Sterling and Wilson Engineering Proprietary Limited

(Registration number 2013/189325/07)
Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

Figures in Rand	Notes	2024	2023
Assets			
Non-Current Assets			
Property, plant and equipment	3	107 558	110 294
Deferred tax	4	7 105 158	9 533 918
		7 212 716	**9 644 212**
Current Assets			
Trade and other receivables	5	231 794	376 309
Current tax receivable		3 233 820	3 802 793
Cash and cash equivalents	6	28 545 926	27 680 864
		32 011 540	**31 859 966**
Total Assets		**39 224 256**	**41 504 178**
Equity and Liabilities			
Equity			
Share capital	7	120	120
Accumulated loss		(24 204 147)	(33 301 695)
		(24 204 027)	**(33 301 575)**
Liabilities			
Current Liabilities			
Trade and other payables	8	3 565 428	3 763 335
Loan from group company	9	59 862 855	71 042 418
		63 428 283	**74 805 753**
Total Equity and Liabilities		**39 224 256**	**41 504 178**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2024	2023
Revenue	10	30 351 924	27 053 493
Cost of sales	11	(16 974 294)	(7 225 667)
Gross profit		**13 377 630**	**19 827 826**
Other operating gains (losses)		381 635	(18 274 576)
Other operating expenses		(2 806 832)	(5 984 716)
Operating profit (loss)	12	**10 952 433**	**(4 431 466)**
Investment income	13	1 565 140	1 029 411
Finance costs	14	(37 988)	(38)
Profit (loss) before taxation		**12 479 585**	**(3 402 093)**
Taxation	15	(3 382 037)	912 348
Profit (loss) for the year		**9 097 548**	**(2 489 745)**
Other comprehensive income		-	-
Total comprehensive profit (loss) for the year		**9 097 548**	**(2 489 745)**

Statement of Changes in Equity

Figures in Rand		Share capital	Accumulated loss	Total equity
Balance at 01 April 2022		**120**	**(30 811 950)**	**(30 811 830)**
Loss for the year		-	(2 489 745)	(2 489 745)
Other comprehensive income		-	-	-
Total comprehensive Loss for the year		**-**	**(2 489 745)**	**(2 489 745)**
Balance at 01 April 2023		**120**	**(33 301 695)**	**(33 301 575)**
Profit for the year		-	9 097 548	9 097 548
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**9 097 548**	**9 097 548**
Balance at 31 March 2024		**120**	**(24 204 147)**	**(24 204 027)**
Note	7			

Statement of Cash Flows

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Profit before taxation		12 479 585	(3 402 093)
Adjustments for non-cash items:			
Depreciation		58 019	170 385
Losses (gains) on sale of assets and liabilities		5 579	(16 895)
(Gains) losses on exchange differences		(485 925)	18 291 471
Interest income		(1 565 143)	(1 029 411)
Finance costs		37 988	38
Changes in working capital:			
Trade and other receivables		144 515	6 356 945
Trade and other payables		(250 687)	1 390 415
Cash generated from operations		**10 423 931**	**21 760 855**
Interest income	13	1 565 143	1 029 411
Finance costs	14	(37 988)	(38)
Tax paid	16	(384 305)	-
Net cash from operating activities		**11 718 272**	**22 790 228**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(60 862)	-
Cash flows from financing activities			
Repayments of borrowings	9	(10 792 348)	(34 220 000)
Total cash movement for the year		**865 062**	**(11 429 772)**
Cash and cash equivalents at the beginning of the year		27 680 864	39 110 636
Cash and cash equivalents at the end of the year	6	**28 545 926**	**27 680 864**

Accounting Policies

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these financial statements.

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period, except for adoption of new standards and interpretation as per note 2.

1.2 Critical accounting estimates, judgements and assumptions

The preparation of 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

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Impairment losses on trade receivables

The company reviews its trade receivables to assess impairment at regular intervals. In determining whether impairment losses should be reported in the Statement of Profit and Loss, the company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the reporting date could be impacted.

Accounting Policies

1.2 Critical accounting estimates, judgements and assumptions (continued)

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.

Residual values and useful lives

The company assesses the appropriateness of the useful lives and residual values of property, plant and equipment at the end of each reporting period. In determining whether there is a change in the useful lives and residual values of the property, plant and equipment of the company, the company makes judgements as to whether there is observable data indicating such changes e.g a change in the manner of use or technological development. Actual results in the future could differ from these estimates which may impact the depreciation change for the year.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

1.3 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset. The company's borrowing costs are expensed per the policy and there is no hedging.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and 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
Computer equipment	Straight line	3 years
Computer software	Straight line	2 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Other fixed assets	Straight line	10 years
Tools & equipment	Straight line	6 years

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

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

Accounting Policies

1.3 Property, plant and equipment (continued)

The depreciation charge for each year 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 are recognised when the company becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The material accounting policies for each type of financial instrument held by the company are presented below:

Trade and other receivables

Trade and other receivables, excluding, when applicable, VAT and prepayments, are measured, subsequent to initial recognition, 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.

The accounting policy for impairment of trade and other receivables is set out in the loss allowances and write offs accounting policy.

Impairment - Expected credit losses and write offs

A provision matrix is used as a practical expedient when determining expected credit losses. 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 conditions.

The measurement of expected credit losses incorporates the probability of default, loss given default and the exposure at default, taking the time value of money, historical data and forward-looking information into consideration.

The movement in credit loss allowance is recognised in profit or loss with a corresponding adjustment to the carrying amount of the instrument through a loss allowance account.

The company writes off an instrument 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. Instruments written off may still be subject to enforcement activities under the company's recovery procedures. Any recoveries made are recognised in profit or loss.

Investments in debt instruments at fair value through profit or loss

The company holds investments in which are measured at fair value through profit or loss. Although they are debt instruments, management have concluded that they do not qualify to be measured at amortised cost or fair value through other comprehensive income.

Accounting Policies

1.4 Financial instruments (continued)

Loans from group companies

Loans from group companies are classified as financial liabilities subsequently measured at amortised cost.

Interest expense on borrowings is calculated on the effective interest method, and is included in profit or loss.

Trade and other payables

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

Cash and cash equivalents

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

1.5 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

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

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

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate is applied. The normal tax rate is applied when the expected recovery is through use. A combination of these rates is applied if the recovery is expected to be partly through use and sale.

Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The review by management has not resulted in the reduction of the deferred tax assets.

Tax expenses

The income tax expense consists of current and deferred tax and is recognised in profit or loss.

1.6 Leases

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

No contracts were identified that required specific judgement as to whether they contained leases.

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 on a straight-line basis over the term of the lease.

Lease liability

Lease liabilities are 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.

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;
- Slease payments in an optional renewal period if the company is reasonably certain to exercise an extension option.

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.

They are measured initially at the initial amount of the lease liability plus upfront payments and initial direct costs.

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

Right-of-use assets are depreciated, from commencement date, over the shorter period of lease term and useful life of the underlying asset.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. No material changes were made.

The depreciation charge for each year is recognised in the carrying amount of another asset. All other depreciation is recognised in profit or loss.

Accounting Policies

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

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

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

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

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

1.8 Impairment of assets

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

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount cannot be determined for an individual asset, then it is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised for an asset (or a cash-generating unit) if the recoverable amount of the asset or cash generating unit is less than the carrying amount. The impairment loss is determined as the difference between the two amounts. For cash generating units, the impairment loss is allocated to reduce the carrying amount of goodwill included in the cash-generating unit and then to the other assets on a pro-rata basis.

Impairment losses are recognised immediately in profit or loss.

1.9 Share capital and equity

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

The company repurchase the company's own equity instruments from time to time. Any such repurchase is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. These are presented as treasury shares in equity.

1.10 Employee benefits

Short-term employee benefits

Short-term employee benefits, which consist of 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 obligation to make such payments as a result of past performance.

Accounting Policies

1.11 Provisions and contingencies

The company recognises provisions in circumstances where it has a present obligation resulting from past events, which can be measured reliably and for which it is probable that the company will be required to settle the obligation.

There is always a degree of estimation uncertainty involved with provisions as they are measured at management's best estimate of the amount which will be required to settle the obligation. When the effect of discounting is material, the provision is measured at the present value of such amounts.

1.12 Revenue from contracts with customers

The company recognises revenue from the following major sources:

- Provision of operations and maintenance contract services
- Sales of goods - Procuring and replacing spare parts
- Additional services rendered

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

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

Procuring and replacing spare parts

For sales of goods, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer’s specific location. Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the company when the goods are delivered to the wholesaler 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. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

Provision of operations and maintenance contract services

Included in the transaction price for the provision of operations and maintenance contract services. This service relates to maintenance work that may be required to be carried out on the equipment for a three year period after the initial sale. This period can then be extended if the customer requires additional years of maintenance services. The renewal of services after the three year period will be for the price at which these are sold by the entity to all of its customers as at the date of renewal regardless of the existence of a renewal option. Consequently, the option to extend the renewal period does not provide customers with any advantage when they enter into the initial contract and therefore no revenue has been deferred relating to this renewal option.

Perfomance Incentives

Revenue relating to the services is recognised over time when the performance obligations are met.

Additional services rendered

The company provides additional support services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spend relative to the total expected labour hours.

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.

Accounting Policies

1.13 Cost of sales (continued)

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

1.14 Borrowing costs

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

1.15 Translation of foreign currencies

Foreign currency transactions

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

Foreign currency monetary items are translated at the end of the reporting period using the closing rate.

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. The foreign exchange component is treated as part of the valuation adjustment.

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 Financial Statements

Figures in Rand	2024	2023

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Supplier finance arrangements - amendments to IAS 7 and IFRS 7	01 January 2024	Unlikely there will be a material impact
• Non-current liabilities with covenants - amendments to IAS 1	01 January 2024	Unlikely there will be a material impact
• Lease liability in a sale and leaseback	01 January 2024	Unlikely there will be a material impact
• IFRS 18 Presentation and Disclosure in Financial Statements	01 January 2027	Unlikely there will be a material impact

3. Property, plant and equipment

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	205 652	(153 108)	52 544	159 447	(140 230)	19 217
Computer software	3 739	(3 738)	1	3 739	(3 738)	1
Motor vehicles	95 716	(79 019)	16 697	95 716	(69 344)	26 372
Office equipment	162 779	(156 767)	6 012	156 580	(155 726)	854
Tools and equipment	717 041	(684 737)	32 304	739 783	(675 933)	63 850
Total	**1 184 927**	**(1 077 369)**	**107 558**	**1 155 265**	**(1 044 971)**	**110 294**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	19 217	46 205	-	(12 878)	52 544
Computer software	1	-	-	-	1
Motor vehicles	26 372	-	-	(9 675)	16 697
Office equipment	854	6 199	-	(1 041)	6 012
Tools and equipment	63 850	8 458	(5 579)	(34 425)	32 304
	110 294	**60 862**	**(5 579)**	**(58 019)**	**107 558**

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	16 358	21 608	(4 712)	(14 037)	19 217
Computer software	2	-	(1)	-	1
Motor vehicles	45 515	-	-	(19 143)	26 372
Office equipment	2 679	-	-	(1 825)	854
Tools and equipment	199 230	-	-	(135 380)	63 850
	263 784	**21 608**	**(4 713)**	**(170 385)**	**110 294**

A register containing the information required by Regulation 25 (3) of the Companies Regulations is available for inspection at the registered office of the company.

4. Deferred tax

Deferred tax liability

Arising as a result of temporary differences on:		
Prepayments and deposits	(47 261)	(79 518)

Deferred tax asset

Other accruals and provisions	-	95 742
Income in advance	505 931	516 229
Leave pay accrual	91 040	69 956
Deferred tax balance from temporary differences other than unused tax losses	596 971	681 927
Tax losses available for set off against future taxable income	6 555 448	8 931 509
	7 152 419	9 613 436
Total deferred tax asset	**7 152 419**	**9 613 436**

Deferred tax liability	(47 261)	(79 518)
Deferred tax asset	7 152 419	9 613 436
Total net deferred tax asset	**7 105 158**	**9 533 918**

Reconciliation of deferred tax asset / (liability)

At beginning of year	9 533 918	8 621 569
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	(2 915 166)	755 496
Taxable / (deductible) temporary difference on prepayment	32 257	(44 262)
Taxable / (deductible) temporary difference movement on leave pay	15 101	(30 476)
Taxable / (deductible) temporary difference on income received in advance	(10 298)	95 753
Taxable / (deductible) temporary difference on other accruals and provisions	(95 742)	95 742
Deferred tax in respect of prior periods	545 088	40 096
	7 105 158	**9 533 918**

Considering the future business plan and projected taxable profits from order in hand, deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which they can be used.

Notes to the Financial Statements

Figures in Rand	2024	2023

5. Trade and other receivables

Financial instruments:		
Deposits	48 753	47 465
Non-financial instruments:		
Employee costs in advance	8 000	-
Prepayments	175 041	328 844
Total trade and other receivables	**231 794**	**376 309**

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

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.

Fair value of trade and other receivables

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

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 241	-
Bank balances	7 349 556	8 050 875
Short-term deposits	21 195 129	19 629 989
	28 545 926	**27 680 864**

Fair value of cash and cash equivalents

Due to the short term nature of cash and cash equivalents, the carrying amount is assumed to approximate fair value.

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 (if available) or historical information about counterparty default rates:

Credit rating		
B (Standard & Poor)	28 545 926	27 680 864

Notes to the Financial Statements

Figures in Rand	2024	2023

7. Share capital

Authorised		
1 000 Ordinary shares no par value	1 000	1 000

Reconciliation of number of shares issued:		
Reported as at 01 April 2023	120	120

The unissued share capital is currently under control of the directors who may issue them on such terms and conditions as they deem fit, but only within the classes, and to the extent, that the shares have been authorised by the MOI, until the next Annual General Meeting.

Issued		
120 ordinary shares of no par value	120	120

8. Trade and other payables

Financial instruments:		
Trade payables	238 763	482 600
Accrued employee expenses	337 184	281 256
Accrued expenses	-	526 070
First National Bank credit cards	54 564	1 783
Non-financial instruments:		
Amounts received in advance	2 488 922	2 246 187
VAT	445 995	225 439
	3 565 428	**3 763 335**

Exposure to currency risk

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

Rand Amount		
Rand	3 565 428	3 747 852
Euro	-	14 470
INR	-	1 013
	3 565 428	**3 763 335**

Fair value of trade and other payables

Trade and other payables are short-term by nature and their carrying amount approximates their fair values.

Notes to the Financial Statements

Figures in Rand	2024	2023

9. Loans from group companies

Held at amortised cost		
Unsecured		
Sterling and Wilson International Solar FZCO	59 862 855	71 042 418
	59 862 855	**71 042 418**

The loan is unsecured, interest free and is payable on demand.

This loan has been subordinated, limited to the retained loss, in favour of other creditors, until such time as the assets of the company, fairly valued, exceeds its liabilities.

Exposure to currency risk

Foreign currency amount		
US Dollar	3 142 611	3 988 033

The carrying amount of the loan approximates the fair value.

10. Revenue

Revenue from contracts with customers		
Rendering of services	25 795 064	27 053 493
Construction contracts	4 556 860	-
	30 351 924	**27 053 493**

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Rendering of services		
Other revenue from rendering of services	25 795 064	27 053 493
Construction contracts		
Construction contract	4 556 860	-
Total revenue from contracts with customers	**30 351 924**	**27 053 493**

Timing of revenue recognition

Over time		
Operations and maintenance contract	24 724 731	25 955 593
Additional services rendered	1 070 333	1 097 900
Construction contracts	4 556 860	-
	30 351 924	**27 053 493**

11. Cost of sales

Employee costs	4 837 424	4 386 293
Operations and maintenance contracts	8 701 645	2 839 374
Construction contracts	3 435 225	-
	16 974 294	**7 225 667**

Notes to the Financial Statements

Figures in Rand	2024	2023

12. Operating loss

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

Employee costs

Salaries, wages, bonuses and other benefits	594 277	588 981

Leases

Short-term leases	254 581	202 064

Depreciation and amortisation		
Depreciation of property, plant and equipment	58 019	170 385

Other		
Insurance	68 449	140 952
Legal expenses	-	37 239
Non-cash adjustment to loan	(4 995 294)	-
Foreign exchange (gains) / losses	4 613 701	18 291 471

13. Investment income

Interest income		
Investments in financial assets:		
Bank and other cash	1 565 140	1 029 411

14. Finance costs

Bank overdraft	-	38
Late payment of tax (Tax authorities)	37 148	-
Other interest paid	840	-
Total finance costs	**37 988**	**38**

15. Taxation

Major components of the tax expense

Current		
Local income tax - current period	408 189	-
Current tax for prior periods	545 089	-
	953 278	**-**
Deferred		
Originating and reversing temporary differences	1 341 093	(872 252)
Originating and reversing temporary differences on tax loss	1 632 754	-
Arising from prior period adjustments	(545 088)	(40 096)
	2 428 759	**(912 348)**
	3 382 037	**(912 348)**

Notes to the Financial Statements

Figures in Rand	2024	2023

15. Taxation (continued)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	12 479 585	(3 402 093)
Tax at the applicable tax rate of 27% (2023: 27%)	3 369 488	(918 565)
Tax effect of adjustments on taxable income		
Non-deductible expenses	12 549	46 313
Deferred tax in respect of prior periods	-	(40 096)
	3 382 037	**(912 348)**

The estimated tax loss available for set off against future taxable income is R 24 279 438 (2023: R 33 079 662).

16. Tax paid

Balance at beginning of the year	3 802 793	3 802 793
Current tax recognised in profit or loss	(953 278)	-
Balance at end of the year	(3 233 820)	(3 802 793)
	(384 305)	**-**

17. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- first year	182 023	145 945

Operating lease payments represent rentals payable by the company for certain of its office properties and temporary employee lodgings. No contingent rent is payable.

18. Related parties

Relationships	
Shareholders	Sterling and Wilson International Solar FZCO (60%) Orange Oak Investment 26 Proprietary Limited

Loan accounts - Owing (to) by related parties		
Sterling & Wilson International Solar FZCO	(59 862 855)	(71 042 418)

Related party transactions

Foreign exchange loss/gain on loan from related parties paid to (received from) related parties		
Sterling & Wilson International Solar FZCO	4 613 701	18 282 411
Non-cash adjustment to loan from related parties		
Sterling & Wilson International Solar FZCO	(4 995 336)	-

Notes to the Financial Statements

Figures in Rand	2024	2023

19. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2024

	Note(s)	Amortised cost	Total
Trade and other receivables	5	48 753	48 753
Cash and cash equivalents	6	28 545 926	28 545 926
		28 594 679	**28 594 679**

2023

	Note(s)	Amortised cost	Total
Trade and other receivables	5	47 465	47 465
Cash and cash equivalents	6	27 680 864	27 680 864
		27 728 329	**27 728 329**

Categories of financial liabilities

2024

	Note(s)	Amortised cost	Total
Trade and other payables	8	630 511	630 511
Loans from group companies	9	59 862 855	59 862 855
		60 493 366	**60 493 366**

2023

	Note(s)	Amortised cost	Total
Trade and other payables	8	1 291 709	1 291 709
Loans from group companies	9	71 042 418	71 042 418
		72 334 127	**72 334 127**

Figures in Rand		2024	2023

19. Financial instruments and risk management (continued)

Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 9, cash and cash equivalents disclosed in note 6, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Borrowings	9	59 862 855	71 042 418
Trade and other payables	8	3 565 428	3 763 335
Total borrowings		**63 428 283**	**74 805 753**
Cash and cash equivalents	6	(28 545 926)	(27 680 864)
Net borrowings		**34 882 357**	**47 124 889**
Equity		(24 204 027)	(33 301 575)
Gearing ratio		(144)%	(142)%

Financial risk management

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.

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

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

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

Notes to the Financial Statements

Figures in Rand	2024	2023

19. Financial instruments and risk management (continued)

		2024			2023		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	5	48 753	-	48 753	47 465	-	47 465
Cash and cash equivalents	6	28 545 926	-	28 545 926	27 680 864	-	27 680 864
		28 594 679	**-**	**28 594 679**	**27 728 329**	**-**	**27 728 329**

Liquidity risk

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. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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

2024

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	8	630 511	630 511	630 511
Loans from group companies	9	59 862 855	59 862 855	59 862 855

2023

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	8	1 291 709	1 291 709	1 291 709
Loans from group companies	9	71 042 418	71 042 418	71 042 418

Figures in Rand		2024	2023

19. Financial instruments and risk management (continued)

Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro and the Indian Rupee. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The company does not hedge foreign exchange fluctuations.

At 31 March 2024, if the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, post-tax profit for the year would have been R 434 827 (2023: R 710 579) higher/lower, mainly as a result of foreign exchange gains or losses on translation of foreign currencies denominated group loans.

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

US Dollar exposure:

Current assets:			
Loans from group companies, USD 3 142 611 (2023: USD 3 988 033)	9	59 862 428	71 042 418

Euro exposure:

Current liabilities:			
Trade and other payables, EUR - (2023: EUR 750)	8	-	14 470

INR exposure:

Current liabilities:			
Trade and other payables, INR - (2023: INR 4 679)	8	-	1 013

Exchange rates

Rand per unit of foreign currency:		
US Dollar	18.954	17.814
Euro	-	19.293
INR	-	0.216

Interest rate risk

The company's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. Variable interest rate assets and liabilities expose the company to cash flow interest rate risk, being the risk that cash flows earned or paid on such assets and liabilities will change due to movements in market rates.

20. Events after the reporting period

The Company has completed the early works for one of the solar farm projects and is in the final stage of signing the EPC contract with the customers for 2 Solar Farm Projects of approx. 200 MW. The Company shall generate revenue and profitability on signing of the said projects. In addition to above, the Company in continuing with the 20 years operations and maintenance contract of which 8 years has been completed to date and this contract has a high gross margin.

Accordingly, the Management strongly believes that the company is a going concern and the 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.

Figures in Rand	2024	2023

21. Contingent liabilities

Income tax:

The company was subject to an audit by SARS in respect to the 2016 year of assessment. As a result SARS raised an additional assessment amounting to R80 609 557 on 19 April 2021.

The additional assessment relates to dis-allowance of certain deductions claimed under section 24C as well as expenditure deemed capital and or excessive by SARS . The company is appealing the assessment and management expects the dispute to be resolved in the next 12 months. Management is unable to determine the final liability as this is currently in dispute.

During the current year, there was progress on the discussion with SARS at various levels but dispute is still ongoing.