Triveni Turbines Africa (Pty) Ltd
(Registration number 2017/288407/07)
Audited 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	Trading and providing services in power generating equipment and solutions
Director	Dhruv Manmohan Sawhney
Registered Office	AMR Building 3 Concorde East Road Bedfordview Gauteng 2008
Business address	AMR Building 3 Concorde East Road Bedfordview Gauteng 2008
Postal Address	AMR Building 3 Concorde East Road Bedfordview Gauteng 2008
Holding Company	Triveni Turbines DMCC incorporated in United Arab Emirates
Ultimate holding company	Triveni Turbine Limited incorporated in India
Auditors	PHF Incorporated Chartered Accountants (SA) Registered Auditors
Company registration number	2017/288407/07
Tax reference number	9996370160
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008
Preparer	The annual financial statements were internally compiled by: Sandeep Kumar Newatia Chartered Accountant
Issued	30 April 2020

Triveni Turbines Africa (Pty) Ltd
(Registration number 2017/288407/07)
Annual Financial Statements for the year ended March 31, 2020

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Director's Responsibilities and Approval

The director is required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial period 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 director acknowledges that he is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the director 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.

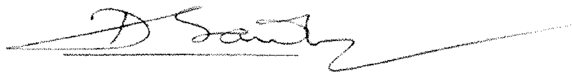
The director is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial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

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

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 8 to 9.

The annual financial statements set out on pages 10 to 37, which have been prepared on the going concern basis, were approved by the director on 30th April 2020 and were signed by him:

Approval of financial statements



Director

Director's Report

The director has pleasure in submitting his report on the annual financial statements of Triveni Turbines Africa (Pty) Ltd for the period ended 31 March 2020.

1. Incorporation

The Company was incorporated on 13 July 2017 and obtained its certificate to commence business on the same day.

The company is domiciled in South Africa where it is incorporated as a private company limited by shares under the Companies Act 71 of 2008. The address of the registered office is set out on page 1

2. Nature of business

Triveni Turbines Africa (Pty) Ltd was incorporated in South Africa with interests in the manufacturing industry. The company operates in principally South Africa.

The main business of the company is trading in steam turbines and parts thereof and providing services.

3. 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 71 of 2008. The accounting policies have been applied consistently compared to the prior period.

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

4. Share capital

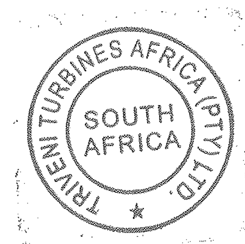
			2020	2019
Authorised			**Number of shares**	
Ordinary no par value shares			1 000 000	1 000 000
	2020	**2019**	**2020**	**2019**
Issued	**R**	**R**	**Number of shares**	
Ordinary Shares	614 740	614 740	614 740	614 740

5. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the director in terms of section 38 of the Companies Act 71 of 2008. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 39% of the company's issued share capital, under the control of the director until the next AGM.

6. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial period. At its discretion, the director may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the director may pass on the payment of dividends.



Given the current state of the global economic environment, the director believes that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore, the director has resolved not to declare a dividend for the financial period ended March 31, 2020.

The director does not recommend the declaration of a dividend for the period

7. Directorate

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

Director	Office	Designation	Nationality	Changes
Dhruv Manmohan Sawhney	Chief	Executive	Indian	Appointed Thursday, 13 July 2017

8. Holding company

The company's holding company is Triveni Turbines DMCC which holds 100% (2018: 100%) of the company's equity. Triveni Turbines DMCC is incorporated in United Arab Emirates.

9. Ultimate holding company

The company's ultimate holding company is Triveni Turbines Limited which is incorporated in India.

10. Events after the reporting period

The director is not aware of any material event which occurred after the reporting date and up to the date of this report.

11. Going concern

The director believes that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The director has satisfied himself that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The director is not aware of any new material changes that may adversely impact the company. The director is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

12. Auditors

PHF Incorporated was appointed in office as auditors for the company for 2020.

13. Secretary

The company had appointed Mackridge & Associates, Chartered Accountants, for all secretarial work.

14. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

15. Terms of appointment of the auditors

PHF Incorporated were appointed as the company's auditors at the general meeting held on, 23rd August 2019. Included in profit for the period is the agreed auditors' remuneration of R 75 600. Shareholders wishing to inspect a copy of the terms on which the company's auditors is appointed and remunerated may do so by contacting the company.

16. Date of authorisation for issue of financial statements

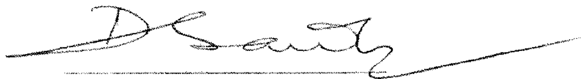
The annual financial statements have been authorised for issue by the director on Thursday, 30th April 2020. No authority was given to anyone to amend the annual financial statements after the date of issue.

17. Acknowledgements

Thanks and appreciations are extended to all of our shareholders, staff, suppliers and consumers for their continued support of the company.

The annual financial statements set out on pages 10 to 37, which have been prepared on the going concern basis, were approved by the director on 30th April 2020, and were signed by him:

Approval of annual financial statements



Director

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Independent Auditors' Report

To the shareholder of Triveni Turbines Africa (Pty) Ltd

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Triveni Turbines Africa (Pty) Ltd (the company) set out on pages 7 to 64, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Triveni Turbines Africa (Pty) Ltd as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual 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 annual 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.

Other information

The director is responsible for the other information. The other information comprises the information included in the document titled "Triveni Turbines Africa (Pty) Ltd annual financial statements for the year ended 31 March 2020", which includes the Director's Report as required by the Companies Act 71 of 2008 and the Statement of Profit or Loss and Other Comprehensive Income, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 director for the Annual Financial Statements

The director is responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the director determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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Independent Auditors' Report

In preparing the annual financial statements, the director is 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 director 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

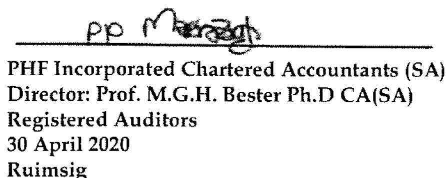
As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 director.
- Conclude on the appropriateness of the director's 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 annual 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.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director 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.

Report on other legal and regulatory requirements

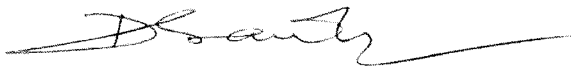
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PHF Incorporated has been the auditor of Triveni Turbines Africa (Pty) Ltd for 3 years.



PHF Incorporated Chartered Accountants (SA)
Director: Prof. M.G.H. Bester Ph.D CA(SA)
Registered Auditors
30 April 2020
Ruimsig

Statement of Financial Position as at 31 March 2020

Figures in Rand	Notes	31 March 2020	31 March 2019
Assets			
Non-Current Assets			
Property, plant and equipment	3	14 171	36 645
Current Assets			
Inventories		622 500	114 707
Trade and other receivables	4	1 076 325	8 468 287
Cash and cash equivalents	5	3 721 279	1 694 651
Income Tax assets		-	21 736
		5 420 104	**10 299 381**
Total Assets		**5 434 275**	**10 336 026**
Equity and Liabilities			
Equity			
Share capital	6	614 740	614 740
Retained income		955 970	909 957
		1 570 530	**1 524 697**
Liabilities			
Current Liabilities			
Trade and other payables	7	3 834 227	8 811 329
Current tax payable		29 518	-
		3 863 745	**8 811 329**
Total Equity and Liabilities		**5 434 275**	**10 336 026**

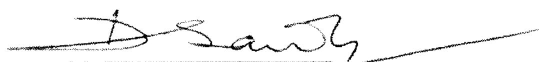


Director

Triveni Turbines Africa (Pty) Ltd
(Registration number 2017/288407/07)
Annual Financial Statements for the year ended March 31, 2020

Statement of Profit or Loss and Other Comprehensive Income

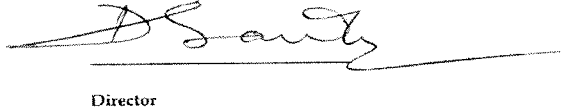
Figures in Rand	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue			
Sale of goods	8	7 091 971	12 313 089
Rendering of services	8	6 566 814	9 671 411
Incentive income	8	3 174	410 592
		13 661 959	**22 395 092**
Cost of sales			
Purchases		12 167 152	(19 246 854)
Increase/ (decrease) in inventories		(507 793)	114 707
		11 659 359	**(19 132 147)**
Gross profit		**2 002 600**	**3 262 945**
Other operating gain			
Net gain on foreign exchange fluctuations	9		-
Marketing income		892 368	431 313
Profit on sale of property, plant & equipment		474	-
		892 842	**431 313**
Other operating expenses			
Auditors remuneration - external	9	82 495	70 000
Bank charges		29 663	9 719
Consulting and professional fees - accounting	9	177 960	204 932
Consulting and professional fees - legal fees	9	16 250	180 811
Consumables and office expenses		-	23 013
Depreciation	9	13 129	11 384
Employee costs	9	1 338 368	1 920 198
Fines and penalties (SARS)		3 341	10 335
Lease rentals	9	107 997	109 121
Staff welfare		-	5 443
Travel - local		330 350	765 647
Miscellaneous expenses		15 625	79 726
Net loss on foreign exchange fluctuations	9	745 321	9 675
		2 860 473	**3 400 005**
Operating profit	9	**34 969**	**294 253**
Investment income (FNB)		29 977	67 781
Finance costs		-	-
Profit before taxation		**64 946**	**362 034**
Taxation	10	19 113	104 264
Profit for the period		45 833	257 770
Other comprehensive income		-	-
Total comprehensive income for the period		45 833	257 770



Director

Statement of Changes in Equity

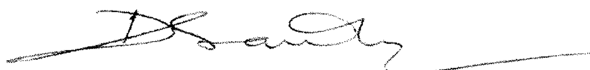
Figures in Rand	Share capital	Retained Income	Total Equity
Balance at 31 March 2018	**614 740**	**652 187**	**1 266 927**
Profit for the period	-	257 770	257 770
Other comprehensive income		-	-
Total comprehensive income for the period	-	257 770	257 770
Issue of shares	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-
Balance at 31 March 2019	**614 740**	**909 957**	**1 524 697**
Profit for the period	-	45 833	45 833
Other comprehensive income		-	-
Total comprehensive income for the period	-	45 833	45 833
Issue of shares	-	-	-
Total contributions by and distributions to owners of company	-	-	-
Balance at 31 March 2020	**614 740**	**955 870**	**1 570 530**
Note	6		



Director

Statement of Cash Flows

Figures in Rand	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities			
Cash receipts from customers		21 791 363	15 289 054
Cash paid to suppliers and employees		(19 836 674)	(15 345 362)
Cash (used in)/generated from operations	11	**1 954 689**	**(56 308)**
Income tax paid (refund received)	12	(32 143)	(391 350)
Interest income		(29 977)	67 781
Finance costs		-	-
Net cash (used in)/ from operating activities		**2 016 809**	**(379 877)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	-	(27 271)
Proceed from sale of property, plant and equipment	3	9 819	
Cash flows from financing activities			
Proceeds on share issue	6	-	-
Total cash movement for the period		**2 026 628**	**(407 148)**
Total cash at the beginning of the period		1 694 651	2 101 799
Total cash at end of the period	5	**3 721 279**	**1 694 651**



Director

Accounting Policy

Corporate information

Triveni Turbines Africa (Pty) Ltd is a private company incorporated and domiciled in South Africa.

The annual financial statements for the period ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on Thursday, 30th April 2020.

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") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

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 have been consistently applied to all the years presented, unless otherwise stated.

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 of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value.

Fair value estimation

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 4 and note 7.

Impairment testing

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. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful life of IT equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 7.

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 period.

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.

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 period 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
IT equipment	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. 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 period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

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

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

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 4).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

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

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable 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 receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

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 9).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 4).

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 customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

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.

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 6) and the financial instruments and risk management note (note 18).

Derecognition

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

Trade and other payables

Classification

Trade and other payables (note 7), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.
Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 19 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period.

Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 9).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 18).

Derecognition

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

Cash and cash equivalents

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

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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.

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 has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. The details of accounting policies under IAS 17 are disclosed separately if they are different from those under IFRS 16. Under this approach, the Company does not restate its comparative figures but recognises the cumulative effect of adopting IFRS 16 as an adjustment to equity at the beginning of the current period.

IAS 17

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

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

IFRS 16

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 9) 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.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However, as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

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:

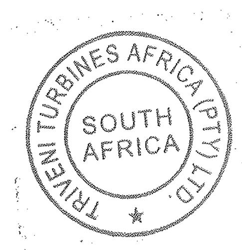
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- 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.

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.

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.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:
- 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 determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

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. Inventory

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out 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 is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the company.

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.

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.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its' carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A company 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.

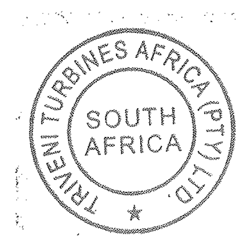
1.9. Share capital and equity

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

Ordinary shares are classified as equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the period in which they are declared.

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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.11. Provisions and contingencies

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.

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when a company:

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

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.12. Revenue

Revenue From Contracts With Customers

The company recognises revenue from the following major sources:

- **Sales of goods**
- **Rendering of services**

Revenue is measured based on the consideration specified in a contract with a customer (an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services) and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer. The company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods, because the customer then receives and is able to consume (and restrict others' to) the benefits provided by the company. A receivable is recognised by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods (usually the stand-alone selling price), the company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Rendering of Services

The company recognises revenue from services over time in case of operation and maintenance contract, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes (and restrict others' to) the benefits provided by the company. Revenue from the sale of refurbishing/ repair activities is recognised at a point in time, generally upon completion of services, because the customer is only then able to consume (and restrict others' to) the benefits provided by the company.

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

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.13. Cost of sales

When inventories are sold, the carrying amount of those inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.14. 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.

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, company determines a date of transaction for each payment or receipt of advance consideration.

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.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Notes to the Annual Financials Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current period

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

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model.

The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or
- leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value
- guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use

assets meeting the definition of investment property which must be presented within investment property.

IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

The effective date of the standard is for years beginning on or after 01 January 2019.

The company has adopted the standard for the first time in the 2020 annual financial statements.

The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2020 or later periods and are relevant to its operations:

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
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	Unlikely there will be a material impact

3. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying Value	Cost	Accumulated depreciation	Carrying Value
IT equipment	27 272	(13 101)	14 171	49 469	(12 823)	36 645

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposal	Depreciation	Total
IT equipment	36 645	-	(9 345)	(13 129)	14 171

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposal	Depreciation	Total
IT equipment	20 758	27 271	-	(11 384)	36 645

4. Trade and other receivables

	2020	2019
Deposits	15 980	14 840
Employee costs in advance	-	40 000
Prepayments	7 660	33 490
Trade receivables	1 052 685	7 454 850
Unbilled revenue	-	925 107

	1 076 325	**8 468 287**

Exposure to credit risk

Trade receivables arise from both sale of goods and services. The customer base for trade is large and widespread, with a result that there is no specific significant concentration of credit risk from these trade receivables. Management therefore assess and monitor credit risk internally along these risk concentrations.

The average credit period on trade receivables is 30 days (2019: 30 days). No interest is charged on outstanding trade receivables.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

Credit quality of trade and other receivables

Management rates the quality of trade and other receivables periodically against its internal credit rating parameters. The quality of these trade receivables is such that management believes no additional allowance for credit losses is necessary. No significant risk has been identified within the trade accounts receivables not past due but not impaired.

Fair value of trade-and other receivables

	2020	**2019**
Trade and other receivables	1 076 325	8 468 287

Trade and other receivables are predominantly non-interest bearing and are not considered past due nor impaired. Due to the short maturities of trade and other receivables, the carrying amount of these trade and other receivables approximate their fair values.

Currencies

The carrying amount of trade and other receivables are denominated in the following currencies

	2020	**2019**
Rand (inside South Africa)	1 076 325	8 268 911
US Dollar (outside South Africa)	-	199 376

5. Cash and cash equivalents

Cash and cash equivalents consist of:

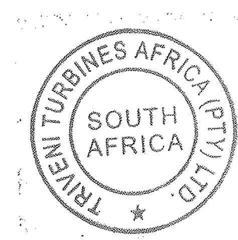
	2020	**2019**
Bank balances	3 721 279	1 694 651

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (S&P):

Credit rating

	2020	**2019**



bal	3 721 279	1 694 651

Currencies

The carrying amount of cash and cash equivalents are denominated in the following currencies

	2020	2019
Rand (inside South Africa)	3 612 520	1 278 437
US Dollar (outside South Africa)	108 759	416 214

6. Share capital

	2020	2019
Authorised		
1,000,000 Ordinary no par value shares	1 000 000	1 000 000

385 360 unissued ordinary shares are under the control of the director 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.

	2020	2019
Issued		
614 740 Ordinary no par value shares	614 740	614 740

All issued shares are fully paid up.

7. Trade and other payables

	2020	2019
Accrued audit fees	82 500	70 000
Accrued travelling expenses	-	40 000
Employee taxes owing	-	-
Trade payables	2 373 063	7 217 816
VAT	345 464	360 076
Deferred revenue	1 033 200	1 123 437
	3 834 227	**8 811 329**

Fair value of trade and other payables

	2020	2019
Trade Payable	3 834 227	8 811 329

Trade and other payables are predominantly non-interest bearing and are not considered past due nor impaired. Due to the short maturities of trade and other payables, the carrying amount of these trade and other payables approximate their fair values.

Currencies

The carrying amounts of trade and other payables are denominated in the following currencies:

	2020	2019
Rand (inside South Africa)	1 672 544	2 506 229
US Dollar (outside South Africa)	2 161 683	6 305 100

8. Revenue

Significant accounting policy

Please refer to Note 1: Accounting Policies, sub-note 1.12 Revenue.

Nature of goods and services

The following is a description of the principal activities - within its' single reportable segment (primary geographical market: Southern Africa) - from which the Company generates its revenue:

Major product/service lines:	Nature, Timing of satisfaction of performance obligations and Significant payment terms
Sale of Goods	Sale of Spares, including Refurbishment In case of domestic sales, when goods are despatched from the factory and handed over to transporter. Normally, the Company enters contract with the customers based on ex-factory inco terms and control is passed as soon as goods move out from the factory and performance obligation is completed. In case of international sales, control is passed when goods are loaded in to vessels and the Company obtains bill of lading and in case, freight forwarder is nominated by the customers, as soon as goods are handed over to nominated freight forwarder, then it is presumed that control has been passed to the customers and performance obligation is completed. Normal payment terms (usually on despatch; always within 12 months (no financing component))
Rendering of Services	Erection and Commissioning; Incentive income In case of refurbishing and erection and commissioning activities provided by the Company, performance obligation is completed when these activities as mentioned in the contract is fulfilled and revenue is recognised at point in time. In case of operation & maintenance contract contracts, since customer simultaneously receives and consumes the benefits provided by the Company, the performance obligation is hence completed and revenue is recognised over time basis. In case of incentive income, performance obligation is completed when associated activities as mentioned in the contract is fulfilled and revenue is recognised at point in time. Normal payment terms (usually on invoice; always within 12 months (no financing component))

Disaggregation of revenue

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition:

	2020	2019
Major product/service lines:		
Sale of Goods		
Spares	7 091 971	12 313 088
Rendering of Services		
Erection and Commissioning	-	2 606 140
Incentive income	3 174	410 592
Refurbishments	1 921 119	3 059 568
Services	4, 645 695	4 005 704

	13 661 959	**22 395 092**
Timing of revenue recognition		
Product and services transferred at point in time	13 661 959	17 445 076
Product and services transferred over time	-	4 950 016
	13 661 959	**22 395 092**

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers (which were only entered into during the current year):

	2020	**2019**
Contract assets (included in Trade and other receivables)	-	925 107
Contract liabilities (included in Trade and other payables)	(1 033 200)	(1 123 437)

The contract assets primarily related to the Company's right to consideration for work completed but not billed at the prior report date on Sappi Saiccor (Operation & Maintenance) contract. The contract assets were transferred to receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers for other services or spare parts, for which revenue is recognised on completion of services.

Transaction price allocated to the remaining performance obligations

The company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Contract costs

Applying the practical expedient in paragraph 94 of IFRS 15, the company recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the company otherwise would have recognised is one year or less. There were, however, no such costs.

9. Operating profit (loss)

Operating profit for the period is stated after charging (crediting) the following, amongst others:

	2020	2019
Auditors' remuneration - external		
Audit fees	82 495	70 000
Consulting and professional services		
Accounting fees	177 960	204 932
Legal fees	16 250	180 811
	194 210	**385 743**
Employee costs		
Salaries, statutory charges and COIDA/WCA contributions	1 338 368	1 949 176
Average number of persons employed during the year		
Administration	1	2

The table shows the number of employees (excluding directors) whose earnings during the year fell within the ranges shown below:

	2020	2019
Less than R150,000	-	1
R150,001 - R235,000	-	1
R235,001 - R325,000		
More than R325,000	1	1

Operating lease charges		
Premises (2020: IFRS 16 exclusion; 2019: IAS 17)	107 997	109 121

Depreciation and amortisation		
Depreciation of property, plant and equipment	13 129	11 384

Other operating (losses)/gains		
Net loss/(gain) on foreign exchange fluctuations	745 321	9 675

10. Taxation

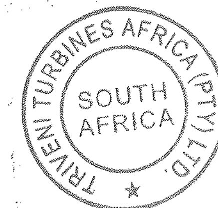
Major components of the tax expense

Current	**2020**	**2019**
Local income tax - current period	19 113	104 264

Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	64 946	362 034
Tax at the applicable tax rate of 28%	18 185	101 370
Tax effect of adjustments on taxable income	928	
Non-deductible expenses		2 895
	19 113	**104 264**

11. Cash generated from operations

Profit before taxation	64 946	362 034
Adjustments for:		
Depreciation and amortisation	13 129	11 384
Finance costs	-	-
Interest income	(29 977)	(67 781)
Net (gain)/loss on foreign exchange fluctuations		
Profit on sale of property, plant & Equipment	(474)	
Changes in working capital:		
Inventory	(507 793)	(114 707)
Trade and other receivables	7 391 962	(7 537 351)



Trade and other payables	(4 977 102)	7 290 113
	1 954 689	**(56 308)**

12. Income tax refund received/ (paid)

Balance at the beginning of the period	(21 738)	-265 350
Current tax for the period recognised in profit or loss	19 113	-104 264
Balance at the end of the period	(29 518)	(21 736)
	32 143	**-391 350**

13. Related Parties

Relationships

Ultimate holding company — Triveni Turbines Limited

Holding company — Triveni Turbines DMCC

Related party balances		
Amounts included in Trade Receivable (Trade Payable) regarding related parties		
Triveni Turbines Limited	(2 161 683)	(6 305 776)
Triveni Turbine DMCC	-	72 059
Related party transactions		
Triveni Turbine DMCC		
Incentive Income	3 174	410 592
Marketing Income	892 368	431 313
Triveni Turbines Limited		
Purchases from (sales to) related parties - Triveni Turbines Limited	9 843 985	14 217 004
14. **Earnings per share**		
Basic earnings per share		
Profit attributable to owners of the company	45 833	257 770
Weighted average number of ordinary shares in issue	614 740	614 740
	R 0.07	**R 0.42**

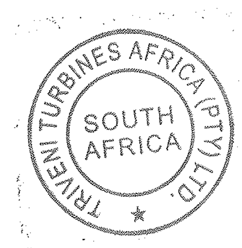
As there are no (dilutive) potential ordinary shares, there will be no difference between diluted and basic earnings per share.

As there are no (applicable) accounting remeasurements, there will be no difference between headline and basic earnings per share.

15. Contingencies

Except the ongoing business commitments, which are in the normal course of business, there has been no known contingent liability or capital commitments on the Company as at the end of the reporting period.

16. Going Concern



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 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 director continues to procure funding for the ongoing operations for the company.

17. Comparative figures

Previous year's figures have been regrouped where necessary to confirm this year's classification.

18. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings, including trade and other receivables and payables as disclosed in notes 4 & 7 (excluding derivative financial liabilities), cash and cash equivalents disclosed in note 5, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

The gearing ratio is not calculated as net debt is negative (with cash and cash equivalents being more than total borrowings). This indicates that the company's ability to continue as a going concern has been adequately safeguarded.

Financial risk management

The company's activities expose it to a variety of financial risks: liquidity risk, market risk (including interest rate risk, foreign exchange risk, price risk), and credit risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Liquidity risk

Liquidity risk refers to the risk that a company will encounter difficulty in meeting obligations associated with its short-term financial liabilities at maturity date.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions: The company manages the liquidity risk through risk management framework for the company's short, medium and long term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent to ensure funds are available to meet its commitments for liabilities as they fall due. The

company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows.

The liquidity ratio is positive as current assets exceed current liabilities. This indicates that the company's ability to continue as a going concern has been adequately safeguarded.

The table below analyses the company's remaining contractual maturity for its short-term financial liabilities based on the remaining period at the end of the reporting period 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. The contractual maturity is based on the earliest date on which the company may be required to pay:

As at March 31, 2020		**Less than 1 year**
Accrued expenses		82 500
Statutory charges due		345 464
Trade payables		2 373 063
Deferred revenue		1 033 200
As at March 31, 2019		**Less than 1 year**
Accrued expenses		110 000
Statutory charges due		360 076
Trade payables		7 217 816
Deferred revenue		1 123 437

Interest rate risk

As the company has no significant interest-bearing assets (with both trade and other receivables and payables are predominantly non-interest bearing), the company's income and operating cash flows are substantially independent of changes in market interest rates.

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's exposure to credit risk at the end of the reporting period is indicated by the carrying amounts of its financial assets, net of any applicable allowance for losses. The company is exposed to credit risk on trade and other receivables and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by management. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored. Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions with high credit ratings.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus, the basis of the loss allowance for a specific financial asset could change year on year.

The company measures the loss allowance for trade receivables (and contract assets which do not contain a significant financing component) by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables and contract assets. These lifetime expected credit losses are estimated using a provision matrix. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis
of shared credit risk characteristics.

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

Financial instrument	**2020**	**2019**
Bank	3 721 279	1 694 651
Deposits	15 980	14 840
Trade Receivable	1 052 685	7 454 850
Unbilled Receivable	-	925 107

The quality of these trade receivables is such that management believes no additional allowance for credit losses is necessary. No significant risk has been identified within the trade accounts receivables not past due but not impaired.

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises mainly from recognised assets and liabilities.

The company does not hedge foreign exchange fluctuations.

Foreign currency exposure at the end of the reporting period		
Current assets		
Trade receivables (x USD)	-	199 376
Current liabilities		
Trade payables (x USD)	2 161 683	6 305 100
Exchange rates used for conversion of foreign items were:		
USD	17.91	14.47

It does appear as if the company is significantly exposed to foreign exchange risk, however, the company expects its foreign exchange sales to, in future, hedge its' foreign exchange purchases.

19. Categories of financial instruments

Categories of financial instruments - 2020	Notes	Debt instruments at amortised cost	Financial liabilities at amortised cost	Leases	Equity and non-financial assets and liabilities	Total
Assets						
Non-Current Assets						
Property, plant and equipment	3				14 171	14 171
Current Assets						
Inventories					622 500	622 500
Trade and other receivables	4	1 052 685			23 640	1 076 325
Cash and cash equivalents	5	3 721 279				3 721 279
Total Current Assets						**5 420 104**
Total Assets						**5 434 275**
Equity and Liabilities						
Equity						
Equity Attributable to Equity Holders of Parent:						
Share capital	6				614 740	614 740
Retained income					955 790	955 790
Total Equity						**1 570 530**
Liabilities						
Current liabilities						
Trade and other payables	7	3 488 763			345 464	3 834 227
Current tax payable					29 518	29 518
Total Liabilities						**3 863 745**
Total Equity and Liabilities						**5 434 275**

Categories of financial instruments - 2019	Notes	Debt instruments at amortised cost	Financial liabilities at amortised cost	Leases	Equity and non-financial assets and liabilities	Total
Assets						
Non-Current Assets						
Property, plant and equipment	3				36 645	36 645
Current Assets						
Inventories					114 707	114 707
Trade and other receivables	4	8 379 967			88 330	8 468 287
Cash and cash equivalents	5	1 694 651				1 694 651
Income Tax Assets					21376	21376
Total Current Assets		**10 074 618**			**224 773**	**10 299 391**
Total Assets		**10 074 618**			**261 418**	**10 336 026**
Equity and Liabilities						
Equity						
Equity Attributable to Equity Holders of Parent:						
Share capital	6				614 740	614 740
Retained income					909 957	909 957
Total Equity					**1 524 697**	**1 524 697**
Liabilities						
Current liabilities						
Trade and other payables	7		8 451 253		360 076	8 811 329
Current tax payable			-		-	-
Total Liabilities			**8 451 253**		**360 076**	**8 811 329**
Total Equity and Liabilities			**8 451 253**		**1 884 773**	**10 336 026**