the projects not being completed on time.
		External audit opinion achieved	Qualified	Unqualified	Clean	-	-	The timing of the target is misaligned as the audit opinion can only be achieved after the audit is completed in Q2.

Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reasons for deviation
	Improved ICT systems	Number of ICT projects implemented	4	3	5	3	2	Tenders for the projects were advertised according to the procurement plan however bid processes were not finalised
	Improved HR processes	Number of HR initiatives implemented	4	4	4	4	-	None
	Ensure compliance to regulatory requirements	Number of Compliance Training courses completed	12	12	12	12	-	None

3.2 BUSINESS DEVELOPMENT

The programme is responsible for new business development and marketing. It is also responsible for maintaining existing business and stakeholder relationships whilst developing and formalising partnerships with other key stakeholders.

Outcomes, Outputs, Output indicators, Targets and Actual Achievement

Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reasons for deviation
Safe Air Transport environment	Increase in revenue for financial sustainability	Number of new routes introduced	New	1	1	0	0	Airlines have requested more time to do their own feasibility study and due diligence on the proposed routes.
		Number of new operators contracted	1	1	1	0	0	Airlines have requested more time to their own feasibility study and due diligence on the proposed routes. A letter of intent has been received from FLYNIA.
		Number of Aircraft movement recorded	2182	2 827	4 532	3 691	(841)	Reduced flights due to the festive season and cancellation of flights during the winter months because of poor weather conditions
		Number of units leased as a percentage of units available (Occupancy Rate)	-	50%	70%	54%	(16%)	A number of enquiries were received, and quotations have been issued to potential tenants however there has not been commitment in terms of occupancy.
	Brand activations implemented	Number of marketing initiatives conducted	12	12	12	17	5	Additional marketing opportunities that GAAL participated in to increase brand awareness as part of Turnaround Strategy
		Aerotropolis plan/ Airport Master plan developed	-	-	1	0	(1)	Delayed appointment of the Masterplan Service Provider through ACSA partnership. The project is currently on phase 4 of 7.

Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reasons for deviation
		Cargo Plan for PIA developed	-	-	1	0	(1)	The project was advertised in Q3 however there was no response from the market.

3.3 OPERATIONS

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

Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement	Reasons for deviation
Safe Air Transport environment	Safe and secure airport facilities and services	Number of months the Aerodrome Category 7 license is maintained	12	11	12	11 months	1 month	Downgrade of the Aerodrome AFFFS due to firefighting vehicle.
		Maintenance plan reviewed	1	1	1	1	None	None
		Infrastructure Maintenance Plan implemented	-	100%	100%	85%	(15%)	Delay in internal approval processes and supplier capacity challenges. Fire detection units have not been services as they are linked to the chiller plant which is currently being replaced. There was no plumbing work done.
		Number of Aerodrome units calibrated (frequency)	-	-	13	3	(10)	Challenges with bid specifications were identified at adjudication stage. VOR is being repaired and as such it could not be calibrated.
		Perimeter Intruder Detection System installed	-	-	1	0	(1)	The project was carried over from Q3 as there were late appointments of a service provider. However, the service provider has been appointed, project kick off meeting has been scheduled 23/04/2025.

Things will get
better.



4 LINKED PERFORMANCE WITH BUDGETS

PROGRAMME	2023/24			2024/25		
	BUDGET	ACTUAL EXPENDITURE	OVER/ (UNDER) EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	OVER/ (UNDER) EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	40 717	35 319	5 398	50 011	33 840	16 171
Business Development	3 980	2 252	1 728	3 417	3 437	(20)
Operations	44 920	40 166	4 754	60 842	60 986	(144)

5 REVENUE COLLECTION

SOURCES OF REVENUE	2023/24			2024/25		
	BUDGET	ACTUAL AMOUNT COLLECTED	OVER/ (UNDER) COLLECTION	BUDGET	ACTUAL AMOUNT COLLECTED	OVER/ (UNDER) COLLECTION
Aeronautical	6 448	7 245	797	9 090	7 460	(1 630)
Non-Aeronautical	9 671	10 781	1 110	15 764	15 783	19
Total	16 119	18 026	1 907	24 854	23 243	(1 611)

6 CAPITAL EXPENDITURE

CAPITAL EXPENDITURE	2023/24			2024/25		
	BUDGET	ACTUAL EXPENDITURE	OVER/ (UNDER) EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	OVER/ (UNDER) EXPENDITURE
Amount spent on capex and assets maintenance	9 008	13 670	(4 662)	36 411	18 681	17 730
Total	9 008	13 670	(4 662)	36 411	18 681	17 730

PART C:

GOVERNANCE

1. INTRODUCTION

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

2. PORTFOLIO COMMITTEES

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

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

3. THE ACCOUNTING AUTHORITY/ BOARD

a) Board Charter

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

b) Composition of the Board

NAME	DESIGNATION	DATE APPOINTED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTOR SHIP	NO. OF MEETINGS ATTENDED
Xaba VD	Chairperson	26/03/2021	N. Dip: Chemical Engineering B.Tech: Quality Management Dip: Advance Project Management	Aviation	2	3
Ramutanda E	Member	26/03/2021	BA, B. Hon: Transport	Aviation	4	3

			Economics BA: Business Administration N. Tech: Mechanical Engineering			
Mangena JJN	Member	26/03/2021	BA, Public Administration B-Hon: Industrial Psychology	Public Administration	0	3
Phayane S	Member	26/03/2021	B.Sc.: Civil Engineering M.Sc.: Transport Studies	Transportation	2	3
Lambani EN	Member	21/09/2023	B. Proc, LLB, LLM	Legal	1	3
Mabilane SV	Member	21/09/2023	N. Dip: Cost and Management Accounting B. Tech: Cost and Management Accounting	Accounting	5	3
Skeepers NC	Member	21/09/2023	PHD: Engineering Management	Health and Safety	7	3
Maharaj S	Member	21/09/2023	Chartered Accountant CA (SA) MBA B. Com Hon	Finance	1	3

c) Committees of the Board

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

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

d) Remuneration of the Board

NAMES	TOTAL
Mr VD Xaba	215 701
Ms S Phayane	176 129
Mr E Ramutanda	0
Mr JJN Mangena	0
Adv EN Lambani	125 682
Ms SV Mabilane	164 470
Dr NC Sweepers	132 869
Mr S Maharaj	158 338

4. RISK MANAGEMENT

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

5. INTERNAL CONTROL UNIT

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

6. INTERNAL AUDIT

6.1 The internal Audit Activity has the responsibility to:

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

6.2 Summary of audit work done

- Supply chain and Expenditure Management review.
- Review of Annual Financial Statement.
- Information Communication and Technology (ICT) review
- Quarterly Performance Information review
- Annual Performance plan review

6.3 Key objectives of the internal Audit and Audit Committees

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

7. COMPLIANCE WITH LAWS AND REGULATIONS

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

8. FRAUD AND CORRUPTION

- GAAL makes use of the Premier's hotline telephone number which is a platform on which concerns relating to fraud and breaches of ethical codes can be reported.
- Anti-corruption workshop was conducted during the financial year with the assistance of Public Service Commission.
- In 2024/25 financial year, the Entity did not receive any complaints during the period from the hotline.

9. MINIMISING CONFLICT OF INTEREST

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

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

At the beginning of each meeting, Board and committee members are obligated to disclose any conflicts of interest related to agenda items. Any conflicts are managed in terms of Section 75(5) of the Companies

Act. Directors must be independent in character and in judgment and must avoid situations that are likely to affect, or appear to affect, their independence. Conflict of interest is a concern for external stakeholders, particularly in situations or relationships that may appear to influence the decisions of the Board and management. Recognising that failure to disclose potential conflict may lead to ethics failures, the Board addresses these concerns and perceptions through transparent and proactive communication.

10. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

11. COMPANY/ BOARD SECRETARY

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

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



PART D:

HUMAN RESOURCES MANAGEMENT

1. INTRODUCTION

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

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

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

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

Challenges

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

2. HUMAN RESOURCES OVERSIGHT STATISTICS

2.1 Personnel related expenditure

PROGRAMME	PERSONNEL EXPENDITURE	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Administration	R12 921 662.24	33%	23	R561 811.40
Business Development	R391 565.52	1%	6	R65 260.92
Operations	R25 843 324.47	66%	46	R561 811.40
TOTAL	R39 156 552.23	100%	75	R1 188 883.72

2.2 Levels

LEVEL	PERSONNEL EXPENDITURE	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
Top Management	R1 881 879.71	5%	1	R1 881 879.71
Senior Management	R2 346 750.83	6%	2	R1 173 375.41
Professionally Qualified	R5 869 184.82	22%	9	R652 131.64
Skilled	R8 094 981.01	26%	15	R539 665.40
Semi-Skilled	R19 903 863.14	36%	45	R442 308.06
Unskilled	R1 059 892.49	5%	3	R353 297.49
TOTAL	R39 156 552.23	100%	75	R522 087.36

3. EMPLOYMENT AND VACANCIES

PROGRAMME	VACANCIES	APPOINTMENTS	TERMINATIONS
Administration	2	1	2
Business Development	3	2	0
Operations	5	3	4
Total	10	6	6

4. REASONS FOR EMPLOYEES LEAVING:

REASON	NUMBER	PERCENTAGE
Resignation	2	35%
Retirement	2	35%
Dismissal	2	30%
Total	6	100%

5. LABOUR RELATIONS, MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	1
Written Warning	5
Final Written Warning	2
Dismissal	2
Precautionary suspension	0
Punitive suspension	0
Number of pending disciplinary hearing	0
Total	10

6. EMPLOYMENT EQUITY

LEVEL	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL
Top Management	1	0	0	0	1
Senior Management	2	0	0	0	2
Professionally Qualified	7	0	0	0	7
Skilled	14	0	0	0	14
Semi-Skilled	38	0	0	1	39
Unskilled	2	0	0	0	2
Total	64	0	0	1	65

We Are AVIATION



PART E:

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1 Irregular expenditure

a) Reconciliation Irregular expenditure

	2024/25	2023/24
	R'000	R'000
Opening balance	48 007	50 774
Add: Irregular expenditure confirmed	0	353
Less: Irregular expenditure condoned	(11 351)	(3 120)
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	0	0
Closing balance	36 656	48 007

Reconciliation notes

	2024/25	2023/24
Irregular expenditure that was under assessment in 2023/24	0	0
Irregular expenditure that relates to 2022/23 and identified in 2023/24	0	0
Irregular expenditure for the current year	0	353
Total	0	353

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

	2024/25	2023/24
	R'000	R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	5 189	10 155
Irregular expenditure under investigation	3 903	3 561
Total	9 092	13 716

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

	2024/25	2023/24
	R'000	R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	5 189	10 155

b) Details of current and previous year condoned

	2024/25	2023/24
	R'000	R'000
Irregular expenditure condoned	(11 351)	(3 120)

c) Details of current previous year irregular expenditure recovered

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

1.2 Fruitless and wasteful expenditure

a) Reconciliation and wasteful expenditure

	2024/25	2023/24
Opening balance	10 722	10 046
Add: Fruitless and wasteful expenditure confirmed	24	676
Less: Fruitless and wasteful expenditure written off	(2 218)	0
Less: Fruitless and wasteful expenditure recoverable	0	0
Closing balance	8 528	10 722

Reconciliation notes

	2024/25	2023/24
Fruitless and wasteful expenditure that relates to 2023/24 and identified in 2024/25	0	0
Fruitless and wasteful expenditure for the current year	24	676
Total	24	676

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

	2024/25	2023/24
Fruitless and wasteful expenditure under assessment	0	485
Fruitless and wasteful expenditure under determination		181
Fruitless and wasteful expenditure under investigation	53	6 067
Total ¹	53	6 733

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

	2024/25	2023/24
Fruitless and wasteful expenditure recovered	0	0
Total	0	0



PART F

FINANCIAL INFORMATION

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

Report on the audit of financial statements

Opinion

1. I have audited the financial statements of the Gateway Airport Authority SOC Limited set out on pages xx to xx, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant material accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gateway Airports Authority SOC Limited as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and Companies Act 71 of 2008 (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2025

Material provision for debt impairment

8. As disclosed in note 10 to the financial statements, the entity made a provision for debt impairment for debtors from exchange transactions of R5 421 161 (2024: R39 770 099) as a result of irrecoverable debts.

An uncertainty relating to the future outcome of exceptional litigation.

9. With reference to note 32 to the financial statements, the entity is the defendant in various lawsuits. The entity is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Other matter

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

Unaudited supplementary schedules

11. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting authority for the financial statements

12. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and the Companies Act; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
17. I selected the following material performance indicators related to programme 2: business development and programme 3: operations presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme 2: Business development

- Number of new routes introduced
- Number of new operators contracted
- Number of aircraft movement recorded
- Number of units leased as a percentage of units available (occupancy rate)
- Number of marketing initiatives conducted
- Aerotropolis plan/ Airport Master plan developed
- Cargo Plan developed

Programme 3: Operation

- Number of months the aerodrome CAT 7 licence maintained
 - Infrastructure maintenance plan reviewed
 - Infrastructure maintenance plan implemented
 - Number of aerodrome units calibrated
18. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
19. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives

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

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

21. The material findings on the reported performance information for the selected material indicators are as follows:

Programme 02: Business development

Number of marketing initiatives conducted

22. An achievement of 17 was reported against a target of 12. However, the target was not clearly defined during the planning process. The activities for implementation of planned targets could not be obtained, as a result, their related period and process of implementation could not be determined. Consequently, the target is not useful for measuring and reporting on progress against the entity's planned objectives.

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

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

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

Programme 02: Business development

Targets achieved: 16%

Budget spent 57%

Key indicators not achieved	Planned target	Reported achievement
Number of new routes introduced	1	0
Number of new operators contracted	1	0
Number of Aircraft movement recorded	4 532	3 691
Number of units leased as a percentage of units available (Occupancy Rate)	70%	54%
Aerotropolis plan/ Airport Master plan developed	1	0
Cargo Plan developed	1	0

Programme 03: Operations

Targets achieved: 20%

Budget spent 89%

Key indicators not achieved	Planned target	Reported achievement
Number of months the aerodrome cat 7 license maintained	12	11
Infrastructure maintenance plan implemented	100%	85%
Number of aerodrome units calibrated	13	10
Perimeter intruder detection system installed	01	0

Material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 02: Business development. Management did not correct the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

27. 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 entity's compliance with legislation.

28. 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.
29. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance and annual report

31. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.
32. Material misstatements of property, plant and equipment, revenue from exchange transactions, expenditure and commitments were identified by the auditors in the submitted financial statements were corrected resulting in the financial statements receiving an unqualified audit opinion.

Revenue management

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

Procurement and contract management

34. Some of the contracts were awarded to bidders based on pre-qualification criteria that differed from those stipulated in the original invitation for bidding, in contravention of the 2022 preferential procurement regulation 4(1) and 4(2).

Other information in the annual report

35. 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 of South Africa. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
36. My opinion on the financial statements and my reports on the audit of the annual performance report and 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.
37. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the

scoped-in programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

39. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
40. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.
41. The accounting authority did not adequately exercise its oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.
42. Management did not adequately review and monitor compliance with applicable legislation resulting in material non-compliances.
43. Daily and monthly internal controls measure in place are not adequate to identify, prevent and correct all the errors and misstatements in the financial statements to ensure compliance with the relevant laws and regulations applicable to the entity for reporting.

Auditor-General

Polokwane

25 July 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern

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

Communication with those charged with governance

I communicate with the 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Legislation	Section, regulation or paragraph
Public Finance Management Act No. 1 of 1999	Section 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(d); 66(5); 67
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.1.2(c); 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment to National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	SOC
Nature of business and principal activities	The company is engaged in the provision and maintenance of services and infrastructure of the Polokwane International Airport and operates principally South Africa.
Members	Xaba DV Mabilane MS Adv Lambani EN Dr N Skeepers Maharaj S Phayane S
Registered office	N1 North to Makhado Gateway St Polokwane 0699
Bankers	ABSA Bank Standard Bank
Auditors	Auditor General South Africa Registered Auditors
Company secretary	Advocate K Sebola (Appointed 01 May 2023)
Preparer	The annual financial statements were internally compiled.
Published	31 July 2025

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Index

	Page
Accounting Authority's Responsibilities and Approval	3
Accounting Authority's Report	4
Company secretary's Certification	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 12
Significant Accounting Policies	13 - 27
Notes to the Annual Financial Statements	28 - 63

Abbreviations used:

WCA	Workmans Compensation Act
SDL	Skills Development Levy
GRAP	Generally Recognised Accounting Practice
UIF	Unauthorised, Irregular and Fruitless Expenditure
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
PFMA	Public Finance Management Act
SOC	State Owned Company
CFO	Chief Financial Officer
CEO	Chief Executive Office
MEC	Memeber of the Executive Council

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Accounting Authority's Responsibilities and Approval

The Board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The Board has reviewed the entity's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

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

The annual financial statements set out on page 6 to 63, which have been prepared on the going concern basis, were approved by the Board on 31 July 2025 and were signed on its behalf by:

Member
Chairperson of the Board

Member
Chief Executive Officer

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Accounting Authority's Report

The Board submit its report for the year ended March 31, 2025.

1. Incorporation

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

2. Review of activities

Main business and operations

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

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

3. Going concern

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus of R 253,470,278 and that the entity's total assets exceed its liabilities by R 253,470,290.

The entity realised a deficit of R11 075 227 in the financial year ended 31 March 2025 and also realised a deficit of R11 091 001 for the previous financial year. The entity is in a net-current liability position as its current liabilities exceeds its current assets by R23 388 537

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

The entity was allocated grant funding of R152 million for the 2025/26 financial year by the Limpopo Provincial Treasury.

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

4. Subsequent events

The Board is not aware of any significant events that occurred after the reporting date that were not adjusted or disclosed in the annual financial statements.

5. Company secretary

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

6. Taxation

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

7. Share capital/contributed capital

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Company secretary's Certification

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

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Advocate K Sebola
Company Secretary

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

Figures in Rand	Notes	31 March 2025	31 March 2024 Restated*
Assets			
Current Assets			
Operating lease asset	6	346,246	559,392
Receivables from exchange transactions	10	2,712,760	2,757,447
VAT receivable	11	3,778,676	3,069,785
Prepayments	9	849,772	768,247
Cash and cash equivalents	12	7,688,762	1,381,515
		15,376,216	8,536,386
Non-Current Assets			
Investment property	3	46,215,000	40,765,600
Property, plant and equipment	4	230,760,303	240,582,495
Intangible assets	5	138,981	244,167
		277,114,284	281,592,262
Total Assets		292,490,500	290,128,648
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	15,900,441	20,252,102
Unspent conditional grants and receipts	14	22,864,312	5,072,083
		38,764,753	25,324,185
Non-Current Liabilities			
Employee benefit obligation	8	255,459	258,946
Total Liabilities		39,020,212	25,583,131
Net Assets		253,470,288	264,545,517
Share capital / contributed capital	13	12	12
Accumulated surplus		253,470,278	264,545,505
Total Net Assets		253,470,290	264,545,517

Gateway Airports Authority SOC Limited (GAAL)
Trading as Gateway Airports Authority Limited (SOC)
Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Performance

Figures in Rand	Notes	31 March 2025	31 March 2024 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services	15	10,016,899	9,127,210
Rental income	15	4,892,180	4,924,822
Interest received	18	5,813,677	5,029,438
Total revenue from exchange transactions		20,722,756	19,081,470
Revenue from non-exchange transactions			
Other revenue			
Service in-kind Revenue	15	508,400	-
Transfer revenue			
Government grants & subsidies	19	48,950,996	68,707,402
Deferred Grant Income	15	18,618,000	2,500,000
Total revenue from non-exchange transactions		68,077,396	71,207,402
Total revenue	15	88,800,152	90,288,872
Expenditure			
Employee related costs	20	(39,156,552)	(37,012,909)
Depreciation and amortisation	22	(12,709,133)	(12,628,555)
Finance costs	24	(274,133)	(616,757)
Lease rentals on operating lease	16	(94,268)	(239,808)
Increase in debt Impairment provision	25	(1,395,082)	(7,271,984)
Bad debts written off		(294,812)	-
Contracted Services	21	(16,951,900)	(15,786,406)
General Expenses	26	(19,329,057)	(15,756,695)
Repairs and maintenance	27	(15,440,975)	(8,494,694)
Operating expenditure		(105,645,912)	(97,807,808)
Other Income and Losses		5,770,533	(3,572,065)
Impairment Loss	23	(445,471)	(1,468,958)
Impairment loss reversal		2,091,542	-
Actuarial (Loss)/Gain	17	(13,634)	31,293
Fair value adjustments	30	4,957,016	(2,134,400)
Loss on disposal of assets		(818,920)	-
Surplus (deficit) for the year		(11,075,227)	(11,091,001)

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	12	275,209,847	275,209,859
Adjustments			
Correction of errors 34	-	426,661	426,661
Balance at 01 April 2023 as restated*	12	275,636,508	275,636,520
Changes in net assets			
Deficit for the year as previously reported	-	(10,652,435)	(10,652,435)
Correction of errors 34	-	(438,568)	(438,568)
Restated deficit for the year	-	(11,091,003)	(11,091,003)
Restated* Balance at 01 April 2024	12	264,545,505	264,545,517
Changes in net assets			
Deficit for the period	-	(11,075,227)	(11,075,227)
Total changes	-	(11,075,227)	(11,075,227)
Balance at 31 March 2025	12	253,470,278	253,470,290

Note(s)

13

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Cash Flow Statement

Figures in Rand	Note(s)	31 March 2025	31 March 2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of Goods and Services		16,713,780	18,015,787
Grants		89,415,000	73,498,000
Interest income		1,636,895	1,934,977
		107,765,675	93,448,764
Payments			
Employee costs		(39,482,702)	(35,726,889)
Suppliers		(60,454,022)	(41,460,480)
Finance costs		(274,133)	(58,144)
VAT refunded (paid)	29	1,280,075	(11,378,236)
		(98,930,782)	(88,623,749)
Net cash flows from operating activities	28	8,834,893	4,825,015
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(2,527,646)	(7,045,005)
Net increase/(decrease) in cash and cash equivalents		6,307,247	(2,219,990)
Cash and cash equivalents at the beginning of the year		1,381,515	3,601,505
Cash and cash equivalents at the end of the year	12	7,688,762	1,381,515

The accounting policies on pages 13 to 27 and the notes on pages 28 to 63 form an integral part of the annual financial statements.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of services	9,090,252	-	9,090,252	10,016,899	926,647	N1
Rental income	13,585,000	-	13,585,000	4,892,180	(8,692,820)	N2
Interest received	2,179,000	-	2,179,000	5,813,677	3,634,677	N3
Total revenue from exchange transactions	24,854,252	-	24,854,252	20,722,756	(4,131,496)	
Revenue from non-exchange transactions						
Other revenue						
Service in-kind Revenue	-	-	-	508,400	508,400	N10
Actuarial Gain	-	-	-	(13,634)	(13,634)	N10
Transfer revenue						
Government grants & subsidies	127,015,772	(37,600,000)	89,415,772	48,950,996	(40,464,776)	N4
Deferred grant income	-	-	-	18,618,000	18,618,000	N4
Total revenue from non-exchange transactions	127,015,772	(37,600,000)	89,415,772	68,063,762	(21,352,010)	
Total revenue	151,870,024	(37,600,000)	114,270,024	88,786,518	(25,483,506)	
Expenditure						
Personnel	(39,364,000)	-	(39,364,000)	(39,156,552)	207,448	
Depreciation and amortisation	-	-	-	(12,709,133)	(12,709,133)	N10
Impairment loss	-	-	-	(445,471)	(445,471)	N10
Impairment Loss Reversal	-	-	-	2,091,542	2,091,542	N10
Finance costs	-	-	-	(274,133)	(274,133)	
Lease rentals on operating lease	-	-	-	(94,268)	(94,268)	
Debt Impairment	-	-	-	(1,395,082)	(1,395,082)	N10
Bad debts written off	-	-	-	(294,812)	(294,812)	N10
Contracted Services	(16,523,037)	-	(16,523,037)	(16,951,900)	(428,863)	N6
General Expenses	(16,978,287)	-	(16,978,287)	(19,329,057)	(2,350,770)	N8
Repairs and maintenance	(4,993,699)	-	(4,993,699)	(15,440,975)	(10,447,276)	N9
Total expenditure	(77,859,023)	-	(77,859,023)	(103,999,841)	(26,140,818)	
Operating deficit	74,011,001	(37,600,000)	36,411,001	(15,213,323)	(51,624,324)	
Loss on disposal of assets	-	-	-	(818,920)	(818,920)	N10
Fair value adjustments	-	-	-	4,957,016	4,957,016	N10
	-	-	-	4,138,096	4,138,096	
Deficit before taxation	74,011,001	(37,600,000)	36,411,001	(11,075,227)	(47,486,228)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	74,011,001	(37,600,000)	36,411,001	(11,075,227)	(47,486,228)	

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

The entity surrendered an amount of R37 600 000 during the budget adjustment for projects that it was unable to implement in the current financial year.

Material variances between actual amounts and budget are explained below:

N1 - Rendering of services

Rendering of service is R926 647 above budget, due to more approach fees generated from the hunting season and general aviation.

N2 - Rental Income

Rental income is R8,692 820 below budget due to lower tenant occupancy rate achieved than budgeted for.

N3 - Interest Received

Interest received is R3,634 677 above budget mainly as a result of Interest is on investments and interest charged on debtors.

N4 - Government Grant

The actual Government grant received R89,415,7772, R36,411,000 is conditional grant which is recognised only when conditions are met. At year end R18,618,000 is recognised as deferred grant income.

N6 - Contracted services

Contracted services is above budget by R428 863 this is due to more spending the in the current financial year.

N8 - General Expenses

General expenses is R2 350 770 above budget due to more spending in the current financial year than anticipated.

N9 - Repairs and maintenance

Repairs and maintenance is R10 447 276 above budget, this is due to increase in the repairs and maintenance work done on major electrical items and other structures.

N10 - All non-cash items are not budgeted for.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Position

Assets

Non-Current Assets

Property, plant and equipment	74,011,000	(37,600,000)	36,411,000	2,446,986	(33,964,014)	N11
Total Assets	74,011,000	(37,600,000)	36,411,000	2,446,986	(33,964,014)	
Net Assets	74,011,000	(37,600,000)	36,411,000	2,446,986	(33,964,014)	

N11 - The entity surrendered R37 600 000 of its capital expenditure budget as it could not implement the projects. The entity managed to spend R18 618 000 of the revised budget of R36 411 000, however only an amount of R2 446 986 met the capitalisation criteria.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

Figures in Rand	Notes	2025	2024
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1. Significant accounting policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.5 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or related information, have been disclosed in the related notes.

Fair value estimation

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

1.6 Investment property

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

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

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

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

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

Fair value

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

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

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

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

Item	Depreciation method	Average useful life
Plant and machinery	Straight-line	5-50
Furniture and fixtures	Straight-line	5-30
Motor vehicles	Straight-line	5-30
Office equipment	Straight-line	5-30
IT equipment	Straight-line	5-30
Roads	Straight-line	20-50
Buildings	Straight-line	20-50
Electric equipment	Straight-line	2-40
Baggage handling equipment	Straight-line	5-30
Air traffic equipment	Straight-line	3-50
Runway and street lights	Straight-line	5-50
Other infrastructure	Straight-line	5-50

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

1.8 Intangible assets

An intangible asset is recognised when:

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

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

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

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

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

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

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.9 Financial instruments

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

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

Initial recognition and measurement

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

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

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

Fair value methods and assumptions

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

The effective interest rate method

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

Non - derivative financial instrument

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

Amortized cost

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

Measurement

Initial measurement

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

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

Financial Assets

Financial assets are classified into the following categories:

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.9 Financial instruments (continued)

- i. Trade and other receivables
- ii. Cash and cash equivalents.
- iii. Prepayments

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

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

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

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

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

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

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

* It is settled at a future date.

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

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

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

Cash and Cash Equivalents:

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.9 Financial instruments (continued)

Prepayments

Prepayments are initially measured at fair value and recorded on the Statement of Financial Position. These assets are typically classified as current assets if they are expected to be consumed within one year and non-current assets if the benefit extends beyond one financial year.

The cost of the prepaid expense is gradually expensed over time as the related benefits are received.

Financial Liabilities

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Financial liabilities are classified into the following categories:

- i. Trade and other payables
- ii. Operating lease liability

Financial liabilities are subsequently measured at amortised cost. For a financial liability measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial liability is derecognised.

1.10 Leases

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

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

Operating leases - lessor

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

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

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

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

Operating leases - lessee

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

1.11 Cash and cash equivalents

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

1.12 Impairment of cash-generating assets

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

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

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.12 Impairment of cash-generating assets (continued)

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

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

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

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

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

Useful life is either:

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

When the condition that led to the impairment loss to be recognised in previous financial years ceases to exist or is no longer present, the entity reverses the previously recognised impairment loss.

1.13 Share capital / contributed capital

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

1.14 Employee benefits

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

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

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

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.14 Employee benefits (continued)

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.15 Provisions and contingencies (continued)

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32. Contingent assets and contingent liabilities are disclosed based on the cost estimates from legal representatives of the entity.

1.16 Commitments

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.17 Revenue from exchange transactions

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

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

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.18 Revenue from non-exchange transactions

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

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

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

Recognition

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

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

Measurement

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

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

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

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

1.19 Borrowing costs

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

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

1.20 Accounting by principals and agents

Identification

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

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

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.20 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

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

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

Assessing which entity benefits from the transactions with third parties

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

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

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

Recognition

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

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

1.21 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current

1.22 Fruitless and wasteful expenditure

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

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

1.23 Irregular expenditure

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

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

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

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

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

1.24 Segment information

A segment is an activity of an entity:

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

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

1.25 Budget information

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

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

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

The approved budget covers the fiscal period from 01 Apr 2024 to 31 Mar 2025.

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Significant Accounting Policies

1.26 Related parties

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

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

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

1.27 Events after reporting date

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

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

1.28 Value Added Tax

Revenue, expenses and assets are recognised net of amounts of Value Added Tax. The net amount of Value Added Tax recoverable from or payable to SARS is included as part of receivables or payables in the Statement of Financial Position.

The entity is a registered VAT vendor and account for VAT on an invoice basis.

The following rates are applicable:

Standard rated supplies (15%)

Zero rated supplies (0%)

Exempted supplies (-)

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods:

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Accounting Standards Board (the Board) undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. Segment reporting (continued)

GRAP 103 (amended): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

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

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is for years beginning on/or after 01 April 2025.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. Segment reporting (continued)

The application of the standard will change the manner in which interest revenue is calculated for the entity. Interest will be calculated based on whether the financial asset is credit impaired or not. If the financial asset is credit impaired then the interest calculation will be based on the amortised cost and the effective interest rate and if the financial asset is not credit impaired then calculation will be based on the gross carrying amount of the asset.

GRAP 105 Transfer of Functions Between Entities Under Common Control

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter "the local Standards") were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

- a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;
- (b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard's scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;
- (c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and
- (d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Definitions

IPSAS 40 separates the definitions in the Standard between "general definitions relating to all public sector combinations", "definitions relating to amalgamations" and "definitions relating to acquisitions". The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

- (a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and
- (b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as "an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential." The definition of a function in the GRAP Standards is similar, except that it excludes "and related assets and/or liabilities".

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. Segment reporting (continued)

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to "a function" whereas IPSAS 40 refers to "an operation"), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Accounting for an amalgamation versus a transfer of functions under common control and mergers

Both IPSAS 40 and GRAP 107 applies the modified pooling of interest method to account for an amalgamation or merger. GRAP 105 does not "label" the accounting method used to account for the transfer for functions.

Assessing control - GRAP 105 is not explicit that the principles in GRAP 35 should be applied to assess control.

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 105 and GRAP 107 do not have any application guidance, as all the principles are included in the Standard itself.

Identifying amalgamation (transfer/merger) date, assets, and liabilities - GRAP 105 and GRAP 107 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer/combined entity, the assets and liabilities, and the transfer/merger date. GRAP 105 and GRAP 107 also include guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement.

IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity, the assets, and liabilities to be transferred or assumed, or the transfer date.

Pre-existing relationship - GRAP 105 includes guidance on identifying, and accounting for, a pre-existing relationship between the acquirer and transferor that is not part of the transfer of functions. Similar guidance is not included in IPSAS 40 (or in GRAP 107).

Calculation of the excess in the combination (transfer/merger) - The excess in the combination (transfer or merger) is calculated as the difference between the carrying amounts of the assets acquired and liabilities assumed, and any adjustments made to conform the accounting policies of the combining operations (transferor/combining entities) to those of the resulting entity (acquirer/combined entity).

The following elements are different:

- GRAP 105 also includes the consideration paid in the calculation, whereas IPSAS 40 is silent on whether the consideration should be included in the calculation; and

- in addition to recognising the identifiable assets and liabilities, IPSAS 40 includes the carrying amount of the combining operation's non-controlling interest and the effect of any adjustments made to eliminate transactions between the combining entities in the calculation of the excess. Neither GRAP 105 nor GRAP 107 require these components to be included when calculating the excess of the combination.

Assets and liabilities transferred - IPSAS 40 requires that the resulting entity should classify or designate the assets and liabilities received in an amalgamation using the classifications or designations previously applied by the combining operations. The resulting entity is not allowed to adopt different classifications or designations on initial recognition, even if this is permitted by other IPSASs.

This is different to the requirements in GRAP 105 and GRAP 107 that require the acquirer/combined entity to classify or designate the assets acquired and liabilities assumed to apply the Standards of GRAP. The classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, the acquirer's operating or accounting policies and other relevant conditions that exist at the transfer date.

There is, however, an exception included in GRAP 105 and GRAP 107 relating to the classification of leases, and the classification of a contract as an insurance contract. Similar exceptions are not included in IPSAS 40.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. Segment reporting (continued)

Measurement period - IPSAS 40, GRAP 105 and GRAP 107 allow for a measurement period if the initial accounting for the amalgamation (transfer/merger) is incomplete by the end of the reporting period in which the amalgamation (transfer/merger) occurs. In IPSAS 40 the measurement period should not exceed one year from the amalgamation date. GRAP 105 and GRAP 107 allow two years.

Presentation - As per GRAP 107, the combined entity need not present comparative information in the first reporting period. GRAP 105 does not include a similar requirement as the transfer of functions is only effective from the transfer date and the entity combines the assets and liabilities of the transferor with its own at that date. As the transfer of functions does not impact the acquirer's prior year information, the acquirer's comparative information need not be adjusted.

In IPSAS 40, the resulting entity has an option to not present financial statements for periods prior to the amalgamation date. Where the resulting entity elects to present financial statements, specific disclosures are required for each combining operation.

There are certain guidance included in IPSAS40 but not in GRAP105 and 107, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Transfer of Functions Between Entities Under Common Control issued in 2010.

The effective date of these revisions have not yet been set.

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

GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter "the local Standards") were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;

(b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard's scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;

(c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and

(d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. Segment reporting (continued)

Definitions

IPSAS 40 separates the definitions in the Standard between "general definitions relating to all public sector combinations", "definitions relating to amalgamations" and "definitions relating to acquisitions". The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

(a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and

(b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as "an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential." The definition of a function in the GRAP Standards is similar, except that it excludes "and related assets and/or liabilities".

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to "a function" whereas IPSAS 40 refers to "an operation"), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Accounting for an acquisition versus a transfer of functions not under common control

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 106 does not have an application guidance section as all the principles are included in the Standard itself.

Assessing control - GRAP 106 is not explicit that the principles in GRAP 35 should be applied in assessing control.

Identifying acquisition date, assets, and liabilities - GRAP 106 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer and the acquisition date. GRAP 106 also includes guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement. IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity. GRAP 106 requires that the terms and conditions in the binding arrangement should be considered to determine the acquisition date, and the assets and liabilities to be transferred. IPSAS 40 is not as specific that a binding arrangement needs to be in place to determine the acquisition date. To identify the assets and liabilities to be transferred or assumed, IPSAS 40 merely refers to "must be what the acquirer and acquiree has exchanged".

Non-controlling interests - Additional guidance is included in GRAP 106 on the measurement of a noncontrolling interest in an acquiree.

Subsequent measurement - For the subsequent measurement of a reacquired right, IPSAS 40 distinguishes between a right with a finite and indefinite period. A similar distinction is not made in GRAP 106.

Calculation of the excess in the acquisition - GRAP 106 requires that the excess in transfer of functions be recognised in surplus and deficit. IPSAS 40 requires that the excess be recognised as goodwill. As a result, IPSAS 40 includes additional guidance on the recognition and measurement of goodwill, which is not included in GRAP 106.

Acquisition achieved in stages - Both Standards include similar guidance on the accounting for an acquisition achieved in stages, except for the treatment of the resulting gain or loss. IPSAS 40 requires that the gain or loss be recognised in surplus or deficit or in net assets/equity, whereas GRAP 106 requires it to be recognised in surplus or deficit only.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. Segment reporting (continued)

Measurement period - Both IPSAS 40 and GRAP 106 allow for a measurement period if the initial accounting for the acquisition is incomplete by the end of the reporting period, in which the acquisition occurs. In IPSAS 40 the measurement period should not exceed one year from the acquisition date. GRAP 106 allows two years. The increase or decrease in the provisional amount is recognised in goodwill in IPSAS 40, while the provisional amount is adjusted against surplus or deficit in GRAP 106.

Pre-existing relationship - Both Standards include similar guidance on determining what is part of the acquisition transaction if there was a pre-existing relationship between the acquirer and the acquiree. However, IPSAS 40 includes an additional principle to explain that a transaction entered into before the acquisition, by or on behalf of the acquirer or primarily for the benefit of the acquirer, is likely to be a separate transaction. IPSAS 40 also includes additional guidance of factors to be considered to determine if a transaction is part of the exchange of the acquired operation.

There are certain guidance included in IPSAS40 but not in GRAP106, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control issued in 2010.

The effective date of these revisions have not yet been set.

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

GRAP 107 (as revised) Mergers

Overview and project objective

At the time GRAP 105, GRAP 106 and GRAP 107 (hereafter "the local Standards") were developed, an equivalent International Public Sector Accounting Standard (IPSAS) did not exist. IPSAS 40 on Public Sector Combinations was since issued in 2017.

IPSAS 40 was compared with local Standards to identify any similarities and differences. Even though IPSAS 40 applies to combinations that are classified as either an amalgamation or an acquisition, the substance of combinations accounted for using IPSAS 40 is similar to that in the local Standards. Based on the outcome of the comparison, the Board agreed that the local Standards should be amended to include additional, authoritative guidance from IPSAS 40, where applicable and retain guidance in the local Standards not included in IPSAS, where appropriate. The Board also agreed to include amendments to the IFRS Accounting Standard on Business Combinations (IFRS 3) after the publication of IPSAS 40, as IFRS 3 was used to develop parts of the local Standards.

The Board agreed that the three Standards of GRAP should be retained, rather than to issue an equivalent IPSAS. Local stakeholders understand when to apply a relevant Standard and to date, no significant application issues were raised.

Significant differences between IPSAS 40 and the GRAP Standards, prior to the revisions proposed

Scope

- a) IPSAS 40 includes a scope exclusion explaining that the Standard does not apply to the acquisition by an investment entity of an investment in a controlled entity that is required to be measured at fair value through surplus or deficit;
- (b) the GRAP Standards include additional scope exclusions for transfers or mergers that are not within the Standard's scope. As IPSAS 40 addresses all combinations, a similar scope exclusion is not relevant;
- (c) the GRAP Standards include explanatory guidance on the scope exclusions in the Standards. Similar explanatory guidance for the scope exclusions is not included in IPSAS 40; and
- (d) GRAP 107 does not include a scope exclusion for the transfer of individual assets and liabilities.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. Segment reporting (continued)

Definitions

IPSAS 40 separates the definitions in the Standard between "general definitions relating to all public sector combinations", "definitions relating to amalgamations" and "definitions relating to acquisitions". The GRAP Standards include definitions relevant to the type of transfer or merger within the scope of the particular Standard. Other differences include:

(a) terminology differences – this is because IPSAS 40 provides guidance on amalgamations and acquisitions, and GRAP classifies the transactions or events as either a transfer of function or a merger. For example, IPSAS 40 refers public sector combinations, amalgamation, and acquisition date, and resulting entity, whereas the GRAPs refer to a transfer of functions, transfer, acquisition, or merger date, and acquiree and combining entity; and

(b) definitions not included in the GRAP Standards and vice versa – for example, IPSAS 40 includes definitions for mutual entity and goodwill, while the GRAP Standards define residual value, non-controlling interests, and binding arrangement.

Identifying an operation or function

IPSAS 40 defines an operation as "an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential." The definition of a function in the GRAP Standards is similar, except that it excludes "and related assets and/or liabilities".

The guidance explaining what an integrated set of activities comprises, is similar between IPSAS 40 and the GRAP Standards. Other than using different terms (i.e., GRAP 105 and GRAP 106 refer to "a function" whereas IPSAS 40 refers to "an operation"), IPSAS 40 includes additional guidance to explain that, determining if a particular set of activities and the related assets and liabilities are an operation, should be based on whether the integrated set is capable of being conducted and managed as an operation by another entity.

Accounting for an amalgamation versus a transfer of functions under common control and mergers

Both IPSAS 40 and GRAP 107 applies the modified pooling of interest method to account for an amalgamation or merger. GRAP 105 does not "label" the accounting method used to account for the transfer for functions.

Assessing control - GRAP 105 is not explicit that the principles in GRAP 35 should be applied to assess control.

Outline of the Standards - In IPSAS 40, application guidance is included as an annexure to the Standard. GRAP 105 and GRAP 107 do not have any application guidance, as all the principles are included in the Standard itself.

Identifying amalgamation (transfer/merger) date, assets, and liabilities - GRAP 105 and GRAP 107 explains that the terms and conditions of the binding arrangement should be considered to identify the acquirer/combined entity, the assets and liabilities, and the transfer/merger date. GRAP 105 and GRAP 107 also include guidance to identify the acquirer/combined entity when it is not clear from the binding arrangement.

IPSAS 40 does not provide guidance on what should be considered to identify the resulting entity, the assets, and liabilities to be transferred or assumed, or the transfer date.

Pre-existing relationship - GRAP 105 includes guidance on identifying, and accounting for, a pre-existing relationship between the acquirer and transferor that is not part of the transfer of functions. Similar guidance is not included in IPSAS 40 (or in GRAP 107).

Calculation of the excess in the combination (transfer/merger) - The excess in the combination (transfer or merger) is calculated as the difference between the carrying amounts of the assets acquired and liabilities assumed, and any adjustments made to conform the accounting policies of the combining operations (transferor/combining entities) to those of the resulting entity (acquirer/combined entity).

The following elements are different:

- GRAP 105 also includes the consideration paid in the calculation, whereas IPSAS 40 is silent on whether the consideration should be included in the calculation; and

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. Segment reporting (continued)

- in addition to recognising the identifiable assets and liabilities, IPSAS 40 includes the carrying amount of the combining operation's non-controlling interest and the effect of any adjustments made to eliminate transactions between the combining entities in the calculation of the excess. Neither GRAP 105 nor GRAP 107 require these components to be included when calculating the excess of the combination.

Assets and liabilities transferred - IPSAS 40 requires that the resulting entity should classify or designate the assets and liabilities received in an amalgamation using the classifications or designations previously applied by the combining operations. The resulting entity is not allowed to adopt different classifications or designations on initial recognition, even if this is permitted by other IPSASs.

This is different to the requirements in GRAP 105 and GRAP 107 that require the acquirer/combined entity to classify or designate the assets acquired and liabilities assumed to apply the Standards of GRAP. The classifications or designations are made on the basis of the terms of the binding arrangement, economic conditions, the acquirer's operating or accounting policies and other relevant conditions that exist at the transfer date.

There is, however, an exception included in GRAP 105 and GRAP 107 relating to the classification of leases, and the classification of a contract as an insurance contract. Similar exceptions are not included in IPSAS 40.

Measurement period - IPSAS 40, GRAP 105 and GRAP 107 allow for a measurement period if the initial accounting for the amalgamation (transfer/merger) is incomplete by the end of the reporting period in which the amalgamation (transfer/merger) occurs. In IPSAS 40 the measurement period should not exceed one year from the amalgamation date. GRAP 105 and GRAP 107 allow two years.

Presentation - As per GRAP 107, the combined entity need not present comparative information in the first reporting period. GRAP 105 does not include a similar requirement as the transfer of functions is only effective from the transfer date and the entity combines the assets and liabilities of the transferor with its own at that date. As the transfer of functions does not impact the acquirer's prior year information, the acquirer's comparative information need not be adjusted.

In IPSAS 40, the resulting entity has an option to not present financial statements for periods prior to the amalgamation date. Where the resulting entity elects to present financial statements, specific disclosures are required for each combining operation.

There are certain guidance included in IPSAS40 but not in GRAP105 and 107, and vice versa.

Supersede

This Standard supersedes the Standard of GRAP on Mergers issued in 2010.

The effective date of these revisions have not yet been set.

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

iGRAP 22 Foreign Currency Transactions and Advance Consideration

Background

Paragraph .21 of the Standard of GRAP on The Effects of Changes in Foreign Exchange Rates (GRAP 4) requires an entity to record a foreign currency transaction, on initial recognition in its functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency (the exchange rate) at the date of the transaction. Paragraph .22 of GRAP 4 states that the date of the transaction is the date on which the transaction first qualifies for recognition in accordance with the Standards of GRAP.

When an entity pays or receives consideration in advance in a foreign currency, it generally recognises a non-monetary asset or non-monetary liability before the recognition of the related asset, expense or revenue. The related asset, expense or revenue (or part of it) is the amount recognised applying the relevant Standard of GRAP, which results in the derecognition of the non-monetary asset or non-monetary liability arising from the advance consideration.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. Segment reporting (continued)

A question arose asking how to determine “the date of the transaction” applying paragraphs .21 and .22 of GRAP 4 when recognising revenue. The question specifically addressed circumstances in which an entity recognises a non-monetary liability arising from the receipt of advance consideration before it recognises the related revenue. It was further noted that the receipt or payment of advance consideration in a foreign currency is not restricted to revenue transactions. Accordingly, it was decided to clarify the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue when an entity has received or paid advance consideration in a foreign currency.

Issue

This Interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

Consensus

Applying paragraphs .21 and .22 of GRAP 4, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The effective date of this interpretation is for years beginning on or after 01 April 2025.

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

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

3. Investment property

	2025		2024	
	Valuation	Carrying value	Valuation	Fair Value adjustment
Investment property	46,215,000	- 46,215,000	40,765,600	- 40,765,600

Reconciliation of investment property - 31 March 2025

	Opening balance	Transfers received	Fair Value adjustments	Total
Investment property	40,765,600	492,384	4,957,016	46,215,000

Reconciliation of investment property - 31 March 2024

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
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3. Investment property (continued)

Investment property

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

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

The fair value of investment properties is determined based on the most appropriate methodology applicable to the specific property. The methodology used in valuing the entity's investment properties is the income capitalisation methodology. In estimating the fair value of the properties, the highest and best use of the properties is taken into account. The significant inputs used in determining the fair value of the investment properties are the likely gross annual rentals of R11 323 680 that the property could achieve, the risk adjusted vacancy rate of 30% and normalised property expenses of R2 034 342. To get to the fair value, the significant inputs were discounted by 12.75% capitalisation rate.

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

Rental income	4,892,180	4,924,822
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Other operating expenses incurred in relation to the investment properties are as follows:

Operating expenses

Repairs and maintenance	1,087,094	-
Utilities (Occupied Investment Property)	1,243,641	1,504,416
Utilities (Unoccupied Investment Property)	110,559	71,761
	2,441,294	1,576,177

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	114,199,517	(54,196,516)	60,003,001	114,766,517	(50,431,066)	64,335,451
Plant and machinery	3,255,196	(1,814,707)	1,440,489	4,779,053	(2,914,499)	1,864,554
Furniture and fixtures	5,698,870	(4,514,411)	1,184,459	6,810,201	(5,303,026)	1,507,175
Motor vehicles	14,939,494	(10,570,556)	4,368,938	14,832,257	(12,022,107)	2,810,150
Office equipment	2,290,198	(1,528,661)	761,537	4,581,285	(3,060,128)	1,521,157
IT equipment	4,031,257	(2,275,833)	1,755,424	5,901,263	(3,460,015)	2,441,248
Air traffic equipment	4,404,943	(3,316,017)	1,088,926	9,956,979	(8,541,061)	1,415,918
Electrical equipment	22,210,467	(15,976,107)	6,234,360	22,942,350	(15,537,541)	7,404,809
Baggage and trolley	4,165,997	(3,560,178)	605,819	4,370,689	(3,594,656)	776,033
Work In-Progress	2,144,282	-	2,144,282	275,002	-	275,002
Other infrastructure	492,703	(96,256)	396,447	492,703	(76,127)	416,576
Runway and street lights	9,037,659	(2,888,417)	6,149,242	11,338,883	(5,009,057)	6,329,826
Roads	179,544,673	(34,917,294)	144,627,379	179,544,673	(30,060,077)	149,484,596
Total	366,415,256	(135,654,953)	230,760,303	380,591,855	(140,009,360)	240,582,495

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2025

	Opening balance	Additions	Disposals	Transfers Out	* Other Changes	Depreciation	Impairment loss	Impairment reversal	Total
Buildings	64,335,451	1,064,085	(11,770)	(492,384)	(1,064,085)	(3,823,411)	(4,885)	-	60,003,001
Plant and machinery	1,864,554	-	(120,175)	-	-	(250,914)	(52,976)	-	1,440,489
Furniture and fixtures	1,507,175	-	(65,292)	-	-	(257,424)	-	-	1,184,459
Motor vehicles	2,810,150	718,120	(63,621)	-	-	(827,834)	-	1,732,123	4,368,938
Office equipment	1,521,157	-	(391,221)	-	-	(368,399)	-	-	761,537
IT equipment	2,441,248	275,000	(78,860)	-	(275,000)	(606,964)	-	-	1,755,424
Air traffic equipment	1,415,918	-	(77,769)	-	-	(249,223)	-	-	1,088,926
Electrical equipment	7,404,809	219,006	(10,052)	-	-	(991,794)	(387,609)	-	6,234,360
Baggage and trolley	776,033	-	(22)	-	-	(170,192)	-	-	605,819
Work In-Progress	275,002	251,435	-	-	1,258,425	-	-	359,420	2,144,282
Other infrastructure	416,576	-	-	-	-	(20,129)	-	-	396,447
Runway and street lights	6,329,826	-	(136)	-	-	(180,448)	-	-	6,149,242
Roads	149,484,596	-	-	-	-	(4,857,217)	-	-	144,627,379
	240,582,495	2,527,646	(818,918)	(492,384)	(80,660)	(12,603,949)	(445,470)	2,091,543	230,760,303

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2024

	Opening balance	Additions	Transfer Received	Transfers Out	Other Changes	Depreciation	Impairment loss	Total
Buildings	67,031,939	-	24,000	-	1,064,085	(3,784,573)	-	64,335,451
Plant and machinery	1,836,800	29,630	-	-	281,150	(225,087)	(57,939)	1,864,554
Furniture and fixtures	1,923,281	1,739	-	-	-	(284,130)	(133,715)	1,507,175
Motor vehicles	3,414,120	-	-	-	-	(544,410)	(59,560)	2,810,150
Office equipment	1,435,362	640,017	-	-	-	(487,181)	(67,041)	1,521,157
IT equipment	2,032,668	760,700	-	-	275,000	(576,304)	(50,816)	2,441,248
Air traffic equipment	1,662,851	2,672	-	-	-	(249,605)	-	1,415,918
Electrical equipment	6,660,062	-	1,789,297	-	-	(953,842)	(90,708)	7,404,809
Baggage and trolley	1,071,181	-	-	-	-	(208,031)	(87,117)	776,033
Work In-Progress	2,024,219	5,222,159	-	(6,971,376)	-	-	-	275,002
Other infrastructure	177,942	-	282,483	-	-	(43,849)	-	416,576
Runway and street lights	3,861,166	388,088	3,190,353	-	-	(187,719)	(922,062)	6,329,826
Roads	154,466,944	-	-	-	-	(4,982,348)	-	149,484,596
	247,598,535	7,045,005	5,286,133	(6,971,376)	1,620,235	(12,527,079)	(1,468,958)	240,582,495

Reconciliation of Work-in-Progress - 31 March 2025

	Opening balance	Additions	Impairment Reversal	Total
Car home rental	275,001	-	-	275,001
Aircraft museum	-	498,426	359,419	857,845
Runway lights	-	251,434	-	251,434
Communication System	-	760,000	-	760,000
	275,001	1,509,860	359,419	2,144,280

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress - 31 March 2024

	Opening balance	Additions	Transfer Out	Total
Car home rental	275,001	-	-	275,001
Runway lights	1,725,218	5,426,130	(7,151,348)	-
Wendy house	24,000	-	(24,000)	-
	2,024,219	5,426,130	(7,175,348)	275,001

Projects that are taking a substantial time to complete

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

Expenditure incurred to repair and maintain property, plant and equipment

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

Computer Equipments	-	156,335
Air Traffic Equipments	-	1,193,567
Electrical Equipments	1,064,700	2,321,657
Plant and Machinery	3,498,432	546,666
Motor Vehicle	739,621	1,741,313
Runway and street lights	2,022,615	2,987,856
Building	5,660,369	-
	12,985,737	8,947,394

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand

5. Intangible assets

	2025			2024		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,520,179	(1,381,198)	138,981	1,520,179	(1,276,012)	244,167

Reconciliation of intangible assets - 31 March 2025

	Opening balance	Amortisation	Total
Computer software, other	244,167	(105,186)	138,981

Reconciliation of intangible assets - 31 March 2024

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

6. Operating lease asset

Current assets	346,246	559,392
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GAAL leases its office space and hangars to tenants. The lease arrangements is operating lease as defined by GRAP 13. The minimum future lease receipts are disclosed as follows:

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
6. Operating lease asset (continued)		
Within 1 year	799,450	3,575,210
Between 2- 5years	2,912,327	13,079,650
	3,711,777	16,654,860

7. Payables from exchange transactions

Trade payables	6,791,768	16,213,988
Salary Control	467,603	981,584
Accrued leave pay	1,045,518	921,398
Accrued Bonus	517,566	586,918
Accrued Expense	6,124,310	514,882
Operating lease payables	81,938	124,796
Deposits received	493,728	489,085
Retentions	145,051	145,051
Receivables with credit balances	232,959	274,400
	15,900,441	20,252,102

8. Employee benefit obligations

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

Carrying value		
Opening Balance	(258,946)	(240,910)
Current service costs	(27,282)	(27,996)
Interest costs	(25,596)	(23,414)
Actuarial gains/(loss)	(10,567)	31,293
Actual benefits paid	70,000	7,000
Actuarial gain on experience	(3,068)	(4,919)
	(255,459)	(258,946)

Calculation of actuarial gains and losses

Actuarial (loss) gain – Obligation	(13,634)	31,293
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.46 %	10.65 %
Proportion of employees opting for early retirement	90.54 %	89.35 %

The defined benefit obligation is in respect of the long-service award obligation of the entity towards its employees. Financial Data has been sourced from the Johannesburg Stock Exchange through IRESS data services

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
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8. Heritage assets (continued)

Sensitivity analysis

The following table presents information about the distribution of the timing of benefit payments:

Discount rate	Current Assumption (9.46%)	1% decrease (8.46%)	1% increase (10.46%)
Liability	255 459	265 139	246 519
Gain/(loss)		(9 680)	8 940
Retirement age	Current Assumption (60 years)	Retire at 59 years	Retire at 61 years
Liability	255 459	232 868	268 467
Gain/(loss)		22 591	(13 008)
Mortality	Mortality	Mortality + 3 years	Mortality - 3 years
Liability	255 459	253 646	256 416
Gain/(loss)		1 813	(957)

The results of the valuation are dependent on the underlying assumptions made. The assumptions present our best-estimate view of future experience. The actual cost of the employee benefits will however be dependent on the actual experience.

The tables above illustrate the likely impact on results after certain changes to the underlying assumptions. These values are determined by assuming all other relevant assumptions remain constant. These tables set out the impact on results relating to changes of the above assumptions (in isolation) – all other assumptions are to be held constant:

9. Prepayments

The prepayments is made of an annual insurance expense for the entity. The annual insurance premium covers the period 01 October to 30 September of each year.

Prepayments	849,772	768,247
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10. Receivables from exchange transactions

Trade debtors	8,011,656	42,033,041
Provision for doubtful debts	(5,421,161)	(39,770,099)
Staff debtors - Tax Advance	-	66,363
Unallocated receipts	60,223	60,223
Staff Debtors	-	294,812
Payables with debit balances	62,042	73,107
	2,712,760	2,757,447

Trade debtors ageing

Current (0 - 30 days)	2,711,466	3,831,306
31 to 60 days	509,308	1,523,677
61 to 90 days	560,666	1,180,189
91 to 120 days	336,937	683,943
Above 120 days	3,893,279	34,813,926
	8,011,656	42,033,041

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
10. Receivables from exchange transactions (continued)		
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	39,770,099	32,498,115
Amounts written off as uncollectible	(35,744,020)	-
Increase in debt impairment provision	1,395,082	7,271,984
	5,421,161	39,770,099
11. VAT Receivable		
VAT Receivable	3,778,676	3,069,785
Reconciliation		
Opening balance	3,069,785	(7,230,860)
Transactions during the year	1,988,966	(1,077,591)
VAT payments to SARS - current year	3,670,506	3,595,476
VAT refunded from SARS - current year	(4,950,581)	-
VAT payments to SARS - prior years	-	7,782,760
	3,778,676	3,069,785

The entity accounts for VAT on an invoice basis and the VAT receivable or payable is accounted for on an accrual basis as required by GRAP.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
12. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1,548	1,977
Bank balances	7,687,214	1,379,538
	7,688,762	1,381,515
13. Share capital / contributed capital		
Issued		
Ordinary	12	12
14. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Unspent grants year	5,072,083	7,572,083
Additions during the year	36,411,000	-
Utilised during the year	(18,618,771)	(2,500,000)
	22,864,312	5,072,083
Movement during the year		
Balance at the beginning of the year	5,072,083	7,572,083
Additions during the year	36,411,000	-
Income recognition during the year	(18,618,771)	(2,500,000)
	22,864,312	5,072,083
15. Revenue		
Rendering of services	10,016,899	9,127,210
Rental income	4,892,180	4,924,822
Interest received	5,813,677	5,029,438
Service in-kind Revenue	508,400	-
Actuarial Gain	(13,634)	31,293
Government grants & subsidies	48,950,996	68,707,402
Deferred Grant Income	18,618,000	2,500,000
	88,786,518	90,320,165
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rendering of services	10,016,899	9,127,210
Rental income	4,892,180	4,924,822
Interest received - investment	5,813,677	5,029,438
	20,722,756	19,081,470

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
15. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Other Revenue		
Service in-kind Revenue	508,400	-
Actuarial Gain	(13,634)	31,293
Transfer revenue		
Government grants & subsidies	48,950,996	68,707,402
Deffered grant income	18,618,000	2,500,000
	68,063,762	71,238,695
16. Lease rentals on operating lease		
Lease rentals on operating lease		
Contractual amounts	94,268	239,808
17. Actuarial gain		
Actuarial (Loss)/gain	(13,634)	31,293
18. Interest Received		
Interest revenue		
Bank	950,444	492,604
Interest charged on trade and other receivables	4,582,387	4,536,834
SARS Interest	280,846	-
	5,813,677	5,029,438
19. Government grants & subsidies		
Operating grants		
Equitable share	48,950,996	68,707,402
20. Employee related costs		
Basic	24,522,715	23,618,743
Medical aid - company contributions	3,655,143	3,365,940
UIF	141,516	143,008
WCA	8,272	165,081
SDL	329,818	309,373
Leave pay provision charge	205,334	42,859
Defined contribution plans	3,842,030	3,670,278
Travel, motor car, accommodation, subsistence and other allowances	110,762	32,758
Overtime payments	2,832,280	2,454,754
13th Cheques	1,918,506	1,852,762
Acting allowances	688,942	402,387
Housing benefits and allowances	842,672	788,535
Other Payroll Costs	58,562	166,431
	39,156,552	37,012,909

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
21. Contracted services		
Air traffic expenses	5,096,111	5,033,196
Security expenses	8,815,253	8,406,284
Cleaning expenses	1,485,948	1,278,319
Gardening expenses	1,554,588	1,068,607
	16,951,900	15,786,406
22. Depreciation and amortisation		
Property, plant and equipment	12,603,947	12,523,081
Intangible assets	105,186	105,474
	12,709,133	12,628,555
23. Impairment loss		
Impairments		
Property, plant and equipment	445,471	1,468,958
24. Finance costs		
Finance costs	274,133	616,757
25. Debt impairment		
Increase in Debt impairment Provision	1,395,082	7,271,984

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
26. General expenses		
Advertising	4,004,619	361,886
Auditors remuneration	3,814,966	3,826,147
Bank charges	89,609	81,442
Commission paid	192,073	143,319
Consulting and professional fees	1,807,671	1,288,883
Entertainment	385,388	74,516
Fines and penalties	-	58,144
Insurance	1,645,872	1,540,555
IT expenses	1,173,792	740,150
Medical expenses	1,801	1,302
Fuel and oil	381,579	2,362,840
Placement fees	73,450	168,876
Printing and stationery	14,010	486,591
Service in-kind Expense	508,400	-
Protective clothing	4,429	2,007
Royalties and license fees	6,020	151,316
Software expenses	-	8,765
Staff welfare	1,952	6,752
Subscriptions and membership fees	21,267	10,342
Telephone and fax	621,954	391,159
Training	555,624	379,536
Travel - local	176,910	226,083
Electricity	2,985,163	2,935,248
Board fees	728,490	461,950
Other expenses	134,018	48,886
	19,329,057	15,756,695

Polokwane International Airport hosted Air show during the financial year. The air show was sponsored by both monetary and non-monetary items. Included in general expense is a sponsorship monetary value of R134,400 from several air show sponsors.

The entity is also receiving the following services in kind, media services, poster design, video production, content and media advisory. The value of the services received amounts to R374 000.

27. Repairs and maintenance

The repairs and maintenance expense is now disclosed on the face of the statement of financial performance in the current financial as this provides for more adequate disclosure. The expenditure relates to repairs and maintenance of movable and immovable assets, plant and machinery's of the entity.

Repairs and maintenance	15,440,975	8,494,694
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Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
28. Cash generated from operations		
Deficit	(11,075,227)	(11,091,001)
Adjustments for:		
Depreciation and amortisation	12,709,133	12,628,555
Loss on sale of assets	818,920	-
Fair value adjustments	(4,957,016)	2,134,400
Impairment loss	445,471	1,468,958
Increase in debt impairment provision	1,395,082	7,271,984
Bad debts written off	294,812	-
Movements in operating lease assets and accruals	213,146	4,169
Movements in retirement benefit assets and liabilities	(3,487)	18,036
Impairment loss reversal	(2,091,546)	-
Other non-cash items	80,660	65,005
Changes in working capital:		
Receivables from exchange transactions	44,687	5,334,586
Increase in debt Impairment provision	(1,395,082)	(7,271,984)
Bad Debts Written Off	(294,812)	-
Prepayments	(81,525)	198,276
Payables from exchange transactions	(4,351,661)	6,864,676
VAT	(708,891)	(10,300,645)
Unspent conditional grants and receipts	17,792,229	(2,500,000)
	8,834,893	4,825,015
29. VAT Refunded/(Paid)		
Balance at beginning of the year	3,069,785	(7,230,860)
Transactions during the year	1,988,966	(1,077,591)
Balance at end of the year	(3,778,676)	(3,069,785)
	1,280,075	(11,378,236)
30. Fair value adjustments		
Investment Properties	4,957,016	(2,134,400)

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
31. Commitments		
Capital commitments		
Already contracted for but not provided for		
• Short term	19,189,405	-
Total capital commitments		
Already contracted for but not provided for	19,189,405	-
Operational Commitments		
Already contracted for but not provided for		
• Long term	12,389,270	6,600,545
• Short term	28,706,357	17,948,706
	41,095,627	24,549,251
Total operational commitments		
Already contracted for but not provided for	41,095,627	24,549,251
Total commitments		
Total commitments		
Authorised capital expenditure	19,189,405	-
Authorised operational expenditure	41,095,627	24,549,251
	60,285,032	24,549,251
Commitments relates to long term and short term contracts with service providers of which as at year end the contracts were still active. For hourly rated contracts, the entity uses the budget amounts for commitment disclosures.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	1,660,843	1,926,871
- between 2 - 5 years	11,493,778	1,574,284
	13,154,621	3,501,155

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
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32. Contingencies

Figures in Rand	2025	2024
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Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
32. Contingencies (continued)		
Contingent Liabilities		
Contingent Liabilities		
Claims on disputed invoices	384,000	384,000
The entity is sued for undue enrichment	4,200,000	4,200,000
Labour dispute regarding unfair dismissal	450,000	450,000
Civil Claim against GAAL for service rendered	3,000,000	3,000,000
	8,034,000	8,034,000

Claims on disputed invoices

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

The entity is sued for undue enrichment

GAAL sued for undue enrichment. The former advertising service provider suing GAAL for undue enrichment as a result of advertising right for an amount of R4,200,000.00. GAAL defending the civil action.

Labour dispute regarding unfair dismissal

Labour court review application by the former employee. GAAL won the case of dismissal at CCMA against former employee. The employee referred the matter to the Labour Court. Review case still pending. Applicant untraceable and application to dismiss to be embarked on.

Employees dismissal confirmed by the CCMA. He filed a review application in the Labour Court and GAAL is defending the case. GAAL won the case of dismissal at CCMA against former employee. The employee referred the matter to the Labour Court. Review case still pending. Applicant untraceable and application to dismiss to be embarked upon.

Former employee is refusing to go on pension, and one his services were terminated, he took the matter to the labour court. The employee passed on in January 2021. The matter is not on the roll. GAAL received a favourable ruling CCMA against the former employee and employee referred the matter to labour court for appeal. The matter was closed the employee at CCMA. The employee retired before the internal process completed. The employer does not have due restriction to the employee. The employer took the matter to the Labour Court.

Civil Claim against GAAL for service rendered

The former facilities management service provider suing GAAL for an amount of R5,100,000 for breach of contract after termination of the contract on the basis of irregularity in appointing the service provider. GAAL is defending the case in the High Court for viva voce evidence. The revised estimated costs as per the entity's legal counsel is the R3,000,000.00.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
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33. Related parties

Related party transactions

Limpopo Department of Transport and Community Safety	89,415,000	73,498,000
Executive Management	4,228,631	4,103,214
Board of Directors	973,189	536,239

Remuneration of management

Management class: Board members

31 March 2025

Name	Board fees	Total
D V Xaba	215,701	215,701
S Phayane	176,129	176,129
MS Mabilane	164,470	164,470
Adv EN Lambani	125,682	125,682
Dr. N Skeepers	132,869	132,869
S Maharaj	158,338	158,338
	973,189	973,189

31 March 2024

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

Management class: Executive management

31 March 2025

Name	Basic salary	Other benefits received	Total
M Matli (Chief Executive Officer) (Appointed 01 October 2023)	1,719,353	162,527	1,881,880
J Khuloane (Chief Financial Officer) (Appointed July 2022)	1,323,992	10,577	1,334,569
K Sebola (Company Secretary) (Appointed 01 May 2023)	943,681	68,501	1,012,182
	3,987,026	241,605	4,228,631

31 March 2024

Name	Basic salary	Other benefits received	Total
M Matli (Acting Chief Executive Officer) (01 April 2023 - 31 September 2023)	594,369	251,277	845,646
M Matli (Chief Executive Officer) (Appointed 01 October 2023)	867,994	8,665	876,659

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
33. Related parties (continued)		
J Khuloane (Chief Financial Officer) (Appointed July 2022)	1,256,536	1,170
J Manyakoana (Senior Operations Manager) (01 April 2023 - 30 June 2023)	258,345	229
K Sebola (Company Secretary) (Appointed 01 May 2023)	864,620	-
	3,841,864	261,341
		4,103,205

Audit Committee Members

31 March 2025

Name	Fees	Total
Ms S Mabilane	164,470	164,470
S Maharaj	158,338	158,338
	322,808	322,808

31 March 2024

Name	Fees	Total
Ms S Mabilane	59,231	59,231
S Maharaj	43,428	43,428
	102,659	102,659

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
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34. Prior period errors

STATEMENT OF FINANCIAL POSITION NARRATIONS:-

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

Property, Plant and Equipments - The prior period error relates to incorrect depreciation as well as the reversal of work in progress incorrectly recognised. .

Payables from Exchange Transactions - adjustment of payables previously not recognised correctly.

VAT receivables - recognising of prior years payables and their VAT implications.

STATEMENT OF FINANCIAL PERFORMANCE NARRATIONS:-

Employee costs - adjustment of prior years salary control and reclassification of board fees to general expenses.

Depreciation - due to the correction of a prior period calculation

Contracted services - reclassification to effect more appropriate disclosure for contracted services previously included in general expenses

General expenses - . reclassification to effect more appropriate disclosure for general expenses previously included in repairs and maintenance as well as employee costs.

Repairs and maintenance - Due to an adjustment of amounts recognised incorrectly in the prior year and the reversal of work in progress in the prior year.

Finance revenue -Reversal of interest that was incorrect interest calculated in the prior year. The adjustment in the prior year resulted in th correction of prior period error.

Statement of Financial Position	As previously reported	Correction of error	Restated
VAT receivables	2,993,668	76,117	3,069,785
Receivables from Exchange Transactions	2,778,136	(20,689)	2,757,447
Property, plant and equipment	240,782,465	(199,972)	240,582,493
Payables from exchange	(20,384,734)	132,632	(20,252,102)
Accumulated surplus (31 March 2024)	(275,209,847)	(426,656)	(275,636,508)
	(49,040,312)	(438,568)	(49,478,885)

Statement of Financial Performance	As previously reported	Correction of error	Restated
Interest received	(5,038,240)	8,802	(5,029,438)
Rental income	(4,930,970)	6,148	(4,924,822)
Employee costs	37,500,429	(487,520)	37,012,909
Depreciation and amortisation	12,632,555	(4,000)	12,628,555
Contracted services	5,278,937	10,507,472	15,786,409
General expenses	24,714,133	(8,957,437)	15,756,696
Repairs and maintenance	9,129,589	(634,897)	8,494,692
	79,286,433	438,568	79,725,001

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
-----------------	------------------	------------------

35. Risk management

Financial risk management

Liquidity risk

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

At 31 March 2025	Carrying Amount	Total contractual cashflows	Less than 1 year	Between 2 and 5 years
Trade and other payables	15,900,441	15,900,441	15,900,441	-
At 31 March 2024	Less than 1 year	Total contractual cashflows	Less than 1 year	Between 2 and 5 years
Trade and other payables	20,252,102	20,252,102	20,252,102	-

Credit risk

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

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

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

Financial instrument	31 March 2025	31 March 2024
Cash and cash equivalents	7,688,762	1,381,515
Receivables from exchange transactions	2,712,760	2,757,447
Payables from exchange transactions	15,900,441	20,252,102

Market risk

Interest rate risk

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

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

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
-----------------	------------------	------------------

36. Going concern

We draw attention to the fact that at March 31, 2025, the entity had an accumulated surplus of R 253,470,278 and that the entity's total assets exceed its liabilities by R 253,470,290.

The entity realised a deficit of R11 075 227 in the financial year ended 31 March 2025 and also realised a deficit of R11 091 001 for the previous financial year. The entity is in a net-current liability position as its current liabilities exceeds its current assets by R23 388 537

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

The entity was allocated grant funding of R152 million for the 2025/26 financial year by the Limpopo Provincial Treasury.

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

37. Events after the reporting date

The Board is not aware of any significant events that occurred after the reporting date that were not adjusted or disclosed in the annual financial statements.

38. Segment reporting

The entity does not have reportable segments. The entity has three programs, namely Administration, Business Development and Operations. These programs mainly serve as cost centers for accounting purposes in terms of allocation of costs and expenses. There is no separate financial information that is prepared individually for the three programs, thus they cannot be classified as reportable segments.

39. Fruitless and wasteful expenditure

Add: Fruitless and wasteful expenditure identified - current period	23,807	-
Add: Fruitless and wasteful expenditure identified - prior period	-	676,502
Closing balance	23,807	676,502

Fruitless and wasteful expenditure incurred in the current year was in respect of Interest on late payment to suppliers.

The amount recovered of R19,092 is made up of interest reversal of R16,611.53 and R2,480 from the Municipality and Auditor General respectively.

40. Irregular expenditure

Add: Irregular Expenditure - prior period (identified in the current year)	-	353,431
Irregular expenditure is presented inclusive of VAT		

The entity did not incur irregular expenditure during the 2024/2025 financial year. The entity made an irregular appointment to a service provider for parking management system. The irregularity was discovered after the award was made, no expenditure has been incurred on the contract as at 31 March 2025.

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
-----------------	------------------	------------------

40. Irregular expenditure (continued)

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
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40. Irregular expenditure (continued)

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

	Incidents of irregular expenditure	
SCM process not followed	-	353,431

41. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Gateway Airports Authority SOC Limited (GAAL)

Trading as Gateway Airports Authority Limited (SOC)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	31 March 2025	31 March 2024
41. Accounting by principals and agents (continued)		
Agent relationship		
Additional information		
Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement		
Agent: ATNS Agent: ATNS		
Opening	24,383,969	21,580,566
Additions	3,702,829	3,119,680
Payments Collected	(3,841,462)	(2,869,327)
Rejections & over payment	(56,536)	(19,808)
Interest Charged	2,635,053	2,572,858
Bad Debts Written-Off	(25,764,281)	-
	1,059,572	24,383,969

Gateway Airports Authority Limited has duly appointed ATNS (Agent) through a principal and agent arrangement to perform approach fees billing and collection of which Polokwane International Airport Airspace is situated and in respect of which the South African Civil Aviation Authority has duly Licensed the principal to act as airport authority.

The aggregate amount that the entity recognised as commission for the transactions carried out is R192 073 (2024: R164 889)

ATNS provides approach fees billing and collection and retains 5% of the actual collections made by it for services rendered to GAAL. The entity (GAAL) has to ensure that the Polokwane International Airport complies with the license requirements specified for the Polokwane International Airport by the regulation, and complies with all the licenses obtained to operate the Airport. There were no contractual changes to the principal and agent arrangement in the current period.

The entity is dependent on ATNS to provide approach fees billing as the entity doesn't have internal expertise to provide this kind of service. The entity will not be able to provide this service on their own should ATNS cease to operate, this creates a significant risk as the entity will not be able to provide services to the aviation market. However, ATNS is a public entity, established by an act of parliament to provide air traffic and navigation services in South Africa and will always receive the support and backing from the government of South Africa.

42. BBBEE Performance

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

