

Suzlon Wind Energy South Africa (Pty) Ltd
(Registration number 2010/017784/07)
Annual Financial Statements
for the year ended 31 March 2020

Suzlon Wind Energy South Africa (Pty) Ltd

(Registration number 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2020

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Maintenance of renewable energy assets and wind turbines.
Directors	F.H.J. Visscher P.F. Soares
Registered office	Cookhouse Wind Farm The Farms, Zure Kop (1&2) Arolsen Cookhouse 5820
Postal address	Private Bag 6 Somerset East 5850
Holding company	Suzlon Energy Limited
Bankers	Standard Bank of South Africa Limited
Auditors	PKF (PE) Inc. Chartered Accountants (SA) Registered Auditors
Company registration number	2010/017784/07
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	These annual financial statements were independently compiled by: M.C. Daverin CA(SA)

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

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

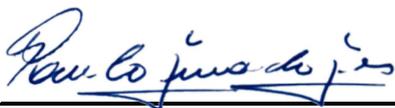
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards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

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and the report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 46, which have been prepared on the going concern basis, were approved and signed by the board of directors on 25 June 2020.



P.F. Soares



F.H.J. Visscher

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Suzlon Wind Energy South Africa Proprietary Limited

Opinion

We have audited the financial statements of Suzlon Wind Energy South Africa Proprietary Limited set out on pages 9 to 46, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Suzlon Wind Energy South Africa Proprietary Limited as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard, and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 25 in the financial statements, which indicates that the company incurred a net loss of R92 559 791 during the year ended 31 March 2020; and as of that date, the company's liabilities exceed its total assets by R606 958 384. As stated in note 25, these events or conditions, along with other matters, including the possible impact of COVID-19, may result in certain material uncertainties for the future financial position, performance and cash flows of the company. These events or conditions, as set forth in note 25, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter: subsequent event, re-issue of auditor's report

We draw attention to note 26 to the financial statements, which indicates that the previously issued financial statements for the year ended 31 March 2020, on which we issued an auditor's report dated 30 April 2020, have been revised and reissued. As explained in note 26, due to the strict lockdown regulations under level 5 of the National lockdown the company was unable to perform a stock count at year end. However, with the easing of the lockdown regulations the company was subsequently able to perform a stock count and we observed the physical inventory count. Our opinion is not modified in respect of this matter.

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B-BBEE Status Level 3 • IRBA Reg No 930709E

PKF (PE) Inc. • Registered Auditors • Chartered Accountants (SA) • A member of PKF International Ltd • Reg No 2002/004678/21
Directors • DJ Robertson • L Battle • MC Daverin • J du Preez • S Kerr • M Mohamed • LD van Goeverden • GP van Zyl
Office Manager • T Botes

PKF (PE) Inc. is a member firm of the PKF South Africa Inc. and PKF International Limited family of legally independent firms. Neither PKF (PE) Inc. nor PKF South Africa Inc. accept any responsibility or liability for the actions or inactions on the part of any other individual member or correspondent firm or firms.

Other information

The directors are responsible for the other information. The other information comprises the directors' report as required by the Companies Act of South Africa and the supplementary information set out on pages 47 to 49. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.



chartered accountants
& business advisers

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

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

A handwritten signature of the letters 'PKF' in black ink.

PKF (PE) Inc.

Chartered Accountants (SA)
Registered Auditors

Director: Gideon van Zyl CA (SA)

Registered Auditor

Port Elizabeth

Date: 25 June 2020

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DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Suzlon Wind Energy South Africa (Pty) Ltd for the year ended 31 March 2020.

1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year, except for the adoption of IFRS 16 as set out in note 2.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Dividends

Due to the accumulated losses, it is not possible for a dividend to be declared.

4. Directorate

The directors in office at the date of this report are as follows:

F.H.J. Visscher
P.F. Soares

There have been no changes to the directorate for the year under review.

5. Holding company

The company's holding company is Suzlon Energy Limited which holds 80% (2019: 80%) of the company's equity. Suzlon Energy Limited is incorporated in Mauritius.

6. Events after the reporting period

This current set of annual financial statements replaces the annual financial statements for the year ended 31 March 2020, issued on 30 April 2020. Refer to note 26 for more details.

The directors have made every effort to inform all parties who received a copy of the previous set of financial statements and advised them that the financial statements and auditor's report were retracted, revised and replaced by this replacement set of financial statements inclusive of the new auditor's report.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report that requires adjustment to the financial statements.

7. Going concern

The directors have reviewed the company's cash flow forecast for the next 12 months to 31 March 2021 and in light of this review and the current financial position, they are satisfied that the company will continue as a going concern for the next 12 months. In particular, the company will benefit from a full 12 months at the increased tariffs of the extended maintenance contract and because virtually all of the foreign exchange losses incurred during this year and prior years are unrealised and has no impact on cash flow. The company would have made a profit before tax of R4 694 184 if it was not for the unrealised foreign exchange losses, which is a non-cash flow adjustment to the statement of comprehensive income. See Note: 25 to the financial statements for more details regarding the going concern assessment of the company.

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DIRECTORS' REPORT

8. Auditors

PKF (PE) Inc. continued in office as auditors for the company for 2020.

9. Secretary

The company had no secretary during the year.

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STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020 R	2019 R
Assets			
Non-Current Assets			
Property, plant and equipment	4	193 171	299 852
Right-of-use assets	5	840 190	-
Loan to shareholder	6	-	630 000
		1 033 361	929 852
Current Assets			
Inventories	8	16 174 262	14 393 050
Loan to shareholder	6	50	70 000
Loan receivable	9	30 000	30 000
Trade and other receivables	10	78 766 059	72 475 873
Cash and cash equivalents	11	47 384 386	45 331 451
		142 354 757	132 300 374
Total Assets		143 388 118	133 230 226
Equity and Liabilities			
Equity			
Share capital	12	5 000 200	5 000 200
Accumulated loss		(611 958 584)	(519 220 540)
		(606 958 384)	(514 220 340)
Liabilities			
Non-Current Liabilities			
Loans from group companies	13	720 426 455	604 930 857
Lease liabilities	5	45 880	-
		720 472 335	604 930 857
Current Liabilities			
Trade and other payables	14	28 950 598	31 319 709
Lease liabilities	5	923 569	-
Provisions	15	-	11 200 000
		29 874 167	42 519 709
Total Liabilities		750 346 502	647 450 566
Total Equity and Liabilities		143 388 118	133 230 226

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020 R	2019 R
Revenue	16	30 392 437	24 500 001
Cost of sales		(5 210 774)	(8 584 711)
Gross profit		25 181 663	15 915 290
Other operating income		1 999 512	44 016
Other operating losses		(97 955 339)	(52 225 477)
Other operating expenses		(18 609 209)	(8 286 876)
Operating loss	17	(89 383 373)	(44 553 047)
Investment income	18	9 599 087	296 775
Finance costs	19	(12 775 505)	(11 784 421)
Loss for the year		(92 559 791)	(56 040 693)
Other comprehensive income		-	-
Total comprehensive loss for the year		(92 559 791)	(56 040 693)

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STATEMENT OF CHANGES IN EQUITY

	Share capital R	Share premium R	Total share capital R	Accumulated loss R	Total equity R
Balance at 01 April 2018	250	4 999 950	5 000 200	(463 179 847)	(458 179 647)
Loss for the year	-	-	-	(56 040 693)	(56 040 693)
Opening balance as previously reported	250	4 999 950	5 000 200	(519 220 537)	(514 220 337)
First time adoption of IFRS 16	-	-	-	(178 256)	(178 256)
Balance at 01 April 2019 as restated	250	4 999 950	5 000 200	(519 398 793)	(514 398 593)
Loss for the year	-	-	-	(92 559 791)	(92 559 791)
Balance at 31 March 2020	250	4 999 950	5 000 200	(611 958 584)	(606 958 384)
Notes	12	12	12		

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STATEMENT OF CASH FLOWS

	Notes	2020 R	2019 R
Cash flows from operating activities			
Cash generated from operations	21	(8 078 671)	2 740 566
Interest income		9 599 087	296 775
Finance costs		(3 138)	-
Net cash from operating activities		1 517 278	3 037 341
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(69 866)	(83 296)
Movement in loans from group companies		1 721 390	(5 095 984)
Receipts from loans receivable at amortised cost		-	(30 000)
Net cash from investing activities		1 651 524	(5 209 280)
Cash flows from financing activities			
Loan advanced to shareholder		-	(700 000)
Payment on lease liabilities		(1 115 867)	-
Net cash from financing activities		(1 115 867)	(700 000)
Total cash movement for the year		2 052 935	(2 871 939)
Cash at the beginning of the year		45 331 451	48 203 390
Total cash at the end of the year	11	47 384 386	45 331 451

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ACCOUNTING POLICIES

1. Significant accounting policies

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

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") at the time of preparing these annual financial statements and the Companies Act of South Africa, as amended.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the prior year, except for the new standards adopted in the current year as disclosed in note 2.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

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

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

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Annual Financial Statements for the year ended 31 March 2020

ACCOUNTING POLICIES

1.3 Property, plant and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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	4 years
Furniture and fixtures	Straight line	5 years
Computer equipment	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.4 Financial instruments

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

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows.)

Financial liabilities:

- Amortised cost.

Note 24 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans receivable at amortised cost

Classification

Loans receivable includes loans to shareholder (note 6) and loans receivable (note 9) are classified as financial assets subsequently measured at amortised cost.

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

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest rate method

Interest income is calculated using the effective interest rate method, and is included in profit or loss in investment income (note 18).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the company consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the company considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

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

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 24).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 10).

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

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Recognition and measurement

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

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

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

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 10).

Impairment

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

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

Measurement and recognition of expected credit losses

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

The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 10.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 17).

Write off policy

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

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Credit risk

Details of credit risk are included in the trade and other receivables (note 10) and the financial instruments and risk management note (note 24).

Borrowings

Classification

Borrowings are classified as loans from group companies (note 13) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

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

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 19.)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 24 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 14), excluding VAT, payroll accruals and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 24 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value and subsequently at amortised cost.

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ACCOUNTING POLICIES

1.4 Financial instruments (continued)

Derecognition

Financial assets

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

Financial liabilities

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

1.5 Tax

Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

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ACCOUNTING POLICIES

1.5 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 17) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the company is a lessee are presented in note 5 Leases (company as lessee).

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ACCOUNTING POLICIES

1.6 Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 5).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 19).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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ACCOUNTING POLICIES

1.6 Leases (continued)

Right-of-use assets

The cost of the right-of-use asset comprise of:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	4

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value on the First-in-First-out (FIFO) basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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ACCOUNTING POLICIES

1.8 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Share capital and equity

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

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.11 Provisions

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

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ACCOUNTING POLICIES

1.12 Revenue from contracts with customers

The company recognises revenue from the following major source:

- Maintenance contracts

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it has completed its contractual obligations in relation to services rendered to a customer.

1.13 Revenue

Revenue from operation and maintenance contracts are recognised pro rata over the period of the contract as and when the services are rendered. Revenue is stated at the invoice amount and is inclusive of value added taxation.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where the asset is a qualifying asset, in which case the borrowing costs are capitalised.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the company has adopted IFRS 16 Leases (as issued by the IASB in January 2016) in advance of its effective date which is for years beginning on or after 1 January 2019. The date of initial application is 01 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the company's annual financial statements is described below.

The company has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 April 2019.

Leases where company is lessee

Leases previously classified as operating leases

The company undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The company did not apply IAS 36 to consider if these right-of-use assets are impaired, but rather applied the practical expedient of IFRS 16 par C10(b). In accordance with this practical expedient, the carrying amounts were adjusted with the amount of any onerous provision which existed immediately prior to the date of initial application.

As an exception to the above, no adjustments were made on initial application of IFRS 16 for leases previously classified as operating leases:

- for which the underlying asset is of low value. From the date of initial application, these leases are accounted for in accordance with paragraph 6 of IFRS 16 by recognising the lease payments on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;

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2. Changes in accounting policy (continued)

The company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the company applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 01 April 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

Leases previously classified as finance leases

For leases that were classified as finance leases applying IAS 17, the company measured the carrying amount of the right-of-use asset and the lease liability at the date of initial application as the carrying amount of the leased asset and lease liability immediately before that date measured applying IAS 17. For those leases, the company accounts for the right-of-use asset and the lease liability applying IFRS 16 from the date of initial application.

Impact on financial statements

On transition to IFRS 16, the company recognised an additional R1 758 026 of right-of-use assets and R1 936 282 of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, company discounted lease payments using its incremental borrowing rate at 01 April 2019. The weighted average rate applied is 10%.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Prepayment Features with Negative Compensation - Amendment to IFRS 9	01 January 2019	The impact of the amendments is not material.
• Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	The impact of the amendments is not material.
• Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	The impact of the amendments is not material.
• IFRS 16 Leases	01 January 2019	The impact of the standard is set out in note 2 Changes in accounting policy.

3.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	Unlikely there will be a material impact

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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4. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	463 770	(391 503)	72 267	446 134	(321 157)	124 977
Furniture and fixtures	54 177	(26 797)	27 380	143 913	(93 044)	50 869
IT equipment	452 832	(359 308)	93 524	400 602	(276 596)	124 006
Total	970 779	(777 608)	193 171	990 649	(690 797)	299 852

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	124 977	17 636	-	(70 346)	72 267
Furniture and fixtures	50 869	-	(1 415)	(22 074)	27 380
IT equipment	124 006	52 230	-	(82 712)	93 524
	299 852	69 866	(1 415)	(175 132)	193 171

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Plant and machinery	132 691	83 296	(91 010)	124 977
Furniture and fixtures	79 476	-	(28 607)	50 869
IT equipment	198 517	-	(74 511)	124 006
	410 684	83 296	(194 128)	299 852

5. Leases (company as lessee)

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Motor vehicles	840 190	-
Additions to right-of-use assets		
Motor vehicles	1 758 026	-
Depreciation recognised on right-of-use assets		
Motor vehicles - current year	(917 836)	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
5. Leases (company as lessee) (continued)		
Lease liabilities		
Reconciliation of lease liability		
First time adoption of IFRS	1 936 282	-
Payments	(1 115 867)	-
Interest	149 034	-
	969 449	-
Non-current liabilities	45 880	-
Current liabilities	923 569	-
	969 449	-
6. Loan to shareholder		
Suzlon Wind Energy South Africa Employee Empowerment Trust		
	50	700 000
The loan is unsecured and interest free. R699 950 was written off during the year for the benefit of the beneficiaries of the trust. This resulted in a clogged capital loss.		
Split between non-current and current portions		
Non-current assets	-	630 000
Current assets	50	70 000
	50	700 000

Fair value of loans to shareholders

The fair value of loan to shareholder approximates their carrying amounts.

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	2020 R	2019 R
7. Deferred tax		
Deferred tax liability		
Right-of-use assets	(235 253)	-
Deferred tax asset		
IFRS 16 lease liability	271 446	-
Amounts received in advance	1 779 457	571 667
Leave pay accrual and warranty provision	141 277	3 278 512
Deferred tax balance from temporary differences other than unused tax losses	2 192 180	3 850 179
Tax losses available for set off against future taxable income	114 161 567	114 454 301
	116 353 747	118 304 480
Deferred tax assets not provided for	(116 118 494)	(118 304 480)
Total deferred tax asset, net of valuation allowance recognised	235 253	-
<p>The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:</p>		
Deferred tax liability	(235 253)	-
Deferred tax asset	235 253	-
Total net deferred tax asset	-	-
Reconciliation of deferred tax asset		
IFRS 16 - lease liability	271 446	-
(Decrease) increase in tax loss available for set off against future taxable income	(292 734)	5 952 704
Decrease in temporary difference on provision for warranty	(3 136 000)	(4 704 000)
Decrease in temporary difference on leave pay accrual	(1 235)	(2 918)
Increase in temporary difference on income received in advance	1 207 790	-
Right-of-use Asset	(235 253)	-
Deferred tax asset utilised (not provided for)	2 185 986	(1 245 786)
	-	-
8. Inventories		
Stores and spares	16 174 262	14 393 050
<p>This consists of spares and consumables which are used for operational and maintenance services.</p>		

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	2020 R	2019 R
9. Loans receivable		
Engeli Finance Solutions Proprietary Limited	30 000	30 000
The loan is unsecured, bears no interest and has no fixed terms of repayment.		
Split between non-current and current portions		
Current assets	30 000	30 000
Fair value of loans receivable		
The fair value of loan receivable approximates their carrying amounts.		
10. Trade and other receivables		
Financial instruments:		
Deposits	115 114	942 333
Project receivable	40 143 110	40 143 110
Advances	38 266 431	31 031 926
Non-financial instruments:		
VAT	117 937	271 600
Prepaid expense	123 467	86 904
Total trade and other receivables	78 766 059	72 475 873
Split between non-current and current portions		
Current assets	78 766 059	72 475 873
Financial instrument and non-financial instrument components of trade and other receivables		
At amortised cost	78 524 655	72 117 369
Non-financial instruments	241 404	358 504
	78 766 059	72 475 873
Exposure to credit risk		
Trade and other receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if the counter party fail to make payments as they fall due.		
The company's current conditions and forecast of future economic conditions, including historical credit loss experience does not show significantly different loss patterns for different customer segments, as the company only has one contract.		
As there are no trade receivables at year end, hence no provision matrix for loss allowances apply to the current year.		

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	2020 R	2019 R
10. Trade and other receivables (continued)		
<p>Advances represent amounts due from group company, Suzlon Energy Shipping Lines PTE Ltd, this loan can be set off against amounts owing to group companies and no adjustment for expected credit losses we deemed necessary.</p>		
<p>The project receivable represents 2.5% final retention due from its customer. As part of the contract extension this amount will be recovered as the company has satisfied the final contractual requirements and therefore no adjustment were made for credit losses.</p>		
Exposure to currency risk		
<p>The company is exposed to currency risk related to trade receivables because certain wholesale transactions are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The currencies in which the company deals primarily are US Dollars and Euros.</p>		
<p>There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.</p>		
<p>The net carrying amounts, in Rand, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.</p>		
Rand Amount		
Rand	40 258 224	41 085 443
US Dollar	38 266 431	31 031 926
	78 524 655	72 117 369
Foreign currency amount		
US Dollar	2 140 133	2 140 133
Rand per unit of foreign currency:		
US Dollar	17.880	14.500
Fair value of trade and other receivables		
<p>The fair value of trade and other receivables approximates their carrying amounts.</p>		

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	2020 R	2019 R
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	38 804	52 682
Bank balances	47 345 582	45 278 769
	47 384 386	45 331 451
Exposure to currency risk		
The company is exposed to currency risk related to certain bank accounts which are denominated in a foreign currency.		
Rand amount		
Rand	46 489 469	45 331 454
Euro	894 917	-
	47 384 386	45 331 454
Foreign currency amount		
Euro	45 754	-
Rand per unit of foreign currency:		
Euro	19.560	-
12. Share capital		
Authorised		
1 000 Ordinary shares of R1 each	1 000	1 000
750 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Issued		
250 Ordinary shares of R1 each	250	250
Share premium	4 999 950	4 999 950
	5 000 200	5 000 200

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	2020	2019
	R	R
13. Loans from group companies		
Subsidiaries		
A E Rotor Holdings B.V.	582 400 088	471 569 508
Suzlon Energy B.V. Loan 1	22 394 667	17 729 649
Suzlon Energy B.V. Loan 2	115 631 700	115 631 700
	720 426 455	604 930 857
<p>The loans are unsecured, bear interest at Euro Libor one year rate plus 300 basis points but not exceeding the base rate of the country of denomination and have no set terms of repayment. Loan 2 from Suzlon Energy B.V. is interest free. These loans are subject to subordination agreements in favour of the creditors of the company, until the assets of the company fairly valued, exceed its liabilities. These loans are therefore deemed long term as they will not be called for in the next 12 months.</p>		
Split between non-current and current portions		
Non-current liabilities	720 426 455	604 930 857
Exposure to currency risk		
<p>The company is exposed to currency risk related to certain group loans payable which are denominated in a foreign currency. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary.</p>		
<p>There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.</p>		
Loans from group companies		
<p>The net carrying amounts, in Rand, of loans from subsidiaries, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.</p>		
Rand amount		
Rand	199 074 996	172 597 372
US Dollar	73 251 761	59 403 064
Euro	448 099 698	372 930 421
	720 426 455	604 930 857
Foreign currency amount		
US Dollar	4 096 763	4 096 763
Euro	22 909 720	22 897 246
Exchange rates		
Rand per unit of foreign currency:		
US Dollar	17.880	14.500
Euro	19.559	16.287

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	2020 R	2019 R
14. Trade and other payables		
Financial instruments:		
Trade payables	21 622 958	27 801 920
Audit fee accrual	216 000	195 000
Accrued expenses	-	532 752
Non-financial instruments:		
Amounts received in advance	6 355 204	2 041 667
Payroll accruals	756 436	748 370
	28 950 598	31 319 709
Financial instrument and non-financial instrument components of trade and other payables		
At amortised cost	21 838 955	28 529 668
Non-financial instruments	7 111 640	2 790 037
	28 950 595	31 319 705
Exposure to currency risk		
The company is exposed to currency risk related to trade payables because certain wholesale transactions are denominated in foreign currencies. The currencies in which the company deals primarily are US Dollars and Euros.		
There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.		
The net carrying amounts, in Rand, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.		
Rand Amount		
Rand	8 871 902	17 160 518
US Dollar	763 314	619 005
Euro	12 203 739	10 750 145
	21 838 955	28 529 668
Foreign currency amount		
US Dollar	42 690	42 690
Euro	623 933	660 039
Rand per unit of foreign currency:		
US Dollar	17.880	14.500
Euro	19.559	16.287

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	2020	2019
	R	R

14. Trade and other payables (continued)

Exposure to liquidity risk

Refer to note 24 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 24 Financial instruments and financial risk management for details of interest rate risk management for trade and other payables.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

15. Provisions

Reconciliation of provisions - 2020

	Opening balance	Utilised during the year	Total
Product warranties	11 200 000	(11 200 000)	-

Reconciliation of provisions - 2019

	Opening balance	Utilised during the year	Total
Product warranties	28 000 000	(16 800 000)	11 200 000

The warranty provision represents management's best estimate of the company's liability over a period of 5 years for warranties granted on major components, a transformer and materials for routine operations based on knowledge of the industry and averages for defective equipment.

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	2020 R	2019 R
16. Revenue		
Revenue from contracts with customers		
Rendering of services	30 392 437	24 500 001
The contract has an annual escalation clause linked to South African and European CPI, however a prudent approach was taken not to include the CPI adjustments in the table below.		
The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:		
Opening balance	14 291 666	38 791 666
Contract extension	688 812 298	-
Recognised during the year	(30 392 438)	(24 500 000)
Remaining contract balances	672 711 526	14 291 666
17. Operating loss		
Operating loss for the year is stated after accounting for the following:		
Auditor's remuneration - external		
Audit fees	290 593	195 000
Adjustment for previous year	(5 000)	(10 000)
	285 593	185 000
Remuneration, other than to employees		
Administrative and managerial services	3 485 504	3 998 526
Consulting and professional services	601 171	441 959
Secretarial services	25 580	12 800
	4 112 255	4 453 285
Employee costs		
Salaries, wages, bonuses and other benefits	12 632 610	12 377 197
Short term employee benefits	526 794	251 112
Total employee costs	13 159 404	12 628 309
Depreciation		
Depreciation of property, plant and equipment	175 132	194 128
Depreciation of right-of-use assets	917 836	-
Total depreciation and amortisation	1 092 968	194 128
18. Investment income		
Interest income		
Investments in financial assets:		
Bank	9 599 087	296 775

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	2020 R	2019 R
19. Finance costs		
Trade and other payables	1 373	19
Lease liabilities	149 034	-
Bank overdraft	-	607
Tax authorities	1 765	-
Group companies	12 623 333	11 783 795
	12 775 505	11 784 421
20. Taxation		
Major components of the tax expense		
Deferred		
Assessed loss utilised (increased) during the year	292 734	(5 952 704)
(Decrease) / increase in deferred tax asset not provided for	(2 185 986)	1 245 786
Temporary difference on leave pay accrual	1 235	2 918
Temporary difference on amounts received in advance	(1 207 790)	-
Temporary difference on warranty provision	3 136 000	4 704 000
Temporary difference of Right-of-Use Asset	235 253	-
Temporary difference on IFRS 16 lease liability	(271 446)	-
	-	-
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting loss	(92 559 791)	(56 040 693)
Tax at the applicable tax rate of 28% (2019: 28%)	(25 916 741)	(15 691 394)
Tax effect of adjustments on taxable income		
Donations	-	4 200
Employment tax incentive	(31 361)	(12 325)
Unrealised loss on exchange difference to connected persons	27 231 113	14 623 133
Prior period adjustment	(49 912)	-
Deferred tax asset (utilised) not provided for	(2 185 986)	1 076 386
Interest and penalties	756 901	-
Clogged capital loss	195 986	-
	-	-

No provision has been made for 2020 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R407 719 882 (2019: R408 765 361).

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	2020 R	2019 R
21. Cash (used in) generated from operations		
Loss before taxation	(92 559 791)	(56 040 693)
Adjustments for:		
Depreciation	1 092 968	194 128
Losses on foreign exchange	97 253 975	52 225 477
Interest received	(9 599 087)	(296 775)
Finance costs	12 775 505	11 784 421
Movements in provisions	(11 200 000)	(16 800 000)
Accrued expenses	503 686	(555 980)
Changes in working capital:		
Inventories	(1 781 212)	64 859
Trade and other receivables	122 646	10 216 915
Trade and other payables	(4 687 361)	1 948 214
	(8 078 671)	2 740 566

22. Related parties

Relationships	
Ultimate holding company	Suzlon Energy Limited (India)
Holding company	Suzlon Energy Limited (Mauritius)
Shareholder	Suzlon Wind Energy South Africa Employee Empowerment Trust
Fellow subsidiaries	Suzlon Energy B.V. SE Electricals Limited Suzlon Energy A/S Suzlon Global Service Ltd Suzlon Energy GmbH Germany Suzlon Rotor Corporation Suzlon Energia Eolica Do Brasil Ltd Suzlon Wind International Ltd Suzlon Wind Energy Espana S.L.U Suzlon Wind Enerji Tic Ve San. Ltd SGS India Ltd Suzlon Wind Energy Portugal A E Rotor Holdings B.V. Suzlon Energy Shipping Lines PTE Ltd
Common directors	

Related party balances

Loan accounts - Owing (to) by related parties

A E Rotor Holdings B.V.	(582 400 088)	(471 569 508)
Suzlon Energy B.V. Loan 1	(22 394 667)	(17 729 649)
Suzlon Energy B.V. Loan 2	(115 631 700)	(115 631 700)
Suzlon Wind Energy South Africa Employee Empowerment Trust	50	700 000

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	2020	2019
	R	R
22. Related parties (continued)		
Amounts included in Trade receivables (Trade Payables) regarding related parties		
A E Rotor Holdings B.V.	(3 234 244)	(3 234 244)
Suzlon Energy A/S	(18 284 680)	(16 775 969)
Suzlon Energy Limited (India)	(6 184 593)	(6 159 373)
Suzlon Global Service Ltd	(113 103)	(91 720)
Suzlon Energy Shipping Lines PTE Ltd	38 266 431	31 031 926
Related party transactions		
Interest paid to related parties		
A E Rotor Holdings B.V.	12 177 406	11 382 548
Suzlon Energy B.V.	445 927	401 247
Purchases from related parties		
Suzlon Energy A/S	5 248 630	5 472 280
Management fees paid to related parties		
Suzlon Energy A/S	3 485 504	3 998 526

23. Directors' emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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24. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2020

	Notes	Amortised cost	Total	Fair value
Loans to shareholders	6	50	50	50
Loans receivable	9	30 000	30 000	30 000
Trade and other receivables	10	78 524 655	78 524 655	78 524 655
Cash and cash equivalents	11	47 384 386	47 384 386	47 384 386
		125 939 091	125 939 091	125 939 091

2019

	Notes	Amortised cost	Total	Fair value
Loans to shareholders	6	700 000	700 000	700 000
Loans receivable	9	30 000	30 000	30 000
Trade and other receivables	10	72 117 369	72 117 369	72 117 369
Cash and cash equivalents	11	45 331 451	45 331 451	45 331 451
		118 178 820	118 178 820	118 178 820

Categories of financial liabilities

2020

	Notes	Amortised cost	Leases	Total	Fair value
Trade and other payables	14	21 838 955	-	21 838 955	21 838 955
Loans from group companies	13	720 426 455	-	720 426 455	720 426 455
Finance lease obligations	5	-	969 449	969 449	949 449
		742 265 410	969 449	743 234 859	743 214 859

2019

	Notes	Amortised cost	Total	Fair value
Trade and other payables	14	28 529 668	28 529 668	28 529 668
Loans from group companies	13	604 930 857	604 930 857	604 930 857
Provisions		11 200 000	11 200 000	11 200 000
		644 660 525	644 660 525	644 660 525

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	2020	2019
	R	R

24. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on loan receivable, loans to shareholders, trade and other receivables, and cash and cash equivalents.

The company only has one contract and no amounts were outstanding at year, in fact R6 355 204 was received in advance. The project receivable which will be recovered as part of renewal of the contract.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. At statement of financial position date there were no significant concentrations of credit risk.

The maximum exposure to credit risk is presented in the table below:

		2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to shareholders	6	50	-	50	700 000	-	700 000
Loans receivable	9	30 000	-	30 000	30 000	-	30 000
Trade and other receivables	10	78 524 655	-	78 524 655	72 117 369	-	72 117 369
Cash and cash equivalents	11	47 384 386	-	47 384 386	45 331 451	-	45 331 451
		125 939 091	-	125 939 091	118 178 820	-	118 178 820

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	2020	2019
	R	R

24. Financial instruments and risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from group companies.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities, available cash reserves and funding from group companies.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2020

		Less than 1 year	Over 1 year	Total	Carrying amount
Non-current liabilities					
Loans from group companies	13	-	720 426 455	720 426 455	720 426 455
Lease liabilities		-	45 880	45 880	45 880
Current liabilities					
Trade and other payables		21 838 955	-	21 838 955	21 838 955
Lease liabilities		923 569	-	923 569	923 569
		22 762 524	720 472 335	743 234 859	743 234 859

2019

		Less than 1 year	Over 1 year	Total	Carrying amount
Non-current liabilities					
Loans from group companies	13	-	604 930 857	604 930 857	604 930 857
Current liabilities					
Trade and other payables	14	28 529 668	-	28 529 668	28 529 668
Provisions	15	11 200 000	-	11 200 000	-
		39 729 668	604 930 857	644 660 525	633 460 525

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2020	2019
R	R

24. Financial instruments and risk management (continued)

Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

It should be noted that although the company incurred large foreign currency losses, virtually all of this are unrealised and has no impact on the company's cash flow.

Details of foreign currency risk exposure are contained in the relevant notes throughout these financial statements.

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

As the company has significant interest-bearing assets and liabilities, the company's income and operating cash flows are dependent of changes in market interest rates.

25. Going concern

We draw attention to the fact that at 31 March 2020, the company had accumulated losses of R(611 958 584) and that the company's total liabilities exceed its assets by R(606 958 384).

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

The directors have reviewed the company's cash flow forecast for the next 12 months to 31 March 2021 and in light of this review and the current financial position, they are satisfied that the company will continue as a going concern for the next 12 months. In particular, the company will benefit from a full 12 months at the increased tariffs of the extended maintenance contract and because virtually all of the foreign exchange losses incurred during this year and prior years are unrealised and has not impact on cash flow. The company would have made a profit before tax of R4 694 184 if it was not for the unrealised foreign exchange losses, which is a non-cash flow adjustment to the statement of comprehensive income.

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2020	2019
R	R

25. Going concern (continued)

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the company entered into an extended long term contract with their existing customer at a much more profitable tariff, refer to note 16. It should also be noted that a prudent approach was followed as the CPI increases were excluded from projected contract revenue. Further to this the contract terms provide that the fee is payable quarterly in advance and it contains a EUR component to help soften the impact of adverse foreign currency movements on loans payable and creditors.

The directors will continue to procure funding for the ongoing operations of the company and that the subordination agreement referred to in note 13 of these annual financial statements will remain in force for so long as it takes to restore the solvency of the company.

As a result of the outbreak of COVID-19 and related restrictions that applies since the inception of the lockdown in South Africa, the board has reassessed to the extent practical, its budget for the 2020/1 financial year. Based on trends in other parts of the world also infected, as well as results after year end the board expects little or no reduction in the revenues of the company.

Over the short to medium term the board does not foresee a significant reduction in electricity sales as the demand for electricity and in South Africa has historically far exceeded the supply and therefore the need to for the company's maintenance services have not reduced due to the lockdown.

Despite the fact that the President of the Republic of South Africa enacted a nation-wide lockdown, the company was able to operate with skeleton technical staff as its activities are deemed as an essential service as defined in the Disaster Management Act.

26. Events after the reporting period

Due to the strict lockdown regulations under level 5 of the National lockdown and the strict health and safety protocols dictated in the group's COVID-19 policy, the company was unable to perform a stock count at year end, nor were any contractors allowed on site during level 5. This resulted in a qualified auditor's report on the 31 March 2020 financial statements issued on 30 April 2020. However, with the easing of the lockdown regulations the company was subsequently able to perform a stock count and the company's auditors were able to perform their required audit procedures.

The Board as made every effort to inform all parties who received a copy of this previous set of financial statements and advised them that the financial statements and auditor's report were retracted and revised and replace by this replacement set of financial statements inclusive of the new auditor's report.

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STATEMENT OF FINANCIAL PERFORMANCE

	2020 R	2019 R
Revenue		
Rendering of services	30 392 437	24 500 001
Cost of sales		
Purchases	(5 210 907)	(8 584 711)
Discount received	133	-
	(5 210 774)	(8 584 711)
Gross profit	25 181 663	15 915 290
Other operating income		
Employee tax incentive	112 004	44 016
Recoveries	1 887 508	-
	1 999 512	44 016
Other operating losses		
Losses on disposal of assets or settlement of liabilities	(701 364)	-
Foreign exchange losses	(97 253 975)	(52 225 477)
	(97 955 339)	(52 225 477)
Expenses (Refer to page 48)	(18 609 209)	(8 286 876)
Operating loss	(89 383 373)	(44 553 047)
Investment income	9 599 087	296 775
Finance costs	(12 775 505)	(11 784 421)
Loss for the year	(92 559 791)	(56 040 693)

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STATEMENT OF FINANCIAL PERFORMANCE

	2020 R	2019 R
Other operating expenses		
Accounting fees	457 867	441 959
Auditor's remuneration	285 593	185 000
BEE verification	25 580	12 800
Bank charges	96 090	80 470
Cleaning	77 785	113 271
Commission paid	1 304 651	-
Computer expenses	40 315	97 306
Depreciation	1 092 968	194 128
Donations	-	15 000
Employee costs	13 159 404	12 628 309
Entertainment	56 288	55 602
Fines and penalties	2 701 454	-
Grid report	49 243	51 502
Insurance	320 067	247 243
Legal fees	143 304	-
Management fees	3 485 504	3 998 526
Motor vehicle expenses	126 629	106 792
Printing and stationery	52 434	45 671
Protective clothing	324 562	288 773
Repairs and maintenance	14 005	183
Security	2 830 775	2 632 929
Staff accommodation	1 162 769	1 137 851
Staff recruiting costs	44 300	174 336
Staff welfare	23 139	57 745
Telephone and fax	438 959	465 116
Training	440 329	341 411
Transport and freight	18 929	30 743
Travel - local	639 098	1 502 666
Travel - overseas	317 962	94 921
Utilities	79 206	86 623
Warranty provision release	(11 200 000)	(16 800 000)
	18 609 209	8 286 876

Suzlon Wind Energy South Africa (Pty) Ltd

(Taxpayer reference number)

(Registration number: 2010/017784/07)

Annual Financial Statements for the year ended 31 March 2020

TAX COMPUTATION

	2020 R
Net loss per statement of comprehensive income	(92 559 791)
Permanent differences (Non-deductible/Non taxable-items)	
Fines	2 681 937
Interest, penalties paid in respect of taxes [s 23(d)]	21 282
Employment Tax Incentive (ETI) [exempt s 10(1)(s)]	(112 004)
Clogged capital loss	699 950
Unrealised exchange loss: connected persons [s 24l(10A)]	97 253 975
	100 545 140
Temporary differences	
Reversal of warranty provision - prior year	(11 200 000)
Leave pay accrual - prior year	(508 970)
Leave pay accrual not deductible - current year	504 560
Amounts previously taxed as received in advance	(2 041 667)
Amounts received in advance - current year	6 355 204
Interest - lease liability (IFRS 16)	149 034
Lease payments	(1 115 867)
Depreciation on right-of-use asset (IFRS 16)	917 836
Depreciation according to financial statements	175 132
Wear and tear [s 11(e)]	(175 132)
	(6 939 870)
Assessed loss brought forward	(408 765 361)
Assessed loss for 2020 - carried forward	(407 719 882)
Tax thereon @ 28% in the Rand	-