CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

29 February 2020

Hulisani

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investment in companies operating in the energy sector
Directors	PC Mdoda (Chairman)* DR Hlatshwayo* AV Notshe# HH Schaaf*^ ME Raphulu (Chief Executive Officer) MP Dem (Chief Financial Officer) B Marx* KN Kekana* T Godongwana*
Registered office	4th Floor North Tower 90 Rivonia road Sandton 2196
Postal address	P O Box 784583 Sandton 2146
Bankers	RMB Corporate Banking ABSA Corporate and Investment Banking
Auditor	PricewaterhouseCoopers Inc. Chartered Accountants (S.A.) Registered Auditor
Sponsor	PSG Capital
Company registration number	2015/363903/06
Share code	HUL
ISIN	ZAE000212072

** Independent Non-executive*
 # Non-independent Non-executive
^ German

Contents

Audit Committee Report for the year under review

1. Introduction

The Audit and Risk Committee (the "Committee") has pleasure in submitting its report for the year ended 29 February 2020 to shareholders as required by section 94(7)(f) of the Companies Act, 71 of 2008, as amended (the "Companies Act") and the JSE Limited Listings Requirements and as recommended by the King Report on Corporate Governance for South Africa, 2016 ("King IV").

2. Membership of the Committee and attendance at Committee meetings

In compliance with the Companies Act, the following Committee members were elected by shareholders at the Annual General Meeting of the Company ("AGM") held during 2019 to serve until the next AGM on Friday, 28 August 2020.

Committee members

Prof BM Marx (Chairperson)

Ms DR Hltashwayo

Mr HH Schaaf

The Committee comprises only independent non-executive directors who are all financially literate and have the adequate relevant skills and experience to execute their duties and responsibilities effectively. The committee met eight times in the past year.

The internal and external auditors also attended all the Committee meetings during the year and reported their activities and findings at these meetings. The Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Head: Legal, Risk and Compliance and the Finance Manager attended the Committee meetings by invitation.

Committee meetings included in committee meetings between the Committee members, non-executive directors, and the internal and external auditors, as well as confidential meetings held with the CEO and CFO. Executive directors and the Finance Manager joined the formal meetings once the confidential meetings had been concluded.

3. Roles and functions of the committee

The roles and responsibilities of the Committee are governed by a formal Charter as the Committee's mandate, which is annually reviewed and approved by the Board. A formal evaluation of the Committee is also carried out annually and the Board is satisfied that the Committee has fulfilled all its statutory duties, including those duties assigned to the Committee by the Board during the year under review. The Committee reports that it has regulated its affairs in compliance with this mandate, and has discharged all the responsibilities set out in the Charter, which include:

- review and approve for recommendation to and approval by the Board, interim reports, the integrated report, the annual financial statements, accounting policies for the Company, and any other announcement regarding the Group's results or other financial information to be made public;
- ensure that the interim financial statements, the consolidated annual financial statements and the annual integrated report comply with all statutory and regulatory requirements;
- ensure that all financial information contained in any consolidated submissions to the Board is suitable for inclusion in the consolidated financial statements in respect of any reporting period;
- the reports of the internal audit function on the state of internal control;
- the effectiveness of the internal audit function;
- assess annually the appointment of the external auditor and confirm its independence, recommend its appointment to the AGM and approve its fees;
- the external auditor's findings and recommendations;
- review the work of the group's external and internal auditors to ensure the adequacy and effectiveness of the group's financial, operating compliance and risk management controls;

Audit Committee Report for the year under review

- reports on the risk management process and assesses the Company's exposure to the top strategic risks;
- monitoring of compliance effectiveness within the Company;
- perform duties that are attributed to it by its mandate from the Board, the Companies Act, the JSE Limited Listings Requirements, King IV and regulatory requirements;
- review processes and procedures to ensure the effectiveness of internal systems of control including information and technology.

During the financial year under review, the Committee executed the following matters:

Reporting

- considered and concurred with the adoption of the going-concern premise in the preparation of the financial statements;
- reviewed the appropriateness of the financial statements, other reports to shareholders and other financial announcements made public;
- considered whether the annual financial statements fairly present the financial position of the Company and of the Group as at 29 February 2020 and the results of operations and cash flows for the financial year then ended;
- considered the solvency and liquidity of the Company;
- considered accounting treatments, the appropriateness of accounting policies adopted and the effectiveness of the Group's disclosure controls and procedures;
- considered whether any concerns were identified regarding significant legal, tax and other matters that could have a material impact on the financial statements;
- reviewed the external auditor's audit report;
- considered and noted the key audit matters as determined by the external auditor;
- reviewed the representation letter, signed by management;
- confirmed that it has considered the findings contained in the 2020 proactive monitoring report, when the annual financial statements for 29 February 2020 were drafted;
- reviewed the quality and integrity of the integrated report and the sustainability information before publication.

External Audit

PricewaterhouseCoopers ("PwC") was reappointed as auditor of the Company until the next AGM during 2020. During the year under review, the Committee reviewed a presentation by PwC, and after conducting its own review, is satisfied with the independence and objectivity of PwC as external auditor. The Committee is satisfied that the auditor has at all times acted with unimpaired independence. PwC has been the auditor since the 2018 financial year.

The Committee further approved the fees paid to PwC and its terms of engagement. The Committee meets with the auditor independently of senior management. The committee agendas provide for confidential meetings between Committee members and the internal and external auditors.

The Committee has requested, from the external auditor, the information detailed in paragraph 22.15(h) of the JSE Limited Listings Requirements, as it is required to do annually for every re-appointment. The Committee has reviewed the performance of the external auditor and has nominated, for approval by shareholders at the forthcoming AGM, PwC, an eligible registered auditor, as the external auditor for the 2021 financial year, with Mr Sizwe Masondo, a registered auditor and member of PwC, as the individual who will undertake the audit. Upon appointment at the forthcoming AGM, this will be Mr Masondo's third year of performing the external audit of the Company. PwC has been the auditor of Hulisani since the 2018 financial year and the Committee will give the matter of audit firm rotation in-depth consideration in due course.

The Committee remains cognisant of the developments in the audit profession and the external auditor continues to have unrestricted access to the Audit and Risk Committee and its Chairperson.

Audit Committee Report for the year under review

Comments on key audit matters addressed by PwC in its external auditor's report

PwC reported on the three key audit matters in respect of its 2020 audit, being the valuation of loan to Legend Power Solution Proprietary Limited, impairment assessment of investment in associates, investment in subsidiaries and goodwill as well as the valuation of GRI Wind Steel South Africa Proprietary Limited Option. These key audit matters related to the consolidated financial statements and separate financial statements. The Committee assessed the methodology, assumptions and judgements applied by management in dealing with each key audit matter. Additionally, the Committee discussed the key audit matters with PwC in order to understand its related audit procedures and views. Following our assessment, the Committee was comfortable with the conclusions reached by management and PwC.

Internal Audit

The Committee reviewed and approved the Internal Audit Charter and the annual internal audit plan, including compliance therewith, and concluded that the planning, processes and application of internal audit, including the quality of their reporting on internal audit outcomes and related matters was inclusive and comprehensive. Having regard to the reports and assessments presented by Internal Audit, the Committee is satisfied that the internal financial controls are effective and that there were no material breakdowns in the Group's systems and internal controls. The Committee is also satisfied that the internal audit firm is effective and adequately resourced with technically competent personnel.

Internal financial and accounting controls

The Committee is responsible for reporting on the Group's systems of internal, financial and accounting controls. The Committee has accordingly considered the reports from both internal and external audit on such matters and is satisfied that both reports confirm the adequacy and effectiveness of the Group's systems of internal control and that there were no material breakdowns in the internal control during the financial year.

Expertise and experience of the Chief Financial Officer

As required by paragraph 3.84(g) of the JSE Limited Listings Requirement, as well as the recommended practices as per King IV, the Committee has assessed the competence and performance of the CFO, Masibulele Dem, and believes that he possesses the appropriate expertise and experience to meet his responsibilities in that position. The Committee is satisfied with the expertise and adequacy of resources within the finance function and the experience of financial staff in this function.

Compliance

The Committee is obliged to report any material breach of a relevant legal and/or regulatory requirement in the conduct of Hulisani. No evidence or indication of any such breach or material non-compliance has been brought to the attention of the Committee by either the internal or external auditors or any other party.

Looking forward

President Cyril Ramaphosa announced a countrywide lockdown following the declaration of COVID-19 by the World Health Organisation as a pandemic and in response to the threat posed by the virus. The lockdown, which was initially scheduled to run from 26 March 2020 until 16 April 2020 was subsequently extended to the end of April 2020. The pandemic is a worldwide humanitarian challenge that is affecting global markets and nearly all aspects of human activity. The impact of the lockdown is expected to have a significant adverse impact on the global economy, with some predictions that the South African economy may contract in 2020 and unemployment may rise.

While the COVID-19 pandemic and the subsequent 5-week lockdown has severely impacted economic projections, Hulisani's investments have outlined their business continuity plans to ensure that operations are not interrupted during the lockdown as the provision of power has been declared an essential service in South Africa. As an investor in assets in the Renewable Energy sector Hulisani's investments provide energy to the national utility ESKOM on the back of long term, government backed power purchase agreements, and which also cater for conditions of low electricity demand.

Notwithstanding the designation of Hulisani's investments as essential services, one of the investments, Kouga Wind Farm, received correspondence from the national utility of their intention to declare the lockdown a *force majeure*,

Audit Committee Report for the year under review

which would absolve ESKOM from its obligation to procure power from the power plant during the lockdown period. Kouga has sought legal advice and indications are that the lockdown does not constitute a *force majeure* as defined in the Power Purchase Agreement with ESKOM and that any curtailments that ESKOM may institute would be part of curtailments that are provided for in the agreement and which would need to be compensated for. To date and since the commencement of lock down the plant has been curtailed for 2 hours and 3 hours over two days respectively and is accordingly in the process of seeking compensation as provided for in the agreement for the curtailments. The matter is however ongoing and the probability of resolution in ESKOM's view is viewed as low at this stage. Based on the above, the lockdown is not expected to have a material adverse impact on the operations of Hulisani nor on the going concern assumption and primarily due the designation of the investments as essential services and also the nature of the long term power purchase agreements with ESKOM and which are government guaranteed.

The group's financial controls, risk management and governance processes ensure a strong control environment for the group in which to operate. Management will continue to assess the impact of COVID-19 on the business and the various options available to mitigate the risk.

4. Conclusion

The Committee is satisfied that it has complied with all its legal, regulatory and other responsibilities for the year under review.

Following its review of the annual financial statements for the year ended 29 February 2020, the Committee is of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards, and present fairly the results of operations, cash flows and the financial position of the Group and the Company. The Committee therefore recommended the consolidated and separate annual financial statements of Hulisani Limited for approval to the Board of Directors. At the forthcoming Annual General Meeting, the annual financial statements will be presented to shareholders.

On behalf of the Audit and Risk Committee

Prof B Marx
Chairman Audit and Risk Committee

Directors' Responsibilities and Approval

The board of directors of the company (the "directors") is pleased to present the consolidated and separate annual financial statements for the year ended 29 February 2020 (the "Annual Financial Statements").

The Directors are responsible for the preparation and integrity of the Annual Financial Statements and related financial information of the Company. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, audited in accordance with International Standards on Auditing, the requirements of the Companies Act, 71 of 2008, as amended (the "Companies Act") and JSE Limited Listings Requirements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. The directors, through the Audit and Risk Committee, which consists of independent non-executive directors, meet periodically with the external and internal auditors and executive management to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The directors, on the recommendation by the Audit and Risk Committee, considered and are satisfied that adequate accounting records, risk management and internal controls and systems have been maintained to provide reasonable assurance on the integrity and reliability of the Annual Financial Statements and to sufficiently safeguard, verify and maintain accountability for the Group's assets and ensure that the possibility of material loss or misstatement is minimised.

The directors have reviewed the appropriateness of the accounting policies and concluded that judgements and estimates are prudent. They are of the opinion that the Annual Financial Statements fairly present in all material respects the state of affairs and business of the group as at 29 February 2020 and believe that the group has adequate resources to continue in operation for the foreseeable future. Accordingly, the Annual Financial Statements have been prepared on a going concern basis and the external auditor concurs. The external auditor's report is presented on pages 14 to 22.

The Annual Financial Statements for the year ended 29 February 2020, set out on pages 23 to 86, were approved by the board of directors at its meeting on 22 May 2020 and were signed on their behalf by:

Approval of financial statements

ME Raphulu
(Chief Executive Officer)

PC Mdoda
(Chairman)

Preparer of the financial statements
Hulisani Limited's financial statements for the period ended 29 February 2020 have been prepared under the supervision of the chief financial officer, Masibulele Dem CA (SA) and audited in compliance with the Companies Act of South Africa.

MP Dem
(Chief Financial Officer)

Group Secretary's Certification

In terms of section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, the company has, in respect of the financial year reported upon, lodged with the Companies Intellectual Property Commission all returns and notices required of a public company and that all such returns are true, correct and up to date.

M Voller
(Company Secretary)

Directors' Report

The directors have pleasure in submitting their report on the financial statements of the company and the group for the year ended 29 February 2020. The financial year under review was characterised by a focus on simplifying the business, steadily building up scale, and working towards long-term growth for Hulisani while containing costs and increasing value for our stakeholders. Our assets continue to demonstrate strong performance and are cash generative. In difficult trading circumstances, we are pleased to continue to report positive cash flow from our investments line with our business strategy.

1. Nature of business

Hulisani Limited. ("Hulisani" or the "Company") was incorporated on 13 October 2015 as an investment holding company focused on power generation projects ranging from gas, diesel, solar PV, concentrated solar, wind and hydro, in South Africa and in Sub-Saharan Africa, and is the ultimate holding company of the group. The current investments made by the group which are operational are highlighted below:

- RustMo1 Solar Farm (Pty) Ltd ("RustMo1") is a material subsidiary and was the first IPP to be connected to the grid and one of the 18 solar PV power plants constructed in the first round of the REIPPP. The 7MW plant has a 20-year year Power Purchase Agreement to supply electricity to Eskom that commenced in 2013. Hulisani has a 66% shareholding in RustMo1.
- Kouga Wind Farm (Pty) Ltd ("Kouga") is an investment Hulisani has significant influence over. Kouga is one of the first wind farms to be connected under the REIPPP and has a 20-year Power Purchase Agreement to supply electricity to Eskom.
- GRI manufactures wind turbine towers used in energy production. The investment is accounted for by the group as a derivative (call option).
- Legend Power Solutions (Pty) Ltd ("LPS") has invested in Avon and Dedisa Open Cycle Gas Turbine (OCGT) peaking power plants and Hulisani participates in 9% of the distributable profits of LPS.
- Other investments include financial instruments held in the group.

2. The impact of COVID-19

The Hulisani board recognises the current impact of the COVID-19 pandemic and specifically the extended national lockdown on the economy of South Africa, as well as government's decision to safeguard the health of all South Africans. Notwithstanding the COVID-19 pandemic and the expected severe impact of the lockdown on economic projections, Hulisani's investments have outlined their business continuity plans to ensure that operations are not interrupted during the lockdown as the provision of power has been declared an essential service in South Africa. As an investor in assets in the Renewable Energy sector Hulisani's investments provide energy to the national utility ESKOM on the back of long term, government backed power purchase agreements, and which also cater for conditions of low electricity demand.

Notwithstanding the designation of Hulisani's investments as essential services, one of the investments, Kouga Wind Farm, received correspondence from the national utility of their intention to declare the lockdown a *force majeure*, which would absolve ESKOM from its obligation to procure power from the power plant during the lockdown period. Kouga has sought legal advice and indications are that the lockdown does not constitute a *force majeure* as defined in the Power Purchase Agreement with ESKOM and that any curtailments that ESKOM may institute would be part of curtailments that are provided for in the agreement and which would need to be compensated for. To date and since the commencement of lock down the plant has been curtailed for 2 hours and 3 hours over two days respectively and is accordingly in the process of seeking compensation as provided for in the agreement for the curtailments. The matter is however ongoing and the probability of resolution in ESKOM's view is viewed as low at this stage. Furthermore, management continues to assess the impact on the business and the various options available to mitigate the risk.

Directors' Report

Based on the above, the lockdown is not expected to have a material adverse impact on the operations of Hulisani nor on the going concern assumption and primarily due the designation of the investments as essential services and also the nature of the long term power purchase agreements with ESKOM and which are government guaranteed. As a result, management believes that the Group has enough liquidity to withstand the impact of Covid19 and will remain a going concern for the foreseeable future and continues to assess the impact on the business and the various options available to mitigate the risk.

3. Financial performance

The operating results and financial position of the group and company are set out in the annual consolidated and separate, statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes.

Overall, the group has delivered a pleasing set of results, notwithstanding the once-off financial assets write-off. Interest income from Legend Power Solutions (Pty) Ltd ("LPS") amounted to R17,4m in the current period from R3m in the prior period, an increase of 480%, although this income has been reclassified in profit or loss in the current year. This growth resulted from increased utilisation of the power plant in response to the demand for electricity during the period. Share of profits from the equity accounted investment grew by 43%, this growth was driven by an improved energy yield in the period due to better operating conditions.

Operating expenses for the period remained largely in line with the prior period even as the group conducted more investment prospects assessments compared to the prior period and incurred some once-off significant costs such as the sponsor fee settlement and litigation settlement. These costs were however off-set by some positive gains that include the reversal of estimated expected credit losses from a loan that was settled in full in the subsequent period. There were no impairments of the investments at the group level.

Key factors that have driven performance for the year under review include the following:

- Revenue
- Operating costs
- Material profit or loss items
- Investment valuations
- Share of profits or losses from associates

Revenue

Group

Revenue of R69.4m (2019: R50.3m) for the period under review is reported, an increase of 38% from the comparative prior period. Revenue at group level consists of sales of electricity at RustMo1 Solar Farm (Pty) Ltd, the subsidiary, and the interest earned in from the convertible loan from Legend Power Solutions (Pty) Ltd ("LPS"). The increase in the group revenue is mainly attributable to the reclassification of interest earned from LPS, from investment income. The reclassification of interest is to best align the disclosure of the income with the management of investment portfolio and strategy of the business.

Company

Revenue at company level is reported at R31.6m (2019: R36.9m), a decrease of 14% from prior year. The decrease relates to lower dividends received from the Kouga investment in comparison to the prior year as a result of the expected second dividend for the current year being declared post year end. The impact of the decrease in Kouga dividends has been offset by the reclassification of the interest from the LPS investment as highlighted above.

Operating expenses

Group

Operating expenses for the period are R73.6m (2019: R73.3m). Contributing to the expenses in the current year are once off settlements of R8.5m in a litigation matter (refer to note 36) and R5.2m in sponsorship fees. There were however offsetting gains, including the reversal of the ECLs as a result of the settlement of the Pele loan.

Directors' Report

The February 2020 group operating expenses include non-cash items or provisions for depreciation and amortisation of R17.4m (2019: R16m).

Company
Hulisani operating expenses are R42m (2019: R43.8m), a year on year decrease of 4%. Contributions of once off sponsorship fees settlement of R5.2m at group level mainly emanates from Hulisani.

Material profit or loss items
Impairment loss
While the impairment assessment at group level indicated no impairment adjustment, the investments at company level were adjusted for impairment losses.

	Group		Company	
	2020 **R'000**	2019 Restated R'000	**2020** **R'000**	2019 Restated R'000
Impairment loss on subsidiaries	**–**	–	**15,278**	26,524
			15,278	26,524

Impairment loss on subsidiaries (Company financial statements only)

Momentous
An impairment loss of R18m for the investment in Momentous subsidiary has been recognised in the statement of profit or loss and other comprehensive income. A key contributor to the impairment loss has been lower financial projections as a result of higher projected expenses.

Momentous holds 66% interest in RustMo1. Refer to note 5 for further details on impairment testing for Momentous.

Pele SPV13
Pele SPV13 has an impairment reversal of R2.9m in the period under review. The subsidiary's only asset is the option in GRI, and the impairment reversal is in line with the favourable fair value movement in the GRI option.

Financial assets write-off

	Group		Company	
	2020 **R'000**	2019 R'000	**2020** **R'000**	2019 R'000
Financial assets write-off				
Ignite loans	**5,000**	–	**5,000**	–
Ignite preference shares	**24,889**		**24,889**	–
	29,889		**29,889**	
Less: ECL reversal	**(4,152)**		**(4,152)**	
	25,737	–	**25,737**	–

In the current year, the group wrote off the investments in Ignite Energy Projects (Pty) Ltd ("Ignite") (refer to notes 11 and 12 for details) as a result of a significant increase in the credit risk following a default on an expected payment during the period and a lack of assets and prospects. Management performed a detailed assessment of the financial status of Ignite, considering the current economic conditions and prospects, and determined that it was prudent to fully write off these assets

Directors' Report

Investment valuations

The valuations process involves an element of judgement and involves estimates. Inputs which were factored in the process includes the discount rates and the projected cashflows from the underlying investments. Valuations for LPS and GRI were conducted to determine the fair value of the investment to enable a fair value gain or loss adjustment in the statement of profit or loss and other comprehensive income. The discount rates that were applied were reflective of prevailing market conditions.

The following adjustments were noted as in the current year.

	Group		Company	
	2020 **R'000**	2019 Restated R'000	**2020** **R'000**	2019 Restated R'000
Convertible loan	**4,823**	1,643	**4,823**	1,643
Derivative –GRI option	**3,020**	4,404	**–**	–
Fair value gain/(loss) on assets at fair value through profit or loss	**7,843**	6,047	**4,823**	1,643

Fair value gain/(loss)

In the current year under review a fair value gain of R7.8m was recognised in the statement of profit or loss and other comprehensive income. This was driven by increased energy production of the Avon and Dedisa plants (R4.8m), as well as favourable mark-to-market movement in the investment in derivatives (R3m).

Share of profits or losses from associates

The group derives its share of profits or losses from its associate, Kouga, at 6,67%. There was an increase in share of profits from Kouga from R5.3m in the prior year to R7.6m as a result of increased energy yield.

Group performance summary

The following table reflects the operating financial results for the year ended 29 February 2020 compared to the corresponding previous financial period:

	Group **2020** **R'000**	Group Restated 2019 R'000	Variance R'000	Variance (%)
Revenue	**69,438**	50,371	19,067	38
Operating expenses	**(73,609)**	(73,303)	(307)	(0)
Financial assets write-off	**(25,737)**	–	(25,737)	(>100)
Finance income	**3,807**	7,485	(3,678)	(49)
Finance costs	**(13,760)**	(14,863)	1,103	7
Share of the profit from equity accounted investments	**7,608**	5,318	2,290	43
Fair value gains	**7,843**	5,997	1,846	31
Loss before tax	**(23,410)**	(18,978)	(4,433)	(23)

Directors' Report

4. Share capital

The authorised and issued share capital of the company remained unchanged during the year under review.

Shareholder analysis

At the reporting date, the shareholders holding more than 5% were:

- Government Employment Pension Fund 34%
- Eskom Pension and Provident Fund 11%
- Alexander Forbes Investment Ltd 5%

Shareholder spread 2020	Number of shareholders	Percentage of shareholders %	Numbers of shares '000	Percentage of issued capital %
Public	283	93	47,851	96
Non-public	21	7	2,149	4
	304	100	50,000	100

Shareholder spread 2019	Number of shareholders	Percentage of shareholders %	Numbers of shares '000	Percentage of issued capital %
Public	268	93	49,202	98
Non-public	19	7	798	2
	287	100	50,000	100

Directors' shareholding 2020	Direct beneficial '000	Indirect beneficial '000	Total number of shares '000	Total %
ME Raphulu [(i)]	–	–	–	–
PC Mdoda	500	–	500	1
MH Zilimbola1 [(ii)]	–	1,500	1,500	3
AV Notshe [(iii)]	–	557	557	1
	500	2,057	2,557	5

[1] *Shareholders are advised that MH Zilimbola resigned as an alternate director on 01 March 2020. There was no change in directors' shareholding between the year end and the approval date of the annual financial statements.*

Directors' shareholding 2019	Direct beneficial '000	Indirect beneficial '000	Total number of shares '000	Total %
ME Raphulu [(i)]	–	–	–	–
PC Mdoda	500	–	500	1
MH Zilimbola [(ii)]	–	1,500	1,500	3
AV Notshe [(iii)]	–	557	557	1
	500	2,057	2,557	5

[(i)] *Held through Pentomore.*
[(ii)] *Held through Zelmaro, Sdindi Kapital and Mazi Capital*
[(iii)] *Held through Human Interest.*

Directors' Report

5. External auditors

PricewaterhouseCoopers Inc. continued in office as auditors for the company and its subsidiaries for 2020.

Business address:
PricewaterhouseCoopers Inc.
4 Lisbon Lane
Waterfall City
Jukskei View
2090

6. Secretary

The company secretary is Resolve Secretarial Service (Pty) Ltd. The company secretary was appointed during the financial year under review as the services of The Paperclip ceased.

Business address:
77 Vasco Boulevard,
Goodwood,
7460

7. Directors

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

Directors	Designation	Nationality	Changes
PC Mdoda (Chairman)*	Non-executive Independent	South African	
DR Hlatshwayo*	Non-executive Independent	South African	
AV Notshe#	Non-executive	South African	
HH Schaaf*^	Non-executive Independent	German	
MH Zilimbola#	Non-executive	South African	Resigned 1 March 2020
B Marx*	Non-executive Independent	South African	
KN Kekana*	Non-executive Independent	South African	Appointed 9 March 2020
T Godongwana	Non-executive Independent	South African	Appointed 9 March 2020
ME Raphulu (Chief Executive Officer)	Executive	South African	
MP Dem (Chief Financial Officer)	Executive	South African	

** Independent Non-executive*
 # Non-independent Non-executive
^ German

Independent auditor's report

To the Shareholders of Hulisani Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Hulisani Limited (the Company) and its subsidiaries (together the Group) as at 29 February 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Hulisani Limited's consolidated and separate financial statements set out on pages 23 to 86 comprise:

- the consolidated and separate statements of financial position as at 29 February 2020;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

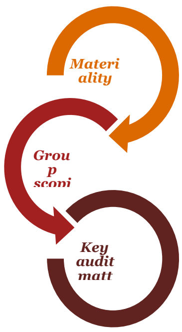
Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R5.6 million which represents 1% of consolidated total assets

Group audit scope

- The Group comprises 14 components. We performed full scope audits on 3 components due to their financial significance, and specified procedures on a further 5 components as a result of significant account balances and transactions within those components. The remaining 6 components were financially inconsequential and analytical review procedures were performed on its account balances and transactions.

Key audit matters

- Valuation of loan to Legend Power Solution Proprietary Limited;
- Impairment assessment of investment in associates, investment in subsidiaries and goodwill; and
- Valuation of GRI Wind Steel South Africa Proprietary Limited option.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R 5 600 000.*
How we determined it	*1% of consolidated total assets.*
Rationale for the materiality benchmark applied	*We chose consolidated total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.* *We chose 1% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using total assets to compute materiality and taking into account the life cycle of the business current operations.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises 14 components. We performed full scope audits on 3 components (the Company, Rustmo1 Solar Farm (RF) Proprietary Limited and Kouga Wind Farm (RF) Proprietary Limited) due to their financial significance, and specified procedures on a further 5 components as a result of significant account balances and transactions within these components. The remaining 6 components were financially inconsequential and analytical review procedures were performed on its account balances and transactions.

In establishing the overall approach to the Group, we determined the extent of the work that needed to be performed by us, as the group engagement team, or component auditors from other PwC network firms, operating under instruction, in order to issue our audit opinion on the consolidated financial statements. Where the work was performed by components auditors, we determined the level of involvement necessary in the audit work of those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***
Valuation of loan to Legend Power Solution Proprietary Limited *Refer to Note 10 Investments at fair value through profit or loss and Note 31 Fair value information to the consolidated and separate financial statements.* *This key audit matter relates to both the consolidated financial statements and the separate financial statements.*	We held discussions with management to obtain an understanding of the process applied by them to calculate the value of the loan. We utilised our valuation expertise to assess the Company's and Group's valuation model.

Key audit matter	How our audit addressed the key audit matter
The Company holds a participating convertible loan in Legend Power Solution Proprietary Limited ("LPS"). The loan is carried at fair value with gains and losses recognised through profit or loss, as reflected in the Statement of profit or loss and other comprehensive income. Management used the discounted cash flow method in determining the fair value of the loan. The valuation required significant judgment to be applied by management in the key assumptions underlying the valuation. These are based on conditions that existed at the end of the reporting period. The valuation of the loan was a matter of most significance to the current year audit due to the following: • the significant judgment applied by management, in relation to capacity revenue projections, the utilisation rate used to calculate energy revenue, the discount rate and the the period of operation; and • the significance of the amount to the consolidated and separate financial statements.	We accepted the valuation model methodology to be in line with generally accepted valuation methodology. We considered historical financial results of LPS and identified that capacity revenue accounted for the majority of revenue recognised. We compared the forecasted capacity revenue in the base year to the current year operational results and accepted the base revenue for purposes of the assessment of the valuation. We compared forecasted revenue growth during the period of the power purchase agreement to historical revenue growth and found it to be consistent. We compared subsequent revenue growth for the remaining planned period of operation to the targeted consumer price index rate range as determined by the South African Reserve Bank and found it to be consistent. We tested the utilisation rate used by management to calculate energy revenue by comparing it to the historical average utilisation rate per year. We assessed the reasonableness of the planned period of operation of the plant by comparing operating hours of the plant to the total operating hours achieved by similar independent external plants and we accepted the operating hours used by management. Utilising our valuations expertise, we tested the long-term discount rates used by management for reasonability by independently recalculating the discount rates, taking into account independently obtained data. The discount rates fell within an acceptable range of our independently calculated discount rates. We tested the mathematical accuracy of the model used by management and noted no material differences.
Impairment assessment of investment in associates, investment in subsidiaries and goodwill. *Refer to Note 4 and Note 5 Investments in associates and Investments in subsidiaries and Note 31 Fair value information.* *This key audit matter relates to both the consolidated and separate financial statements.*	We assessed the financial results of the Company's subsidiaries and Group's associates. In line with management's assessment, we identified impairment indicators regarding the investments in Kouga Wind Farm Proprietary Limited and Rustmo1 CGU.

The Company acquired 100% of the issued ordinary shares in Momentous Technologies Proprietary Limited, a holding company that owns a 66% majority stake in RustMo1 Solar Farm Proprietary Limited, on 1 June 2017.

The goodwill of R45 million that was recognised in the consolidated financial statements as a result of this transaction has been allocated to the RustMo1 cash-generating unit (CGU) as indicated in Note 1.16(iv) and Note 7 to the financial statements.

As disclosed in Note 4 to the consolidated and separate financial statements, the Company acquired 100% of the issued shares in Red Cap Investments Proprietary Limited ("Red Cap") and Eurocape Renewables Proprietary Limited ("Eurocape") on 22 March 2017. Red Cap and Eurocape hold 5.46% and 1.21% interest in Kouga Wind Farm (RF) Proprietary Limited ("Kouga") respectively, accounted for as an associate in the consolidated financial statements.

As disclosed in Note 5 to the consolidated and separate financial statements, the Company holds in substance 100% interest in Pele SPV13. The entity's only investment is the option in GRI Wind Steel South Africa Proprietary Limited ("GRI"). The recoverable amount of Pele SPV13 is based on the fair value of the GRI option.

Investments in subsidiaries in the Company's records are carried at cost less any accumulated impairment.

Management used the discounted cash flow method in determining the recoverable amount of the investment in subsidiaries, the RustMo1 (CGU), as well as the investment in the Kouga associate. The valuation required significant judgment to be applied by management in the key assumptions underlying the valuation. These are based on conditions that existed at the end of the reporting period.

The valuation of these investments was a matter of significance to the current year audit due to the following:

- the significant estimates applied by management, in particular, the revenue projections and the discount rate; and
- the significance of the amount to the consolidated and separate financial statements.

We held discussions with management to gain an understanding of the methodology applied in calculating the recoverable amounts of these investments and the RustMo1 CGU. We found the methodology applied by management to be in line with generally accepted valuation methodology and the applicable requirements of International Accounting Standard (IAS) 36: Impairment of Assets.

In respect of Kouga Wind Farm (RF) Proprietary Limited and RustMo1 CGU's revenue, we assessed the reasonableness of management's revenue forecasts through the assessment of the base revenue and subsequent revenue growth.

We compared forecasted production volumes to current year production volumes, and found it to be comparable.

In testing the revenue projections, we inspected the signed power purchase agreements and noted that the energy rates are linked to the consumer price index. We independently recalculated current energy rates by adjusting current year energy rates with the forecast consumer price index. We compared the results of our recalculation to the forecast energy rates used by management. No material differences were noted.

Utilising our valuation expertise, we tested long-term discount rates used by management for reasonability by independently calculating the discount rates, taking into account independently obtained data. The discount rates fell within an acceptable range of our independently calculated rates.

We tested the mathematical accuracy of the valuation models used by management to determine the recoverable amounts and no material differences were noted. We then performed the following procedures:

- We compared the recoverable amount of the Rustmo1 CGU, which includes goodwill, to the carrying amount, and found it to exceed its carrying amount.
- We compared the recoverable amount of Momentous Proprietary Limited to the carrying amount of the investment and recalculated the impairment loss recognised in the separate financial statements. No material differences were noted.
- The recoverable amount of Kouga and Eurocape and Red Cap in the separate financial statements exceeded its carrying amount.

We compared the recoverable amount of Pele SPV13 to the carrying value of this investment and noted a favourable fair value movement in the GRI

	Option and the recoverable amount of Pele SPV13 exceeded its carrying value. We recalculated the impairment reversal and found no material differences.
Valuation of GRI Wind Steel South Africa Proprietary Limited Option *Refer to Note 13 (Derivatives) and Note 31 (Fair Value information) of the consolidated financial statements.* *This key audit matter relates to the consolidated financial statements.* Pele SPV13 Proprietary Limited ("Pele SPV13") entered into an agreement (the "Share Purchase Agreement") to acquire 25% shareholding in GRI Wind Steel South Africa Proprietary Limited ("GRI") from GRI Renewables Industries, S.L for an amount of R82,5 million (the "Purchase Price"). In legal form Pele SPV13 is owned in equal proportions by the Company and Pele198 (RF) Proprietary Limited ("Pele SPV198") and in substance is owned 100% by the Group. In terms of the Share Purchase Agreement, on the fifth anniversary of the acquisition of the investment, Pele SPV13 (by extension, the Group) has an option in terms of which it may oblige GRI Renewable Industry, S.L, the co-shareholder and majority shareholder in GRI, to acquire all (and not a portion) of the Group's shares in GRI for an amount equal to the purchase price of R82,5m less any dividends paid to Pele SPV13 (the "Put Option"). The option provides downside protection of the value of the investment. Based on the above, the Group concluded that the risks and rewards associated with the current ownership interest in GRI have not transferred to the Group. The substance of the transaction is that the Group has prepaid its strike price for an option to acquire 25% ownership interest in GRI in the future for a fixed price. This instrument has been accounted for as a derivative and measured at fair value through profit or loss. The valuation of the GRI option was a matter of most significance to the current year audit due to the following: • the significant judgement involved in the model applied by management to determine the value; and • the significance of the amount to the consolidated financial statements.	We held discussions with management in order to obtain an understanding of the process applied to calculate the value of the option. We utilised our valuation expertise to independently calculate a range of acceptable fair values for the GRI option. In doing so, we used the Monte Carlo simulation approach, taking into account independently obtained data, such as the risk-free rate and volatility. Based on the results of our independent calculation, we accepted management's valuation of the GRI option.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Hulisani Group Trading as Hulisani Ltd financial statements for the year ended 29 February 2020", which includes the Directors' report, Audit Committee Report for the year under review and the Group Secretary's Certification, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "2020 Hulisani Integrated Report", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 that we 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 directors for the consolidated and separate financial statements

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 consolidated and separate 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 Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 PricewaterhouseCoopers Inc. has been the auditor of Hulisani Limited for 3 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

Director: CS Masondo

Registered Auditor

4 Lisbon Lane

Waterfall City

Jukskei View

2090

29 May 2020

Consolidated and separate statements of financial position

		Group			Company		
	Note(s)	**2020 R'000**	2019 Restated* R'000	1 March 2018 Restated* R'000	**2020 R'000**	2019 Restated* R'000	1 March 2018 Restated* R'000
Assets							
Non-Current Assets							
Property, plant and equipment	6	**121,462**	125,771	133,914	**4,239**	2,275	2,818
Intangible assets	7	**139,099**	145,965	152,830	**–**	–	–
Investments in subsidiaries	5	**–**	–	–	**260,118**	275,397	301,920
Investment in associate	4	**103,337**	103,560	122,312	**–**	–	–
Investment at amortised cost	12	**–**	19,276	–	**–**	19,276	–
Financial asset at fair value through other comprehensive income	12	**–**	–	8,961	**–**	–	8,961
Loans receivable	11	**7,522**	10,127	–	**7,522**	10,127	–
Investments at fair value through profit or loss	10	**81,609**	76,786	75,143	**81,609**	76,786	75,143
Derivatives	13	**70,347**	67,327	62,923	**–**	–	–
		523,376	548,812	556,083	**353,488**	383,861	388,842
Current Assets							
Trade and other receivables	9	**12,232**	22,475	29,140	**5,466**	20,235	25,077
Cash and cash equivalents	8	**26,923**	31,697	35,517	**1,378**	359	10,243
		39,155	54,172	64,657	**6,844**	20,594	35,320
Total Assets		**562,531**	602,984	620,740	**360,332**	404,455	424,162

Consolidated and separate statements of financial position

		Group			Company		
	Note(s)	**2020 R'000**	2019 Restated* R'000	1 March 2018 Restated* R'000	**2020 R'000**	2019 Restated* R'000	1 March 2018 Restated* R'000
Equity							
Share capital	29	**500,000**	500,000	500,000	**500,000**	500,000	500,000
Reserves		**6,562**	6,562	7,335	**–**	–	773
Retained income		**(151,519)**	(122,105)	(95,519)	**(153,301)**	(110,749)	(82,644)
Equity Attributable to Equity Holders of Parent		**355,043**	384,457	411,816	**346,699**	389,251	418,129
Non-controlling interest		**25,103**	29,078	33,333	**–**	–	–
		380,146	413,535	445,149	**346,699**	389,251	418,129
Liabilities							
Non-Current Liabilities							
Borrowings	15	**108,862**	114,695	125,492	**–**	–	–
Derivatives	13	**–**	–	–	**2,937**	3,101	4,521
Lease liabilities	17	**2,947**	–	–	**1,560**	–	–
Deferred tax	18	**43,139**	39,616	35,814	**–**	–	–
		154,948	154,311	161,306	**4,497**	3,101	4,521
Current Liabilities							
Trade and other payables	14	**9,853**	15,382	3,722	**3,574**	6,442	1,512
Borrowings	15	**11,743**	11,470	10,563	**–**	622	–
Lease liabilities	17	**1,533**	–	–	**1,255**	–	–
Dividend payable	16	**–**	3,247	–	**–**	–	–
Bank overdraft	8	**4,308**	5,039	–	**4,308**	5,039	–
		27,437	35,138	14,285	**9,137**	12,103	1,512
Total Liabilities		**182,385**	189,449	175,591	**13,633**	15,204	6,033
Total Equity and Liabilities		**562,531**	602,984	620,740	**360,332**	404,455	424,162

** Refer to note 35 for the details on restatements*

Consolidated and separate statements of profit or loss and other comprehensive income

		Group		Company	
	Note(s)	**2020 R'000**	2019 Restated* R'000	**2020 R'000**	2019 Restated* R'000
Revenue	19	**69,438**	50,371	**31,588**	36,870
Other operating income		**1,000**	17	**1,000**	–
Other operating gains	24	**7,843**	5,997	**4,987**	3,032
Other operating expenses	20	**(73,609)**	(73,303)	**(41,997)**	(43,776)
Financial assets write-off	23	**(25,737)**	–	**(25,737)**	–
Impairment loss	23	**–**	–	**(15,279)**	(26,524)
Operating loss	35	**(21,065)**	(16,918)	**(45,438)**	(30,398)
Investment income	21	**3,807**	7,485	**3,318**	6,616
Finance costs	22	**(13,760)**	(14,863)	**(432)**	(105)
Share of the profit from equity accounted investments	4	**7,608**	5,318	**–**	–
Loss before taxation		**(23,410)**	(18,978)	**(42,552)**	(23,887)
Taxation	25	**(3,523)**	(3,797)	**–**	–
Loss for the year		**(26,933)**	(22,775)	**(42,552)**	(23,887)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive loss for the year		**(26,933)**	(22,775)	**(42,552)**	(23,887)
(Loss)/profit attributable to:					
Owners of the parent		**(29,414)**	(24,842)	**(42,552)**	(23,887)
Non-controlling interest		**2,481**	2,067	**–**	–
		(26,933)	(22,775)	**(42,552)**	(23,887)
Total comprehensive loss/(profit) attributable to:					
Owners of the parent		**(29,414)**	(24,842)	**(42,552)**	(23,887)
Non-controlling interest		**2,481**	2,067	**–**	–
		(26,933)	(22,775)	**(42,552)**	(23,887)
Basic and diluted loss per share (c)	26	**(59)**	(50)	**(85)**	(48)

** Refer to note 35 for details on restatements.*

Consolidated and separate statements of changes in equity

Group	Share capital R'000	Non-distributable reserves R'000	Accumulated losses R'000	Attributable to equity holders of the parent R'000	Non-controlling interest R'000	Total equity R'000
Opening balance as previously reported	500,000	–	(124,618)	375,382	34,625	**410,007**
Correction of prior period error (note 35)	–	6,562	27,355	33,917	(1,292)	**32,625**
Balance at March 1, 2018 as restated	500,000	6,562	(97,263)	409,299	33,333	**442,632**
(Loss)/profit for the year	–	–	(24,842)	(24,842)	2,067	**(22,775)**
Other comprehensive income	–	–	–	–	–	**–**
Total comprehensive (Loss)/ profit for the year (restated)	–	–	(24,842)	(24,842)	2,067	**(22,775)**
Disposal of a subsidiary	–	–	–	–	272	**272**
Dividends	–	–	–	–	(6,594)	**(6,594)**
Balance at February 28, 2019 restated	500,000	6,562	(122,105)	384,457	29,078	**413,535**
(Loss)/profit for the year	–	–	(29,414)	(29,414)	2,481	**(26,933)**
Other comprehensive income	–	–	–	–	–	**–**
Total comprehensive (Loss)/ profit for the year	–	–	(29,414)	(29,414)	2,481	**(26,933)**
Dividends	–	–	–	–	(6,456)	**(6,456)**
Balance at February 29, 2020	500,000	6,562	(151,519)	355,043	25,103	**380,146**
Note(s)		35	35			

Consolidated and separate statements of changes in equity

Company	Stated capital R'000	Non–distributable reserves R'000	Accumulated loss R'000	Total Equity R'000
Opening balance as previously reported	500,000	–	(118,766)	**381,234**
Correction of prior period error (note 35)	–	–	31,904	**31,904**
Balance at 01 March 2018 as restated	500,000	–	(86,862)	**413,138**
Loss for the year	–	–	(23,887)	**(23,887)**
Other comprehensive income	–	–	–	**–**
Total comprehensive Loss for the year (restated)	–	–	(23,887)	**(23,887)**
Balance at 28 February 2019 as restated	500,000	–	(110,749)	**389,251**
Loss for the year	–	–	(42,552)	**(42,552)**
Other comprehensive income	–	–	–	**–**
Total comprehensive Loss for the year	–	–	(42,552)	**(42,552)**
Balance at 29 February 2020	500,000	–	(153,301)	**346,699**
Note(s)	29		35	

Consolidated and separate statements of cash flows

		Group		Company	
	Note(s)	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000
Cash flows from operating activities					
Cash generated (used in)/from operations	28	**(5,737)**	11,044	**(41,102)**	(29,899)
Net cash from operating activities		**(5,737)**	11,044	**(41,102)**	(29,899)
Cash flows from investing activities					
Purchase of property, plant and equipment	6	**(1,032)**	(1,148)	**(218)**	(27)
Sale of property, plant and equipment	6	**–**	109	**–**	–
Interest received		**19,160**	4,866	**17,719**	3,364
Dividends received		**14,746**	17,156	**27,400**	23,652
Subscription of debt investments at amortised cost	12	**–**	(12,500)	**–**	(12,500)
Net cash from investing activities		**32,874**	8,483	**44,901**	14,489
Cash flows from financing activities					
Proceeds from borrowings		**–**	622	**–**	622
Repayment of borrowings	15	**(5,560)**	(10,512)	**(622)**	–
Payment on lease liabilities	17	**(1,120)**	–	**(995)**	–
Dividends paid	16	**(9,703)**	(3,347)	**–**	–
Interest paid		**(14,797)**	(15,149)	**(432)**	(135)
Net cash from financing activities		**(31,180)**	(28,386)	**(2,049)**	487
Total cash movement for the year		**(4,043)**	(8,859)	**1,750**	(14,923)
Cash at the beginning of the year		**26,658**	35,517	**(4,680)**	10,243
Total cash at end of the year	8	**22,615**	26,658	**(2,930)**	(4,680)

Accounting policies

1. Significant accounting policies

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

1.1. Basis of preparation

The consolidated and separate 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 financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

These 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 and in compliance with the JSE Listings requirements.

The 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 group and company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2. Financial instruments

Initial recognition of financial assets

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

The classification of financial assets under IFRS 9 is based on whether the financial assets are equity instruments, debt instruments held or derivative assets. The classification and measurement of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics. The business model refers to how the group is managing its financial instruments to generate cash flows. The group first assesses the business model before considering whether an instrument meets the definition of the contractual cash flow test. Only if the financial instruments are held in a business model to collect contractual cash flows or a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the cash flows characteristics test is performed.

Equity instruments held as derivative assets are mandatorily categorised as financial assets at financial assets at fair value through profit or loss (FVTPL).

A debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions:

- it is held within a business model where the objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified at fair value through other comprehensive income (FVOCI) if it meets both of the following conditions:

- it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held in this type of business model are managed to realise cash flows by both collecting contractual cash flows and selling the financial instrument. Both these activities are fundamental to achieving the objective of the business model.

Accounting policies

1.2. Financial instruments (continued)

All debt instrument financial assets that were not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the group may irrevocably designate a debt instrument financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to or deducted from the fair value at initial recognition.

Subsequent measurement of financial assets

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is adjusted for any loss allowance. Interest income and impairment are recognised in profit or loss. The assets include receivables at amortised cost and other financial assets at amortised cost (refer to notes 9, 11 and 12). Any gains or losses arising on the derecognition are included in profit or loss in other operating income/expense.
Financial assets at FVTPL	These assets are subsequently measured at fair value. The assets consist of an investment at fair value through profit or loss, and a derivative which is not part of a hedging relationship (Note 10 and 13). Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Any gains or losses arising on the derecognition are included in profit or loss in other operating income/expense.

Note 30, Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

Initial recognition of financial liabilities

Financial liabilities not measured at FVTPL on initial recognition are measured at fair value less transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

Subsequent measurement of financial liabilities

Financial liabilities at amortised cost	These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. The liabilities include trade and other payables, lease liabilities and borrowings (refer to notes 14, 15 and 16). Any gains or losses arising on the derecognition are included in profit or loss in other operating income/expense.
Financial liabilities at fair value through profit or loss	These liabilities are subsequently measured at fair value. Net fair value gains and losses, including any interest expense are recognised in profit or loss (note 13).

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 30 for details of risk exposure and management thereof.

Accounting policies

1.2. Financial instruments (continued)

Expected credit losses

The expected credit loss (ECL) model applies to financial assets measured at amortised cost, for example loans and advances, trade and other receivables, and cash and cash equivalents held by the group. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group applies the general approach for all types of financial assets measured at amortised cost. In terms of the general expected credit loss approach the group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring. The ECL impairment loss allowance is determined as a probability-weighted amount based on the consideration of the current available reasonable and supportive forecast of forwarding looking information.

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

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

The group writes off a financial instrument at amortised cost when the entity has no reasonable expectation of recovery of the outstanding balance of the instrument. Determining when to write off financial assets is a matter of judgement and incorporates both quantitative and qualitative information. Indicators to write-off the asset include when interest repayments are 120 days past due and there is no reasonable expectation of recovery, as well as discussions with counterparties to the instruments. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

For presentation on the statement of financial position, the ECL allowances are deducted from the gross carrying amount of the assets as disclosed. ECLs are included in operating expenses in profit or loss (note 20).

For further information on the application of the ECL model on loans and advances refer to note 30.

Cash and cash equivalents

Cash and cash equivalents are initially stated at carrying amount, which is deemed to be fair value, and subsequently carried at amortised cost which is deemed to be fair value. Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. For the purpose of the cash flow statements, total cash at end of the year includes bank overdraft.

Accounting policies

1.3. Property, plant and equipment

Recognition and measurement

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition.

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 group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and impairment losses.

Depreciation

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 group. 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.

Item	Depreciation method	Useful life
Land	N/a	N/a
Buildings	Straight line	20 years
Right-of-use asset: Building (lease term)	Straight line	3 – 5 years
Plant and machinery	Straight line	5 – 20 years
Furniture and fixtures	Straight line	5 – 10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 – 6 years
IT equipment and software	Straight line	2 – 4 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.

The depreciation charge for each year is recognised in profit or loss.

Impairment

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.

Derecognition

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.

Accounting policies

1.4. Intangible assets

(i) Goodwill

Goodwill is measured as described in note 1.5. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) Customer contracts

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Amortisation

Intangible assets amortisation is provided on a straight-line basis over their useful life. The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Customer contract (Kouga and RustMo1 Power Purchase Agreement)	20 years

1.5. Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiaries. Subsidiaries are entities which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein and are recognised within equity.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Accounting policies

1.5. Consolidation (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis at the noncontrolling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

1.6. Investments in associates

An associate is an entity over which the group has significant influence, and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method. Under the equity method, investments in associates are carried in the statement of financial position at cost adjusted for post-acquisition changes in the group's share of net assets of the associate, less any impairment losses.

The group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies

1.7. Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.8. Stated capital

Ordinary shares are recognised at no par value and classified as stated capital in equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

1.9. Leases

The group 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 group 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.

Group 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 group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 20) on a straight-line basis over the term of the lease.

Details of leasing arrangements where the group is a lessee are presented in the property plant and equipment note.

1.10. Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

Accounting policies

1.10. Tax (continued)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

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

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

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.

1.11. Borrowing costs

There are no qualifying assets for capitalisation of borrowing costs. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.12. Dividends

Dividend income or expense is recognised when the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed or received at the end of the reporting period. Dividends receivable is raised for expected inflow of cash and dividends payable is raised for expected outflow of cash.

1.13. Revenue from contracts with customers

The group earns revenue from providing sale of electricity. Electricity transfer to the customer is regulated by the power purchase agreement. Performance obligation to deliver electricity is satisfied over time as the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs. Therefore, revenue is recognised over time, in the accounting period in which the services are rendered.

Accounting policies

1.13 Revenue from contracts with customers (continued)

Revenue is measured at the transaction price agreed under the contract and there is no recognised significant financing component. The group recognises revenue when the amount of revenue can be reliably measured. Revenue is recognised in the amount to which the group has a right to invoice. The customer is invoiced on a monthly basis and consideration is payable when invoiced.

Hulisani earns revenue in the form of dividends and interest income from the convertible loan, therefore is not in the scope of IFRS 15 Revenue from Contracts with Customers. Dividend income and interest income on the convertible loan is recognised when the right to receive payment is established.

1.14. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating-decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group's executive committee that makes strategic decisions.

The basis of segmental reporting has been set out in note 27.

1.15. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.16. Significant judgements and sources of estimation uncertainty

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.

The areas involving significant estimates or judgements are:

(i) Investment in associates decision

Hulisani holds 100% of issued shares in Red Cap Investments (Pty) ("Red Cap") Ltd and Eurocape Renewables (Pty) Ltd ("Eurocape"). Red Cap and Eurocape hold 5.46% and 1.21% interest in Kouga Wind Farm (RF) (Pty) Ltd respectively, combined to 6.67%.

Hulisani management made a judgement regarding the classification of this acquisition to an investment in associates as Hulisani has a directorship representation in the board of the investee. The board representation indicates a level of significant influence by Hulisani.

(ii) Estimated fair value of financial assets at fair value through profit or loss

Hulisani holds a convertible loan to Legend Power Solutions (Pty) "(LPS"). The group carries the financial asset as the investment at fair value through profit or loss. The fair value is determined by discounting dividend income using the dividend discount method. The expected cash flows are discounted using an appropriate discount rate. In determining the recoverable amount, the group made key assumptions on base revenue from underlying plant operations, discount rate and period of operation. The loan participates in 9% of distributable profits available to LPS' shareholders. On maturity the loan will convert to 9% of equity in LPS.

Accounting policies

1.16. Significant judgements and sources of estimation uncertainty (continued)

(iii) Impairment of investments in subsidiaries

Management identified impairment indicators relating to the investments in Momentous Technologies (Pty) Ltd ("Momentous"), Red Cap Investments (Pty) Ltd ("Red Cap") and Eurocape Renewables (Pty) Ltd ("Eurocape"). The nature of some of the investments acquired by Hulisani is that they are expected to wind down in line with the passage of time in accordance with the Power Purchase Agreements with Eskom. This is mainly driven by the fact that these investments pay dividends which are in excess of the total comprehensive income, in turn returning a portion of capital back to investors. The expected cash flows are discounted using an appropriate discount rate. In determining the expected cash flows, the group made key assumptions on forecasted revenue and the discount rate.

(iv) Goodwill impairment

The carrying value of goodwill in the group is R45m and arose on acquisition of a majority stake in RustMo1 Solar Farm (Pty) Ltd ("RustMo1"). RustMo1 is considered to be a separately identifiable cash generating unit and goodwill has been allocated to this cash generating unit. The recoverable amount of goodwill was based on a value in use, using the dividend discount method. In determining the recoverable amount, the group made key assumptions on forecasted revenue and the discount rate.

(v) IFRS 9 Expected Credit Losses

Hulisani management made a judgement regarding the assessment of receivables for impairments using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit loss allowance of the respective items at the date they were initially recognised and at statement of financial position date.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(vi) Estimated fair value of option

Hulisani holds 100% of issued shares in Pele SPV13 (Pty) ("Pele SPV13") Ltd. Pele SPV13 holds a 25% interest in GRI Wind Steel South Africa (Pty) Ltd ("GRI"). The investment has previously been classified as an investment in associate. In the current reporting it was identified that an existing written Put Option in the Share Purchase Agreement for the investment in GRI was not considered in accounting for the investment and the Put Option obliges GRI Spain, a co-shareholder in the investment, to acquire all (and not a portion) of Pele SPV13's shares in GRI for an amount equal to the initial purchase price of the investment less any dividends paid to Pele SPV13 (the "Put Option").

Management has reassessed the accounting treatment of the Put Option and concluded that in substance Pele SPV13 effectively prepaid the strike price for a call option to acquire an equity stake in GRI. The option is accounted for as a derivative financial asset with gains and losses recognised through profit or loss. Refer to note 35 for details.

(vii) Adoption of IFRS 16

Management has had to make a judgement when determining the lease term, by considering all facts and circumstance that create an economic value on the decision on whether the group will exercise an option to extend the leases. It was decided that extension option should not be included in the lease liability, because the group could replace the assets without significant cost or business disruption.

Accounting policies

1.16. Significant judgements and sources of estimation uncertainty (continued)

(viii) The impact of COVID-19

Management assessed the impact of COVID-19 to be a post balance sheet event which does not necessitate material adjustments in the financial period the group is reporting on. This is on the basis that the first case in South African was reported in March 2020, followed by the announcement of the lockdown by President Cyril Ramaphosa. Management does not expect lockdown to have a material adverse impact on the operations of Hulisani nor on the going concern assumption. Management believes that the group has enough liquidity to withstand the impact of COVID-19 and will remain a going concern for the foreseeable future. Refer to note 37 for further details on the impact of COVID-19.

(ix) Deferred tax assets

Deferred tax assets are raised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Assessment of future taxable profit is performed at every reporting date. Details of deferred taxation can be found in note 18.

Notes to the consolidated and separate financial statements

2. Changes in accounting policy

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

Implementation of IFRS 16 Leases
In the current year, the group has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being March 1, 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

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

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

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at March 1, 2019.

Leases where group is lessee
Leases previously classified as operating leases
The group undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at an amount equal to the lease liability adjusted for the rental smoothing liability previously recognised under IAS17.

The group relied on previous assessments on whether leases are onerous as an alternative to applying IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

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

- leases which were expiring within 12 months of March 1, 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis.
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.

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 group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed lease payments, including in-substance fixed payments.

Notes to the consolidated and separate financial statements

2. Changes in accounting policy (continued)

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 22).

Right-of-use assets

Right-of-use assets are presented as part of property, plant and equipment in the statement of financial position, details are included in note 6.

Lease payments included in the measurement of the right-of-use asset 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 group 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. Depreciation starts at the commencement date of a lease.

The residual value, lease term 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.

The depreciation charge for each year is recognised in profit or loss.

Impact on financial statements

On transition to IFRS 16, the group recognised an additional R3.4m of right-of-use of property and R3.8m of lease liabilities.

When measuring lease liabilities, group discounted lease payments using its incremental borrowing rate at March 1, 2019. The rate applied is 13%.

	Group 2020 R'000	Company 2020 R'000
Reconciliation of previous operating lease commitments to lease liabilities under IFRS 16		
Operating lease commitments disclosed as at 29 February 2020	5,293	5,293
– Within one year	1,630	1,630
– Later than one year but not later than five years	3,663	3,663
Present value of operating leases at 28 February 2019	3,810	3,810
Less: Short -term leases	–	–
Lease liability recognised as at 1 March 2020 (previous operating lease)	3,810	3,810
Of which are:		
Current lease liabilities	1,418	1,418
Non-current lease liabilities	2,392	2,392
Total lease liabilities	3,810	3,810
Represented by		
Right-of-use assets – Property, plant and equipment	3,447	3,447
Total right-of-use assets	3,447	3,447

Notes to the consolidated and separate financial statements

2. Changes in accounting policy (continued)

Group and Company

Balance sheet (Extract)	28 February 2020 R'000	IFRS 16 R'000	1 March 2020 Restated R'000
Property, plant and equipment	–	3,447	**3,447[1]**
Total assets	–	3,447	**3,447**
Trade and other payables	363	(363)	–
Current lease liability	–	1,418	**1,418**
Non-current lease liabilities	–	2,392	**2,392**
Total liabilities	363	3,447	**3,810**

[1] *The right-of-use asset has been adjusted for R363k straight-lining lease liability raised in the previous year.*

3. New Standards and Interpretations

The following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2019 became effective:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
Uncertainty over Income Tax Treatments	1 January 2019	This new interpretation standard sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The impact of the interpretation will be assessed and applied to uncertain tax position in future. There is no material impact for the Hulisani and the group.
IFRS 16 Leases	1 January 2019	The new standard provides a comprehensive model to identify lease arrangements and the treatment thereof in the financial statements of both lessees and lessors. Refer to note 2 for the impact of IFRS 16 adoption.
Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.	1 January 2019	The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. There is no material impact for the Hulisani and the group.

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

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Definition of Material – Amendments to IAS 1 and IAS 8	1 January 2020	To enable the use of a consistent definition of materiality throughout *International Financial Reporting Standards* and the *Conceptual Framework for Financial Reporting*, and to clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.
• Revised *Conceptual Framework for Financial Reporting*	1 January 2020	The revised Conceptual Framework will be used in standard-setting decisions with immediate effect; however, no changes will be made to any of the current accounting standards. The impact of the revised conceptual framework will be assessed in the future.

Notes to the consolidated and separate financial statements

4. Investment in associate

Kouga Wind Farm (Pty) Ltd

Hulisani holds 100% of issued shares in Red Cap Investments (Pty) ("Red Cap") Ltd and Eurocape Renewables (Pty) Ltd ("Eurocape"). Red Cap and Eurocape hold 5.46% and 1.21% interest in Kouga Wind Farm (RF) (Pty) Ltd respectively, combined to 6.67%. Red Cap and Eurocape are investment holding companies.

	Group	
	2020 **R'000**	2019 Restated R'000
Balance at the beginning of the period	**103,560**	122,312
Profit attributable to Hulisani Limited	**7,608**	5,318
Dividends received	**(7,831)**	(24,070)
Balance at the end of the period	**103,337**	103,560

i) Identifiable assets

The group conducted a fair value assessment on acquisition of the associate and recognised customer contracts of R88m (included within the carrying value of the investment). The contract is a 20-year Power Purchase Agreement ("PPA") between Kouga and Eskom, which is the agreement regulating the supply of electricity by Kouga to Eskom. The customer contract is subsequently amortised on a straight-line basis over the remaining term of the PPA to match the cash flows of the contract.

	Kouga	
	2020 **R'000**	2019 R'000
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Revenue	**501,372**	466,033
Other income and expenses	**(277,192)**	(254,247)
Profit before tax	**224,180**	211,786
Tax expense	**(57,481)**	(79,417)
Profit from operations	**166,699**	132,369
Total comprehensive income	**166,699**	132,369
Profit attributable to Hulisani	**11,119**	8,829
Intangibles arising from acquisition amortised (net of tax)	**(3,511)**	(3,511)
	7,608	5,318

	Kouga	
	2020 **R'000**	2019 R'000
Summarised Statement of Financial Position		
Assets		
Non-current	**1,257,759**	1,350,969
Current	**457,390**	433,503
Total assets	**1,715,149**	1,784,472
Liabilities		
Non-current	**1,397,901**	1,522,657
Current	**141,536**	135,404
Total liabilities	**1,539,437**	1,658,061
Total net assets	**175,712**	126,411

Notes to the consolidated and separate financial statements

4. Investment in associate (continued)

	Kouga	
	2020 R'000	2019 R'000
Reconciliation of net assets to equity accounted investments in associates		
Interest in associates at percentage ownership	**11,720**	8,432
Goodwill	**52,699**	52,699
Intangible asset arising from acquisition (net of tax)	**53,232**	56,743
Accumulated impairment loss	**(14,314)**	(14,314)
Carrying value of investment in associate	**103,337**	103,560

ii) Impairment

Management identified impairment indicators in Kouga due to the production being less than originally budgeted for. An impairment assessment was performed, and it was determined that no impairment loss adjustment was required. Refer to note 5 for details on how the recoverable amount was derived, as well as key inputs to the valuation model.

5. Investments in subsidiaries

The following table lists the entities which are controlled by the group.

Company

Name of company	**2020 R'000**	2019 Restated R'000
Pele SPV13 (Pty) Ltd	**82,501**	82,501
Momentous Technologies (Pty) Ltd	**116,681**	116,681
Red Cap Investments (Pty) Ltd	**112,125**	112,125
Eurocape Renewables (Pty) Ltd	**24,796**	24,796
Other investments in subsidiaries	**5**	5
Total cost	**336,108**	336,108
Accumulated impairment	**(75,990)**	(60,711)
	260,118	275,397

Reconciliation of investment in subsidiaries

	Momentous Technologies (Pty) Ltd R'000	Red Cap Investments (Pty) Ltd R'000	Eurocape Renewables (Pty) Ltd R'000	Pele SPV13 (Pty) Ltd R'000	Other investments in subsidiaries R'000	**Total R'000**
Balance at 1 March 2019 – restated	104,180	85,072	18,813	67,327	5	**275,397**
Impairment loss	(18,240)	–		2,961	–	**(15,279)**
Balance at 29 February 2020	85,940	85,072	18,813	70,288	5	**260,118**
Balance at 1 March 2018 – restated	116,681	100,156	22,156	62,923	4	**301,920**
Cost/Additions	–	–		–	1	**1**
Impairment loss	(12,501)	(15,084)	(3,343)	4,404	–	**(26,524)**
Balance at 28 February 2019	104,180	85,072	18,813	67,327	5	**275,397**

Notes to the consolidated and separate financial statements

5. Investments in subsidiaries (continued)

(a) Impairment and reversal

Momentous

Accounting standards indicate that for an investment in subsidiary if the consolidated carrying value of the subsidiary is less than the value of the investment in the separate financial statements, or dividends received exceed the total comprehensive income of the subsidiary in the period the dividend is declared those are indicators that an investment should be assessed for impairment. As such management has assessed this to be the case in relation to the investment in Momentous Technologies (Pty) Ltd ("Momentous"). The nature of some of the investments acquired by Hulisani is that they are expected to wind down in line with the passage of time in accordance with the Power Purchase Agreements with Eskom. This is mainly driven by the fact that these investments pay dividends which are in excess of the total comprehensive income, in turn returning a portion of capital back to investors. Therefore, it becomes necessary for the carrying value to be adjusted to the recoverable value at each reporting date, determined as its value in use.

Momentous holds 66% interest in RustMo1. An impairment loss of R18m for the investment in Momentous subsidiary has been recognised in the statement of profit or loss and other comprehensive income.

The key inputs to the discounted cash flow model are as follows:

- Discount rate – 13.1%
- Base revenue - Base revenue (year 1 revenue cash flow forecast in the model) is determined using current year energy rate inflated at CPI in line with the terms of the Power Purchase Agreement. The base revenue in the cash flow projections is R54 million.

The model is most sensitive to changes in base revenue and discount rate.

- If all assumptions remained unchanged, a 5% decrease in base revenue and subsequent revenue projections results in a decrease in the recoverable amount, and further impairment of R7m;
- If all assumptions remained unchanged, a 1% increase in discount rate results in a decrease in the recoverable amount, and further impairment of R6m.

Pele SPV13

The entity's only asset is an investment in GRI, which was reclassified in the current year from an equity accounted investment to an option (refer to note 35). The GRI option protects the investment from the downside risk and supports the higher value in use. Therefore, in line with the favourable fair value movement in GRI option the recoverable amount of the investment in the subsidiary has been assessed to be higher than the carrying value, hence the reversal of the impairment.

The impairment reversal in the current year is R2.9m. Refer to note 31 for details on how the recoverable amount was derived, as well as key inputs to the valuation model.

Red Cap and Eurocape

Red Cap Investments (Pty) Ltd ("Red Cap") holds 5.46% and Eurocape Renewables (Pty) Ltd ("Eurocape") holds 1.21% respectively for a combined interest of 6.67% in Kouga, being the only significant asset held by Red Cap and Eurocape. Management identified impairment indicators in Kouga due to the production being less than originally budgeted for. Therefore, a recoverable amount of the investment in subsidiaries was determined through the dividend discount valuation model, by reference to the operations' value in use. The valuation process determined the recoverable amount of R110m to be higher than the carrying value of the investments, and there was no requirement to impair the assets.

The key inputs to the discounted cash flow model are as follows:

- Discount rate – 13.5%
- Base revenue - Base revenue (year 1 revenue cash flow forecast in the model) is determined using current year energy rate inflated at CPI in line with the terms of the Power Purchase Agreement. The base revenue in the cash flow projections is R517 million.

Notes to the consolidated and separate financial statements

5. Investments in subsidiaries (continued)

The model is most sensitive to changes in base revenue and discount rate.

- If all assumptions remained unchanged, a 5% decrease in base revenue and subsequent revenue projections results in a decrease in the recoverable amount, and impairment of R9m;
- If all assumptions remained unchanged, a 1% increase in discount rate results in a decrease in the recoverable amount, and impairment of R7m.

As explained in more detail in note 37, the provision of power has been designated as an essential service and as result the impact of COVID-19 on cash flow projection utilised in the valuation of Hulisani's investment is limited. The sensitives above illustrate the impact of changes in discount rate which are likely to be impacted by changes in macroeconomic indicators and the macro economy in general.

6. Property, plant and equipment

	2020			2019		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Group						
Land	**1,226**	**–**	**1,226**	1,226	–	1,226
Building	**986**	**(310)**	**676**	986	(261)	725
Plant and machinery	**136,271**	**(23,075)**	**113,196**	135,496	(14,570)	120,926
Furniture and fixtures	**3,028**	**(1,281)**	**1,747**	2,810	(854)	1,956
Right-of-use assets:						
Building	**5,237**	**(1,328)**	**3,909**	–	–	–
Motor vehicles	**595**	**(159)**	**436**	595	(40)	555
Office equipment	**385**	**(188)**	**197**	375	(123)	252
IT equipment and software	**359**	**(284)**	**75**	330	(199)	131
Total	**148,087**	**(26,625)**	**121,462**	141,818	(16,047)	125,771
Company						
Furniture and fixtures	**3,009**	**(1,273)**	**1,736**	2,791	(851)	1,940
Right-of-use assets:						
Building	**3,447**	**(1,150)**	**2,297**	–	–	
Office equipment	**349**	**(175)**	**174**	349	(116)	233
IT equipment and software	**294**	**(262)**	**32**	294	(192)	102
Total	**7,099**	**(2,860)**	**4,239**	3,434	(1,159)	2,275

Reconciliation of property, plant and equipment – Group – 2020

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Land	**1,226**	**–**	**–**	**1,226**
Building	**725**	**–**	**(49)**	**676**
Plant and machinery	**120,926**	**775**	**(8,505)**	**113,196**
Furniture and fixtures	**1,956**	**218**	**(427)**	**1,747**
Right-of-use assets: Building	**–**	**5,237[1]**	**(1,328)**	**3,909**
Motor vehicles	**555**	**–**	**(119)**	**436**
Office equipment	**252**	**10**	**(65)**	**197**
IT equipment	**131**	**29**	**(85)**	**75**
	125,771	**6,269**	**(10,578)**	**121,462**

[1] *The right of use assets consists of R3.4m which arose due to the first-time adoption of IFRS16, and R1.8m in new leases entered into during the financial period. .*

Notes to the consolidated and separate financial statements

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – Group – 2019

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	1,226	–	–	–	1,226
Building	774			(49)	725
Plant and machinery	128,881	471	–	(8,426)	120,926
Furniture and fixtures	2,349	27	–	(420)	1,956
Motor vehicles	192	595	(139)	(93)	555
Office equipment	312	3	–	(63)	252
IT equipment	180	52	–	(101)	131
	133,914	1,148	(139)	(9,152)	125,771

Reconciliation of property, plant and equipment – Company – 2020

	Opening balance R'000	**Additions R'000**	**Depreciation R'000**	**Total R'000**
Furniture and fixtures	**1,940**	**218**	**(422)**	**1,736**
Right-of-use asset: Building	**–**	**3,447**[1]	**(1,150)**	**2,297**
Office equipment	**233**	**–**	**(59)**	**174**
IT equipment	**102**	**–**	**(70)**	**32**
	2,275	**3,665**	**(1,701)**	**4,239**

[1] *The right of use assets consists of R3.4m which arose due to the first-time adoption of IFRS16.*

Reconciliation of property, plant and equipment – Company – 2019

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fixtures	2,347	10	(417)	1,940
Office equipment	291	–	(58)	233
IT equipment	180	17	(95)	102
	2,818	27	(570)	2,275

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings (refer to note 15):

	Group	
	2020 R'000	2019 R'000
Property, plant and equipment:		
– Land	**1,226**	1,226
– Building	**676**	725
– Plant and machinery	**113,195**	120,925
– Other assets	**2,126**	620
Total non-current assets pledged as security	**117,223**	123,496
Total assets pledged as security	**117,223**	123,496

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.

Notes to the consolidated and separate financial statements

7. Intangible assets

	2020			2019		
Group	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Goodwill	**44,761**	**–**	**44,761**	44,761	–	44,761
Customer contract	**113,218**	**(18,880)**	**94,338**	113,218	(12,014)	101,2041
Total	**159,979**	**(18,880)**	**139,099**	157,979	(12,014)	145,965

Reconciliation of intangible assets – Group – 2020

	Opening balance R'000	Amortisation R'000	Total R'000
Goodwill	**44,761**	**–**	**44,761**
Customer contract	**101,204**	**(6,866)**	**94,338**[1]
	145,965	**(6,866)**	**139,099**

Reconciliation of intangible assets – Group – 2019

	Opening balance R'000	Amortisation R'000	Total R'000
Goodwill	44,761	–	44,761
Customer contract	108,069	(6,865)	101,204
	152,830	(6,865)	145,965

[1] *Development costs have been combined with customer contracts due to the interrelated nature of these intangibles. The purchase price allocation was performed on acquisition of RustMo1. The customer contract that has been recognised relates to the Power Purchase Agreement with Eskom. This is amortised over the remaining period of the agreement and the remaining useful lives of intangible assets at 29 February 2020 is 16.5 years.*

Impairment of goodwill

The goodwill relates to the acquisition of the RustMo1 Solar Farm (Pty) Ltd ("RustMo1") and it is mainly attributable to the deferred tax liability recognised on the fair value of intangible assets.

In accordance with the requirements of IAS 36 'Impairment of Assets', goodwill is tested annually for impairment for each Cash Generating Unit (CGU), by comparing the carrying amount of each CGU to its recoverable amount, being the higher of that CGU's value in use or fair value less costs to sell. The appropriateness of the CGUs is evaluated on an annual basis. For impairment testing goodwill acquired through business combinations is allocated to the RustMo1 CGU, which is also an operating and a reportable segment.

In the performance of goodwill impairment testing, the group used the value in use calculation to determine the recoverable amount, by using dividend discount model, which incorporated dividends projections from financial model approved by senior management covering the remaining period of the Power Purchase Agreement ("PPA") and a risk-adjusted discounted rate reflecting cost of equity. Refer to note 5, under Momentous disclosures for key inputs into the dividend discount model.

The carrying amount of the goodwill allocated to the CGU:

	RustMo1 R'000	Total R'000
Goodwill	44,761	**44,761**
	44,761	**44,761**

Notes to the consolidated and separate financial statements

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Bank balances	**15,068**	20,425	**437**	–
Short-term deposits	**11,855**	11,272	**941**	359
Bank overdraft	**(4,308)**	(5,039)	**(4,308)**	(5,039)
	22,615	26,658	**(2,930)**	(4,680)
Current assets	**26,923**	31,697	**1,378**	359
Current liabilities	**(4,308)**	(5,039)	**(4,308)**	(5,039)
	22,615[1]	26,658	**(2,930)**	(4,680)

[1] *Cash and cash equivalents with a carrying value of R10m in short-term deposits at group level has been pledged as security for current and non-current borrowings.*

9. Trade and other receivables

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Financial instruments:				
Trade receivables	**10,254**[3]	9,761	**–**	–
Trade receivables – related parties	**650**	5,851	**650**	5,851
Loans to group companies[1]	**–**	–	**14,1911**	6,532
Other receivables	**239**	191	**12**	–
Loss allowance	**–**	(994)	**(9,513)**[2]	(5,478)
Trade receivables at amortised cost	**11,143**	14,809	**5,340**	6,905
Dividends receivable	**–**	6,914	**–**	13,218
Non-financial instruments:				
VAT	**189**	54	**–**	–
Prepayments	**900**	698	**126**	112
Total trade and other receivables	**12,232**	22,475	**5,466**	20,235

[1] *Loans to group companies consist of a R4.9m interest free loan to Momentous repayable in three months, and a R9.3m loan to Umhlaba Land Lease (Pty) Ltd ("Umhlaba") with no fixed term and the interest is earned at prime plus 2%.*

[2] *The loan balance for Umhlaba has a full expected loss allowance against it.*

[3] *This trade receivables balance relates to Eskom. In the event of default, the outstanding balance is backed by Treasury and Eskom has made payments due on time post year end.*

Exposure to credit risk

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

To assess whether there is a significant increase in credit risk, the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Furthermore, even though the impact of COVID-19 has been determined to be a non-adjusting event, it still required to be looked at in the context of expected credit loss allowance.

Notes to the consolidated and separate financial statements

9. Trade and other receivables (continued)

The major customer to the group is Eskom, and as such is has been determined that even though there is an expectation of a significant negative impact on the economy and business activity in general, Hulisani does not expect this to materially impact the ability of Eskom to make payments as they fall due.

In addition, in the context of loans to group companies expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations have been considered and the ECL allowance increase is a reflection of that.

The loss allowance is determined as follows:

Group	2020	2020	2019	2019
	Estimated gross carrying amount at default	**Loss allowance**	Estimated gross carrying amount at default	Loss allowance
Expected credit loss rate:				
Current	**10,493**[1]	**–**	21,876	(702)
Past due	**650**	**–**	841	(292)
Total	**11,143**	**–**	22,717	(994)

[1] *Expected credit loss is immaterial for these trade receivables.*

Company	2020	2020	2019	2019
	Estimated gross carrying amount at default	**Loss allowance**	Estimated gross carrying amount at default	Loss allowance
Expected credit loss rate:				
Current	**7,671**	**(5,029)**	24,951	(5,186)
Past due	**7,182**	**(4,484)**	650	(292)
Total	**14,853**	**(9,513)**	25,601	(5,478)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Opening balance	**(994)**	(994)	**(5,478)**	(994)
Allowance raised on new trade receivables	**–**	–	**(5,029)**	(4,484)
Allowance reversed	**994**	–	**994**	–
Closing balance	**–**	(994)	**(9,513)**	(5,478)

Notes to the consolidated and separate financial statements

10. Investments at fair value through profit or loss

Convertible loan to Legend Power Solution

Hulisani Limited holds a convertible loan to Legend Power Solution (Pty) Ltd ("LPS"), a company with an underlying investment in Avon and Dedisa Peaking Power. The loan participates in 9% of distributable profits available to LPS shareholders and will convert to a 9% equity stake in LPS. The loan will convert when senior funding in LPS has been fully repaid to the lender. The investment is carried as a financial asset at fair value through profit or loss.

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Investment at fair value through profit or loss:				
Convertible loan to Legend Power Solution	**81,609**	76,786	**81,609**	76,786
	81,609	76,786	**81,609**	76,786

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Balance at the beginning of the period	**76,786**	75,143	**76,786**	75,143
Fair value gains/(loss)	**4,823**	1,643	**4,823**	1,643
Balance at the end of the period	**81,609**	76,786	**81,609**	76,786

(i) Classification

The loan is classified as a financial asset at fair value through profit or loss.

(ii) Fair value loss and Significant estimates

Refer to Note 31 for further information on valuation inputs. A fair value profit of R4.8m (2019: R1.6m) was recognised in the statement of comprehensive income during the period under review on Legend Power Solution convertible loan.

11. Loans receivable

(i) Loan to Pele Green Energy (Pty) Ltd

The loan to Pele Green Energy (Pty) Ltd ("Pele Green") is issued for a period of 5 years, repayable annually on the anniversary of the issue date. The interest rate is set at prime rate plus 2%.

(ii) Loan to Ignite Energy Projects (Pty) Ltd

In the prior period Hulisani had a receivable to the value of R5m from Ignite Energy Projects (Pty) Ltd ("Ignite"), the loan did not earn interest and has no repayment terms. In the year under review the loan has been written off due a significant deterioration in the credit risk of Ignite. Hulisani assessed the financial standing of Ignite, in the context of current economic climate and concluded that it is prudent to write-off the loan as there are no prospects of recoverability.

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Pele Green Energy (Pty) Ltd	**7,522**	5,877	**7,522**	5,877
Ignite Energy Projects (Pty) Ltd	**–**	4,250	**–**	4,250
	7,522	10,127	**7,522**	10,127

Notes to the consolidated and separate financial statements

11. Loans receivable (continued)

Exposure to credit risk
Loans receivable inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due. Refer to Note 30 for further information on credit risk and ECL.

Group and Company – 2020

Instrument	Basis of loss allowance	Gross Carrying amount R'000	Loss allowance R'000	Amortised cost R'000
Pele Green Energy (Pty) Ltd	12m ECL	7,522	–	7,522[1]
		7,522	–	7,522

Group and Company – 2019

Instrument	Basis of loss allowance	Gross Carrying amount R'000	Loss allowance R'000	Amortised cost R'000
Pele Green Energy (Pty) Ltd	12m ECL	6,679	(802)	5,877
Ignite Energy Projects (Pty) Ltd	12m ECL	5,000	(750)	4,250
		11,679	(1,552)	10,127

[1] *The loan to Pele Green (Pty) Ltd has since been repaid in full as at 31 March 2020.*

12. Investment at amortised cost

Preference shares to Ignite Energy Projects (Pty) Ltd
Hulisani Limited invested in preference share issued by Ignite Energy Projects (Pty) Ltd ("Ignite") with a subscription value of R21.7m. The preference shares are redeemable in 5 years, and the interest rate is set at prime plus 2.35%.

The preference shares have been written off due a significant deterioration in the credit risk of Ignite. Hulisani assessed the financial standing of Ignite, in the context of current economic climate and concluded that it is prudent to write-off the investment as there are no prospects of recoverability.

The investment is presented at amortised cost, which is net of loss allowance, as follows:

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Ignite Energy Projects (Pty) Ltd	–	19,276	–	19,276
	–	19,276	–	19,276

The investment is presented at amortised cost, which is net of loss allowance, as follows:

Exposure to credit risk
Investment at amortised cost inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due. Refer to Note 30 for further information on credit risk and ECL.

Notes to the consolidated and separate financial statements

12. Investment at amortised cost (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for the investment as at the end of the financial period:

Group and company – 2019

Instrument	Basis of loss allowance	Gross Carrying amount R'000	Loss allowance R'000	Amortised cost R'000
Ignite Energy Projects (Pty) Ltd	12m ECL	22,678	(3,402)	**19,276**
		22,678	(3,402)	**19,276**

13. Derivatives

(a) GRI option

On 27 July 2017 the Company acquired 50% of the share capital in Pele SPV13 (Pty) Ltd ("Pele SPV13") for a cash consideration of R41.25m and subscribed for preference shares of R41.25m to Pele SPV198 (Pty) Ltd ("Pele SPV198"). Pele SPV13 (Pty) Ltd ("Pele SPV13") entered into an agreement (the "Share Purchase Agreement") to acquire 25% shareholding in GRI Wind Steel South Africa (Pty) Ltd ("GRI") from GRI Renewables Industries, SL for an amount of R82,5 million (the "Purchase Price"). In legal form Pele SPV13 is owned in equal proportions by Hulisani and Pele198 (RF) (Pty) Ltd ("Pele SPV198") and in substance is owned 100% by Hulisani.

In terms of the Share Purchase Agreement, on the fifth anniversary of the acquisition of the investment, Pele SPV13 (by extension Hulisani) has an option in terms of which it may oblige GRI Renewable Industry, S.L., the co-shareholder and majority shareholder in GRI, to acquire all (and not a portion) of Hulisani's shares in GRI for an amount equal to the purchase price of R82,5m less any dividends paid to Pele SPV13 (the "Put Option"). The option provides downside protection of value of the investment as Hulisani is able to receive the invested amount in full at the end of the agreed period. Dividends received from GRI are applied against the purchase price if the put option is exercised, meaning that Hulisani will not benefit from returns on the investment, and as a result Hulisani does not have upside potential in the value of the investment if the put option is exercised.

Based on the above the conclusion is that the risks and rewards associated with the current ownership interest in GRI have not transferred to Hulisani. The substance of the transaction is that Hulisani has prepaid its strike price for an option to acquire 25% ownership interest in GRI in the future for a fixed price. This instrument therefore meets the definition of a derivative within the scope of IFRS 9.

(b) Pele SPV198 option

As highlighted above, Hulisani subscribed for preference shares of R41.25m Pele SPV198 and the preference share subscription agreement includes a requirement that Pele SPV198 pledges its shares held in Pele SPV13 to Hulisani until the preference share funding is repaid. Therefore, until such time as the preference shares have been repaid risks and rewards associated with the Pele SPV198 investment in Pele SPV13 have transferred to Hulisani and Pele SPV198 effectively has an option to acquire the 50% interest in Pele SPV13 once the preference share funding has been repaid.

The option is carried as an equity-settled instrument by the group, while the company accounts for it as a cash-settled instrument.

Notes to the consolidated and separate financial statements

13. Derivatives (continued)

Refer to Note 31 for further information on valuation inputs.

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Non-hedging derivatives:				
Assets				
Derivative – GRI option	**70,347**	67,327	**–**	–
Total	**70,347**	67,327	**–**	–
Liabilities				
Derivative – Pele SPV198 option	**–**	–	**2,937**	3,101
Total	**–**	–	**2,937**	3,101

14. Trade and other payables

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Financial instruments:				
Trade payables	**3,049**	3,777	**1,007**	3,565
Other payables	**4,303**[1]	4,525	**–**	–
Accrued expense	**676**	5,724	**961**	1,816
Accrued audit fees	**1,070**	825	**1,070**	825
Non-financial instruments:	**9,098**	14,851	**3,038**	6,206
Leave accrual	**590**	290	**535**	236
VAT	**165**	241	**–**	–
	9,853	15,382	**3,573**	6,442

[1] *Included in other payables is the remaining balance of the litigation settlement. Refer to note 36 for details.*

Trade payables are unsecured and are paid within 30 days of recognition.

Notes to the consolidated and separate financial statements

15. Borrowings

	Group		Company	
	2020 **R'000**	2019 Restated R'000	**2020** **R'000**	2019 R'000
Held at amortised cost				
Secured				
Nedbank loan	**60,152**	62,635	**–**	–
IDC loan	**60,453**	62,908	**–**	–
Unsecured				
Lead Africa Capital loan	**–**	622	**–**	622
	120,605	126,165	**–**	622
Split between non-current and current portions				
Non-current liabilities	**108,862**	114,695	**–**	–
Current liabilities	**11,743**	11,470	**–**	622
	120,605	126,165	**–**	622

	Group		Company	
	2020 **R'000**	2019 Restated R'000	**2020** **R'000**	2019 R'000
Balance at the beginning of the period	**126,165**	136,055	**622**	–
Advancements	**–**	622	**–**	622
Repayments	**(5,560)**	(10,512)	**(622)**	–
	120,605	126,165	**–**	622

IDC loan

The IDC loan is secured, bears interest at 11.60% and is repayable in semi-annual instalments over a term of 14 years.

Nedbank loan

The Nedbank loan is secured, bears interest at 11.65% and is repayable in semi-annual instalments over a term of 14 years.

(i) Assets pledged as security

See note 6 for all assets pledged as security

16. Dividend payable

Dividends are due by RustMo1 Solar Farm (Pty) Ltd to the non-controlling shareholders.

	Group		Company	
	2020 **R'000**	2019 R'000	**2020** **R'000**	2019 R'000
Balance at the beginning of the period	**3,247**	–	**–**	–
Dividends declared	**6,456**	6,594	**–**	–
Dividends paid	**(9,703)**	(3,347)	**–**	–
Balance at the end of the period	**–**	3,247	**–**	–

Notes to the consolidated and separate financial statements

17. Lease liabilities

	Group	Company
	2020 R'000	2020 R'000
Minimum lease payment due		
– Within one year	1,960	1,531
– Later than one year but no later than 5 years	3,050	1,654
– Later than 5 years	247	–
	5,257	3,185
Less: Future finance charges	(777)	(370)
Present value of minimum lease payments	4,480	2,815
Present value of minimum lease payments due:		
– Within one year	1,533	1,255
– Later than one year but no later than 5 years	2,705	1,560
– Later than 5 years	242	–
	4,480	2,815
Non-current liabilities	2,947	1,560
Current liabilities	1,533	1,255
	4,480	2,815

	Group	Company
	2020 R'000	2020 R'000
Balance at the beginning of the period	–	–
Recognised on first time adoption of IFR16	3,810	3,810
Addition	1,790	–
Interest	507	422
Repayments	(1,627)	(1,417)
– Capital	(1,120)	(995)
– Interest	(507)	(422)
	4,480	2,815

The group entered into leases for office space for the holding company and subsidiaries. Rental contracts are made for fixed periods, with remaining lease term of between 2 - 4.5 years. Contracts may contain both lease and non-lease components, however the group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions, and current lease agreements do not impose any covenants.

The effective borrowing rates are 10% and 13%, respectively. To determine the borrowing rate, the group uses recent third-party financing received by the individual lessee. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period and capitalised on the remaining balance of the liability for each period.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment.

Extension options in offices leases have not been included in the lease liability, because the group could replace the assets without significant cost or business disruption.

Notes to the consolidated and separate financial statements

18. Deferred tax

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Deferred tax liability	**43,139**	39,616	**–**	–

	Group		Company	
	2020 R'000	2019 Restated R'000	**2020 R'000**	2019 Restated R'000
Assessed loss	**(15,308)**	(34,768)	**(2,579)**	(17,510)
Accelerated tax depreciation on assets	**28,963**	31,052	**–**	–
Prepayment	**(216)**	–	**–**	–
Fair value/impairment adjustments	**12,023**	3,367	**(15,814)**	(24,566)
ECL allowance	**–**	(883)	**(1,998)**	(1,305)
Capital loss	**(5,978)**		**(5.978)**	–
Accruals	**–**	(333)	**–**	(333)
Total deferred tax	**19,484**	(1,565)	**(26,369)**	(43,714)
Unrecognised deferred tax asset	**23,655**	41,181	**26,369**	43,714
Total deferred tax liability	**43,139**	39,616	**–**	–

Reconciliation of deferred (tax asset)/liability

	Group		Company	
	2020 R'000	2019 Restated R'000	**2020 R'000**	2019 Restated R'000
At the beginning of year	**(1,565)**	7,084	**(43,714)**	(29,650)
Tax loss	**19,460**	(4,142)	**14,931**	(9,245)
Accelerated tax depreciation on assets	**(2,089)**	(2,122)	**–**	–
Fair value/impairment adjustments	**8,656**	(1,202)	**8,752**	(3,181)
ECL allowance	**883**	(883)	**(693)**	(1,305)
Capital loss	**(5,978)**		**(5,978)**	–
Accruals	**333**	(333)	**333**	(333)
Prepayments	**(216)**	33	**–**	–
Total deferred (tax asset) / liability	**19,484**	(1,565)	**(26,369)**	(43,714)
Unrecognised deferred tax asset	**23,655**	41,181	**26,369**	43,714
	43,139	39,616	**–**	–

Notes to the consolidated and separate financial statements

18. Deferred tax (continued)

	Group		Company	
	2020 **R'000**	2019 Restated R'000	**2020** **R'000**	2019 Restated R'000
At the beginning of year	**39,616**	35,814	**–**	–
Recognised in profit or loss	**3,523**	3,802	**–**	–
Balance at the end of year	**43,139**	39,616	**–**	–

Unrecognised deferred tax asset

	Group		Company	
	2020 **R'000**	2019 Restated R'000	**2020** **R'000**	2019 Restated R'000
Unused tax losses not recognised as deferred tax assets	**(54,671)**	(124,171)	**(9,208)**	(62,536)

The group is not recognising deferred tax asset in certain subsidiaries because management has assessed the probability of having taxable income in the foreseeable future against which the deferred tax asset will be utilised to be low.

Assessed loss prior year estimates have been adjusted in the current year to align with probable taxable income.

19. Revenue

	Group		Company	
	2020 **R'000**	2019 R'000	**2020** **R'000**	2019 R'000
Revenue from contracts with customers				
Sale of electricity	**52,031**	50,371	**–**	–
Revenue other than from contracts with customers				
Dividends received	**–**	–	**14,182**	36,870
Interest income	**17,406**	–	**17,406**	–
	69,437	50,371	**31,588**	36,870

(a) Disaggregation of revenue from contracts with customers
– The group derives revenue from the sale of electricity over time, to a single external customer, Eskom.

(b) Dividends received were paid by Hulisani's subsidiaries, Momentous Technologies (Pty) Ltd, Red Cap Investments (Pty) Ltd and Eurocape Renewables (Pty) Ltd.

(c) The interest income is earned from the convertible loan to LPS. Refer to note 10 for details of the loan

Notes to the consolidated and separate financial statements

20. Operating expenses

Included in operating expenses is the following:

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Amortisation	**6,866**	6,865	**–**	–
Audit fees – current year	**1,895**	2,292	**1,783**	2,059
Audit fees – prior year	**654**		**654**	
Bad debts	**–**	–	**–**	3,140
Consulting fees	**10,454**	8,804	**7,370**	5,862
Corporate services costs	**2,315**	842	**638**	842
Depreciation	**10,578**	9,151	**1,701**	569
Donations	**996**	634	**–**	27
Expected credit loss (reversal)	**(1,796)**	4,203	**3,234**	6,213
Marketing and branding costs	**545**	711	**545**	711
Non-executive directors' fees	**2,834**	3,391	**2,834**	3,391
Legal fees	**4,262**	4,065	**1,931**	3,526
Litigation settlement	**8,500**	–	**–**	–
O&M contract	**2,774**	2,523	**–**	–
Rent expense – IAS 17	**–**	1,901	**–**	1,637
Secretarial services	**915**	896	**915**	896
Site service fees	**–**	1,566	**–**	–
Sponsor fees	**5,201**	–	**5,201**	–
Staff cost	**15,443**	14,310	**11,357**	12,641

21. Investment income

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Interest income				
Investments in financial assets:				
Bank and other cash	**1,754**	1,779	**313**	277
Debt instruments at fair value through profit or loss	**–**	3,087	**–**	3,087
Other financial assets	**2,053**	2,619	**3,005**	3,252
Total interest income	**3,807**	7,485	**3,318**	6,616

Notes to the consolidated and separate financial statements

22. Finance costs

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Borrowings	**13,159**	14,708	**–**	–
Leases	**507**	–	**422**	–
Bank overdraft	**89**	152	**–**	102
Other	**5**	3	**10**	3
Total finance costs	**13,760**	14,863	**432**	105

23. Material profit or loss items

(a) Impairment losses

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Material impairment losses recognised				
Investment in subsidiary	**–**	–	**15,279**	26,524
	–	–	**15,279**	26,524

Refer to note 5 for further details on impairment loss at company level.

(b) Financial assets write-off

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Financial assets write-off				
Ignite loans	**5,000**	–	**5,000**	–
Ignite preference shares	**24,889**		**24,889**	–
	29,889		**29,889**	
Less: ECL reversal	**(4,152)**		**(4,152)**	
	25,737	–	**25,737**	–

Management decide on writing off Ignite investments held in the form of a loan (note 11) and preference shares (note 12). This is due a significant deterioration in the credit risk of Ignite. The financial standing of Ignite was assessed, in the context of current economic climate and concluded that it is prudent to write-off the investment as there are no prospects of recoverability.

The ECL allowances raised in the prior year on both classes of assets have been reversed.

Notes to the consolidated and separate financial statements

24. Other operating gains/(losses)

	Group		Company	
	2020 R'000	2019 Restated R'000	2020 R'000	2019 Restated R'000
Losses on disposals, scrappings and settlements				
Property, plant and equipment	–	(30)	–	–
Foreign exchange losses				
Net foreign exchange loss	–	(31)	–	(31)
Fair value gains				
Financial assets mandatorily at fair value through profit or loss	**3,020**	4,415	**164**	1,420
Investment at fair value through profit or loss	**4,823**	1,643	**4,823**	1,643
Total other operating gains	**7,843**	5,997	**4,987**	3,032

25. Income tax

Major components of the tax (income) expense

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Current				
Local income tax – current period	–	(5)	–	–
Deferred				
Other deferred tax	**3,523**	3,802	–	–
Income tax expense	**3,523**	3,797	–	–

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Applicable tax rate	**28.00 %**	28.00 %	**28.00 %**	28.00 %
Loss before tax multiplied by the standard tax rate	**(6,555)**	(9,691)	**(11,915)**	(11,496)
Non-deductible capital expenditure	**10,931**	711	**10,105**	10
Non-deductible capital losses	–	–	**287**	8,279
Profit from associates	**(2,130)**	1,655	–	–
Capital loss taxed at CGT	**808**	92	**1,958**	888
Exempt local dividend	**(5,213)**	(1,421)	**(9,184)**	(11,745)
Deferred tax asset not recognised	**5,682**	12,451	**8,749**	14,064
Income tax expense	**3,523**	3,797	–	–

Notes to the consolidated and separate financial statements

26. Earnings per share

Reconciliation between earnings and headline earnings is as follows:

	Group		Company	
	2020 **R'000**	2019 Restated R'000	**2020** **R'000**	2019 Restated R'000
Basic and diluted loss per share (cents)	**(59)**	(50)	**(85)**	(48)
Basic and diluted headline loss per share (cents)	**(59)**	(50)	**(55)**	5

The calculation of earnings per share for the year ended 29 February 2020 was based on the loss attributable to ordinary shareholders of Hulisani Limited, and a weighted average number of ordinary shares.

	Group		Company	
	2020 **R'000**	2019 Restated R'000	**2020** **R'000**	2019 Restated R'000
Reconciliation of profit or loss for the year to headline earnings				
Profit or loss for the year attributable to equity holders of the parent	**(29,414)**	(24,842)	**(42,552)**	(23,887)
Adjustments:				
Effects of remeasurements for subsidiaries, net of NCI and tax:	**–**	14	**15,278**	26,524
Impairment loss	**–**	–	**15,278**	26,524
Loss on sale of property, plant and equipment	**–**	20	**–**	–
Tax effect	**–**	(6)	**–**	–
Headline earnings	**(29,414)**	(24,828)	**(27,274)**	2,637
Weighted average number of ordinary shares ('000)	**50,000**	50,000	**50,000**	50,000

27. Segmental information

The group's executive committee, consisting of the chief executive officer and the chief financial officer, examines the group's performance from a nature of investment perspective and has identified the following reportable segments of the business:

- **RustMo1:** This is a material subsidiary of Hulisani. RustMo1 is a solar farm and generates and sells electricity.
- **Kouga:** This is an investment Hulisani has significant influence over. Kouga is a wind farm and generates and sells electricity.
- **GRI:** GRI is a manufacturing plant of towers used in energy production. The investment is accounted for by the group as a derivative (call option).
- **LPS:** Hulisani participates in 9% of the distributable profits of the investee. LPS has invested in Avon and Dedisa Open Cycle Gas Turbine (OCGT) Peaking Power plants.
- **Other:** The segment represents activities within the holding company. This includes investment holding entities in the group.

The executive committee uses dividends received/receivable to assess the performance of the operating segments. Information about the segments' revenue and assets is received by the executive committee on a monthly basis.

Notes to the consolidated and separate financial statements

27. Segmental information (continued)

2020

	Revenue		Separately disclosable items				
	Revenue R'000	Net profit R'000	Non-cash items in compre-hensive income R'000	Depreciation and amortisation R'000	Interest income R'000	Finance cost R'000	Dividends received R'000
RustMo1	52,032	11,916	–	(15,742)	1,437	(13,327)	6,351
Kouga	–	7,608	–	–	–	–	7,831
GRI	–	3,020	3,020	–	–	–	
LPS	17,406	22,229	4,823	–	–	–	
Other/ Eliminations	–	(71,706)	(23,941)	(1,701)	2,370	(433)	
	69,438	(26,933)	(16,098)	(17,443)	3,087	(13,760)	14,182

2019 – Restated

	Revenue		Separately disclosable items				
	Revenue R'000	Net profit R'000	Non-cash items in compre-hensive income R'000	Depreciation and amortisation R'000	Interest income R'000	Finance cost R'000	Dividends received R'000
RustMo1	50,371	11,119	(19)	(15,448)	1,497	(14,759)	12,800
Kouga	–	5,318	–	–	–	–	24,070
GRI	–	4,404	4,404	–	–	–	–
LPS	–	4,730	1,643	–	3,087	–	–
Other/ Eliminations	–	(48,346)	(31)	(569)	2,901	(105)	–
	50,371	(22,775)	5,997	(16,017)	7,485	(14,864)	36,870

Segment assets and liabilities

	Equity accounted investments R'000	Property, plant and equipment R'000	Financial assets at fair value R'000	Financial assets at amortised cost R'000	Intangible assets R'000	Current assets R'000	Total liabilities R'000
RustMo1	–	117,223	–	–	139,099	32,242	167,277
Kouga	103,337	–	–	–	–	–	–
GRI	–	–	70,347	–	–	–	–
LPS	–	–	81,609	–	–	–	–
Other/Eliminations	–	4,239	–	7,522	–	6,913	15,107
Total	103,337	121,462	151,956	7,522	139,099	39,155	182,384

Notes to the consolidated and separate financial statements

27. Segmental information (continued)

2019 – Restated

	Equity accounted investments R'000	Property, plant and equipment R'000	Financial assets at fair value R'000	Financial assets at amortised cost R'000	Intangible assets R'000	Current assets R'000	Total liabilities R'000
RustMo1	–	123,496	–	–	145,965	41,805	179,079
Kouga	103,560	–	–	–	–	–	–
GRI	–	–	67,326	–	–	–	–
LPS	–	–	76,786	–	–	–	–
Other/Eliminations	–	2,275	–	29,403	–	12,367	10,390
Total	103,560	125,771	144,112	29,403	145,965	54,172	189,449

28. Cash generated from/(used in) operations

	Group		Company	
	2020 R'000	2019 Restated R'000	**2020 R'000**	2019 Restated R'000
Loss before taxation	**(23,410)**	(18,978)	**(42,552)**	(23,887)
Adjustments for:				
Depreciation and amortisation	**17,443**	16,017	**1,701**	570
Losses on disposals, scrappings and settlements of assets and liabilities	**–**	30	**–**	–
Losses on foreign exchange	**–**	31	**–**	31
Income from equity accounted investments	**(7,608)**	(5,318)	**–**	–
Dividends received (trading)	**–**	–	**(14,182)**	(36,870)
Interest income	**(21,213)**	(7,485)	**(20,724)**	(6,616)
Finance costs	**13,760**	14,864	**432**	105
Fair value gains	**(7,843)**	(6,059)	**(4,987)**	(3,063)
Sponsor fees	**5,201**	–	**5,201**	–
Other non-cash items	**326**	2,255	**298**	2,255
Impairment losses	**–**	–	**15,278**	26,524
Financial asset write-off	**25,737**	–	**25,737**	–
Expected credit losses and other provisions	**(1,796)**	9,402	**3,234**	9,353
Changes in working capital:				
Trade and other receivables	**5,634**	(5,866)	**(6,736)**	(976)
Trade and other payables	**(11,968)**	12,151	**(3,802)**	2,675
	(5,737)	11,044	**(41,102)**	(29,899)

29. Share capital

	Group		Company	
	2020 '000	2019 '000	**2020 '000**	2019 '000
Authorised				
1000 000 000 Ordinary shares of no par value ('000)	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Total	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Reconciliation of number of shares issued:				
Reported as at the beginning of the period	**50,000**	50,000	**50,000**	50,000
In issue at the end of the period	**50,000**	50,000	**50,000**	50,000

Notes to the consolidated and separate financial statements

29. Share capital (continued)

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Issued Ordinary	**500,000**	500,000	**500,000**	500,000
In issue at the end of the period	**500,000**	500,000	**500,000**	500,000

(i) Ordinary Shares

At 29 February 2020, the authorised share capital comprised 1 billion no par value shares. The Company has issued share capital of 50 million shares of no par value at an issue price of R10 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

All the shares in issue are fully paid up.

(ii) Dividends

No dividends were declared or paid by the Company.

30. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group – 2020

	Note(s)	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Loans receivable	11	–	7,522	7,522
Investment at fair value through profit or loss	10	81,609		81,609
Derivative asset	13	70,347	–	70,347
Trade and other receivables	9	–	11,143	11,143
Cash and cash equivalents	8		26,923	26,923
		151,956	45,588	197,544

Group – 2019 restated

	Note(s)	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Loans receivable	11	–	10,127	10,127
Investment at fair value through profit or loss	10	76,786	–	76,786
Investment at amortised cost	12	–	19,276	19,276
Derivative asset	13	67,327	–	67,327
Trade and other receivables	9	–	21,723	21,723
Cash and cash equivalents	8	–	31,697	31,697
		144,113	82,823	226,936

Notes to the consolidated and separate financial statements

30. Financial instruments and risk management (continued)

Company – 2020

	Note(s)	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Loans receivable	11	–	7,522	7,522
Investments at fair value	10	81,609	–	81,609
Trade and other receivables	9	–	5,340	5,340
Cash and cash equivalents	8	–	1,378	1,378
		81,609	14,240	95,849

Company – 2019

	Note(s)	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Loans receivable	11	–	10,127	10,127
Investments at fair value	10	76,786	–	76,786
Investment at amortised cost	12	–	19,276	19,276
Trade and other receivables	9	–	20,123	20,123
Cash and cash equivalents	8	–	359	359
		76,786	49,885	126,671

Categories of financial liabilities

Group – 2020

	Note(s)	Amortised cost R'000	Total R'000
Trade and other payables	14	9,098	9,098
Borrowings	15	120,605	120,605
Bank overdraft	8	4,308	4,308
		134,011	134,011

Notes to the consolidated and separate financial statements

30. Financial instruments and risk management (continued)

Group – 2019 restated

	Note(s)	Amortised cost R'000	Total R'000
Trade and other payables	14	15,141	15,141
Borrowings	15	126,165	126,165
Dividend payable	16	3,247	3,247
Bank overdraft	8	5,039	5,039
		149,592	149,592

Company – 2020

	Note(s)	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Trade and other payables	**14**	**–**	**3,038**	**3,038**
Derivative liability	**13**	**2,937**	**–**	**2,937**
Bank overdraft	**8**		**4,308**	**4,308**
		2,937	**7,346**	**10,283**

Company – 2019 restated

	Note(s)	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Trade and other payables	14	–	6,442	6,442
Borrowings	15	–	622	622
Derivative liability	13	3,101	–	3,101
Bank overdraft	8	–	5,039	5,039
		3,101	12,103	15,204

Capital risk management

The group's objectives when managing capital are to:

- safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

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

Financial risk management

Overview

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

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

Notes to the consolidated and separate financial statements

30. Financial instruments and risk management (continued)

Credit risk

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

Credit risk arises from the risk that trade receivables may default and result in a loss to the entity.

(i) Risk management

Credit exposure associated with cash and cash equivalents is limited as the group deposits cash with major banks with high quality credit standing. Credit risk for other financial assets at amortised costs is constantly monitored, any triggers of default events are acted up on with agility and communicated to the Risk and Audit Committee.

(ii) Impairment methodology

The general expected credit loss model has been utilised to determine impairment allowance in terms of impairment requirements of IFRS 9. The model requires Hulisani and the group to determine allowances for credit losses and the calculation was performed by considering on a discounted basis any cash shortfalls the group would incur in the event of various default scenarios for future periods and multiplying these by the probability of each scenario occurring.

The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD). The input as defined:

(a) Exposure at default is the amount of the financial asset that is exposed to credit risk.
(b) Probability of default is the likelihood that a counterparty to a financial asset will default over an observed period.
(c) Loss given default is the value of a financial asset that lender will lose if a borrower defaults.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers quantitative and qualitative information based on the historical experience, credit assessment and including forward-looking information.

The assessment of a significant increase in credit risk from initial recognition incorporates the following:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower.
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.
- Macroeconomic information (such as market interest rates or growth rates)

The ECL loss amount depends on the specific stage where the financial instrument has been allocated to within the ECL model:

- **Stage 1:** At initial recognition a financial instrument is allocated into stage 1.
- **Stage 2:** A financial instrument is allocated to stage 2 if there has been a significant increase in credit risk since initial recognition of the financial instrument.
- **Stage 3:** A financial instrument is allocated to stage 3 if the financial instrument is in default or is considered to be credit impaired.

The group measures the ECL loss allowance on the following bases:

- **Stage 1:** ECLs that result from possible default events within the 12 months after the reporting date (12-month ECL); and
- **Stage 2 and Stage 3:** ECLs that result from all possible default events over the expected life of a financial instrument (Lifetime ECL).

Notes to the consolidated and separate financial statements

30. Financial instruments and risk management (continued)

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

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

Group		2020			2019		
		Gross carrying amount R'000	**Credit loss allowance R'000**	**Amortised cost R'000**	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
Investment at amortised cost	12	**–**	**–**	**–**	22,678	(3,402)	19,276
Loans receivable	11	**7,522**	**–**	**7,522**	11,679	(1,552)	10,127
Trade and other receivables	9	**11,143**	**–**	**11,143**	22,717	(994)	21,723
		18,665	**–**	**18,665**	57,074	(5,948)	51,526
Investments at fair value through profit or loss	10	**81,609**	**–**	**81,609**	76,786	–	76,786
Derivative asset	13	**70,347**	**–**	**70,347**	67,326	–	67,326
Cash and cash equivalents	8	**26,923**	**–**	**26,923**	31,697	–	31,698
		178,879		**178,879**	175,809	–	175,809
		197,544	**–**	**197,544**	232,883	(5,948)	226,935

Company		2020			2019		
		Gross carrying amount R'000	**Credit loss allowance R'000**	**Amortised cost R'000**	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
Investment at amortised cost	12	**–**	**–**	**–**	22,678	(3,402)	19,276
Loans receivable	11	**7,522**	**–**	**7,522**	11,679	(1,552)	10,127
Trade and other receivables	9	**14,853**	**(9,513)**	**5,340**	25,601	(5,478)	20,123
		22,375	**(9,513)**	**12,862**	59,958	(10,432)	49,526
Investments at fair value through profit or loss	10	**81,609**	**–**	**81,609**	76,786	–	76,786
Cash and cash equivalents	8	**1,378**	**–**	**1,378**	359	–	359
		82,987		**82,987**	77,145	–	77,145
		105,362	**(9,513)**	**95,849**	137,103	(10,432)	126,671

Notes to the consolidated and separate financial statements

30. Financial instruments and risk management (continued)

Group

Items existing on 29 February 2020 that are subject to the impairment provisions of IFRS 9:	Note	Credit risk attributes at 28 February 2019 and 29 February 2020	Cumulative additional loss allowance recognised on: 29 February 2020	28 February 2019
Trade and other receivables	9	While there is some risk of non-payment the group has considered the risk to be low as there has not been non-payment to date, therefore trade and other receivables do not to have a significant increase in credit risk. The balance which had a prior year provision has since been settled.	–	(994)
Loans receivable at amortised cost	11	Part of the loans have the expected credit loss reversed (Pele Green loan), as the full payment was received subsequent the period and the balance were written off and the credit risk of the counterparty deteriorated significantly, and the loan was considered unrecoverable (Ignite loan).	–	(1,552)
Investment at amortised cost	12	The investment was written as the credit risk of the counterparty deteriorated significantly, and the loan was considered unrecoverable. The prior year provision was reversed.	–	(3,402)
Total additional loss allowance			–	(5,948)

Company

Items existing on 29 February 2020 that are subject to the impairment provisions of IFRS 9:	Note	Credit risk attributes at 28 February 2019 and 29 February 2020	Cumulative additional loss allowance recognised on: 29 February 2020	28 February 2019
Trade and other receivables	9	In the period under review the loans to group companies are considered to have a significant increase in risk, and therefore the impairment provision is determined as lifetime expected credit losses.	**(9,513)**	(5,478)
Loans receivable at amortised cost	11	Part of the loans have the expected credit loss reversed (Pele Green loan), as the full payment was received subsequent the period and the balance were written off and the credit risk of the counterparty deteriorated significantly, and the loan was considered unrecoverable (Ignite loan).	–	(1,552)
Investment at amortised cost	12	The investment was written as the credit risk of the counterparty deteriorated significantly, and the loan was considered unrecoverable. The prior year provision was reversed.	–	(3,402)
Total additional loss allowance			**(9,513)**	(10,432)

Notes to the consolidated and separate financial statements

30. Financial instruments and risk management (continued)

Reconciliation of loss allowance relating to financial assets at amortised cost

Group – 2020	**Total allowance for ECL R'000**	**Stage 1 R'000**	**Stage 2 R'000**	**Stage 3 R'000**
Balance at the beginning of the year	**(5,948)**	**(5,948)**	–	–
Additions and interest accrual		–	–	–
Reversals	**5,948**	**5,948**	–	–
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Balance at end of the year	–	–	–	–

Group – 2019	Total allowance for ECL R'000	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000
Balance at the beginning of the year	–	–	–	–
Additions and interest accrual	(5,948)	(5,948)	–	–
Balance at end of the year	(5,948)	(5,948)	–	–

Company – 2020	**Total allowance for ECL R'000**	**Stage 1 R'000**	**Stage 2 R'000**	**Stage 3 R'000**
Balance at the beginning of the year	**(10,432)**	**(10,432)**		
Additions and interest accrual	**(5,029)**	–	–	**(5,029)**
Reversals	**5,948**	**5,948**	–	–
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	**4,484**	–	**(4,484)**
Balance at end of the year	**(9,513)**	–	–	**(9,513)**

Company – 2019	Total allowance for ECL R'000	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000
Balance at the beginning of the year	–	–	–	–
Additions and interest accrual	(10,432)	(10,432)	–	–
Balance at end of the year	(10,432)	(10,432)	–	–

Notes to the consolidated and separate financial statements

30. Financial instruments and risk management (continued)

	Group		Company	
	2020 R'000	2019 Restated R'000	2020 R'000	2019 Restated R'000
Trade receivables				
Counterparties with external ratings				
CCC-	10,254	9,761	–	–
Related parties	650	5,851	650	5,851
	10,904	15,612	650	5,851
Loans and other receivables				
Related parties	7,522	6,679	21,375	26,429
Other third parties	239	12,105	–	5,000
	7,761	18,784	21,375	31,429
Cash at bank and short-term bank deposit				
BB+	26,923	31,697	1,378	359
	26,923	31,697	1,378	359
Financial assets at fair value through profit or loss				
Counterparties without external credit ratings	151,956	144,113	81,609	76,786
	151,956	144,113	81,609	76,786
Financial assets at amortised cost				
Counterparties without external credit ratings	–	22,678	–	22,678
	–	22,678	–	22,678

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet a financial commitment as it falls due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The group manages liquidity risk through an ongoing review of future commitments and expected dividends from underlying project companies. Liquidity and solvency assessments are performed and presented to the Audit and Risk Committee, as well as the Board on a quarterly basis.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group – 2020

		Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000
Non-current liabilities							
Borrowings	15	–	21,241	63,432	79,480	164,153	108,862
Current liabilities							
Trade and other payables	14	9,098	–	–	–	9,098	9,098
Borrowings	15	21,236	–	–	–	21,236	11,743
Bank overdraft	8	4,308	–	–	–	4,308	4,308
		34,642	21,241	63,432	79,480	198,795	134,011

Notes to the consolidated and separate financial statements

30. Financial instruments and risk management (continued)

Group – 2019 restated

		Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	**Total R'000**	Carrying amount R'000
Non-current liabilities							
Borrowings	15	–	43,444	64,932	75,576	183,952	114,695
Current liabilities							
Trade and other payables	14	15,382	–	–	–	15,382	15,382
Borrowings	15	21,712	–	–	–	21,712	11,470
Dividend payable	16	3,247	–	–	–	3,247	3,247
Bank overdraft	8	5,039	–	–	–	5,039	5,039
		45,380	43,444	64,932	75,576	229,332	149,833

Company – 2020

		Less than 1 year R'000	**1 to 2 years R'000**	**2 to 5 years R'000**	**Over 5 years R'000**	**Total R'000**	**Carrying amount R'000**
Non-current liabilities							
Derivative liability	13	**–**	**–**	**–**	**2,937**	**2,937**	**2,937**
Current liabilities							
Trade and other payables	14	**3,038**	**–**	**–**	**–**	**3,038**	**3,038**
Borrowings	15	**–**	**–**	**–**	**–**	**–**	**–**
Bank overdraft	8	**4,308**	**–**	**–**	**–**	**4,308**	**4,308**
		7,346	**–**	**–**	**2,937**	**10,283**	**10,283**

Company – 2019 restated

		Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000
Non-current liabilities							
Derivative liability	14	–			3,101	3,101	3,101
Current liabilities							
Trade and other payables	14	6,442	–	–	–	6,442	6,442
Borrowings	15	622	–	–	–	622	622
Bank overdraft	8	5,039	–	–	–	5,039	5,039
		12,103	–	–	3,101	15,204	15,204

(i) Financial commitments

The group has no material undrawn borrowing facilities available at the end of the reporting period.

Notes to the consolidated and separate financial statements

31. Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Unobservable inputs for the asset or liability. This is the case for unlisted equity securities.

Levels of fair value measurements

The following presents the group's financial instruments measured and recognised at fair value at 29 February 2020. The group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 3

	Group		Company	
	2020 **R'000**	2019 Restated R'000	**2020** **R'000**	2019 Restated R'000
Recurring fair value measurements				
Assets				
Financial assets at fair value through profit/(loss)				
Convertible loan	**81,609**	76,786	**81,609**	76,786
Derivative – GRI option	**70,347**	67,327	**–**	–
Total	**151,956**	144,113	**81,609**	76,786
Liabilities				
Financial assets at fair value through profit/(loss)				
Derivative – Pele SPV198 option	**–**	–	**2,937**	3,101
Total	**–**	–	**2,937**	3,101

Transfers of assets and liabilities within levels of the fair value hierarchy

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

Reconciliation of assets and liabilities measured at level 3

	Notes	**Opening balance R'000**	**Fair value adjustment in profit/(loss) R'000**	**Closing balance R'000**
Group – 2020				
Assets				
Financial assets at fair value through profit/(loss)				
Convertible loan	10	**76,786**	**4,823**	**81,609**
Derivative – GRI option	13	**67,327**	**3,020**	**70,347**
Total		**144,113**	**7,843**	**151,956**

Notes to the consolidated and separate financial statements

31. Fair value hierarchy (continued)

	Notes	Opening balance R'000	Fair value adjustment in profit/(loss) R'000	Closing balance R'000
Group – 2019 restated				
Assets				
Financial assets at fair value through profit/(loss)				
Convertible loan	10	75,143	1,643	76,786
Derivative – GRI option	13	62,923	4,404	67,327
Total		138,066	6,047	144,113

	Notes	**Opening balance R'000**	**Fair value adjustment in profit/(loss) R'000**	**Closing balance R'000**
Company – 2020				
Assets				
Financial assets at fair value through profit/(loss)				
Convertible loan	10	**76,786**	**4,823**	**81,609**
Total		**76,786**	**4,823**	**81,609**
Liabilities				
Financial liabilities at fair value through profit/(loss)				
Derivative – Pele SPV198 option	13	**3,101**	**(164)**	**2,937**
		3,101	**(164)**	**2,937**
Company – 2019 restated				
Assets				
Financial assets at fair value through profit/(loss)				
Convertible loan	10	75,143	1,643	76,786
Total		75,143	1,643	76,786
Liabilities				
Financial liabilities at fair value through profit/(loss)				
Derivative – Pele SPV198 option	13	4,521	(1,420)	3,101
		4,521	(1,420)	3,101

Notes to the consolidated and separate financial statements

31. Fair value hierarchy (continued)

Information about valuation techniques and inputs used to derive level 3 fair values
The key unobservable inputs, together with the weighted average range of probabilities, are as follows:

Description	**Fair value at 29 February 2020 R'000**	Fair value at 28 February 2019 R'000	Unobservable inputs	Actual inputs	Relationship of unobservable inputs to fair value
Convertible loan	**81,609**	76,786	Discount rate	13.9%	An increase in discount rates results in a reduction in fair value.
			Base revenue from plant operation	R3 billion	A decrease in base revenue results in a reduction in fair value.
			Remaining period of operation	25 years	A reduction in the period of operation results in a reduction in fair value.
			Average plant utilisation rate	2.4%	A decrease in utilisation rate results in a reduction in fair value
Derivative – GRI option	**70,347**	67,327	Spot price	Rnil	An increase in the spot price will result in a reduction in fair value of the put option.
			Interest rate	6.6%	An increase in interest rate will result in a reduction in fair value of the put option.
			Time to maturity	2 years	Shorter time to maturity increases the value of the put option.
			Volatility	38.06%	High volatility increases the value of the put option
Derivative – Pele SPV198 option	**(2,937)**	(3,101)	Spot price	R35m	A decrease in the spot price will result in a reduction in fair value of the call option.
			Interest rate	6.6%	An increase in interest rate will result in a reduction in fair value of the call option.
			Time to maturity	2 years	Shorter time to maturity increases the value of the call option.
			Volatility	38.06%	High volatility increases the value of the call option

(a) Convertible loan

The fair value is determined by discounting dividend income using the dividend discount method. LPS has underlying investment in the Avon and Dedisa open cycle gas/diesel turbine (OCGT) plants. The dividend income is based on the operational results of the Avon and Dedisa power plants.

The key inputs to the discounted cash flow model of the underlying operational plants are as follows:

1. Discount rate – 13.9%
2. Base revenue from plant operation – Base revenue (year 1 revenue cash flow forecast in the model) is determined using the Power Purchase Agreement capacity rate for Dedisa and for Avon. The base revenue in the cash flow projections of Dedisa and Avon is R3 billion.
3. Remaining period of operation – 25 years.
4. Average plant utilisation rate – 2.4%

Notes to the consolidated and separate financial statements

31. Fair value hierarchy (continued)

The model is most sensitive to changes in base revenue from operations, discount rate and period of operation.

- If all assumptions remained unchanged, a 5% decrease in base revenue and subsequent revenue projections results in a reduction in fair value of R18m;
- If all assumptions remained unchanged, a 1% increase in discount rate results in a reduction in fair value of R7m.
- If all assumptions remained unchanged, a 5 year reduction in the period of operation results in a reduction in fair value of R6m.
- If all assumptions remained unchanged, a 1% reduction in the average utilisation rate results in a reduction in fair value of R3m.

(b) Derivative – GRI option
The valuation technique used to value the option is the Binomial option pricing model.

The key inputs are as follows:

1. Spot price – Rnil
2. Interest rate – 6.6%
3. Time to maturity – 2 years
4. Volatility – 38.06%

The model is most sensitive to changes in interest rate.

- If all assumptions remained unchanged, a 1% increase in interest rates results in a reduction in fair value of R1.8m.

(c) Derivative – Pele 198 option
The valuation technique used to value the option is the Binomial option pricing model.

The key inputs are as follows:

1. Spot price – R35m
2. Interest rate – 6.6%
3. Time to maturity – 2 years
4. Volatility – 38.06%

The model is most sensitive to changes in interest rate and volatility.

- If all assumptions remained unchanged, a 1% increase in interest rates results in a reduction in fair value of R0.1m;
- If all assumptions remained unchanged, a 5% increase in volatility results in an increase in fair value of R1m.

Valuation processes applied by the Group
The group finance department obtains input from independent valuation experts in performing valuations of financial assets required for financial reporting purposes, including level 3 fair values. The valuations expert communicates directly with the chief financial officer ("CFO").

Specific valuation techniques used to value financial instruments include:

- The convertible loan is valued by using the Dividend Discount Model. The discount rates used for the valuations are the prevailing market rates at the time of the valuations.
- The options use the Binomial option pricing models.

The group conducts valuations twice a year, at the interim financial reporting period and also at the year-end reporting period.

Notes to the consolidated and separate financial statements

32. Related parties

Entity	Relationships
Refer to note 5 and 34	Subsidiaries
Pele Green Energy (Pty) Ltd and Pele Green SPV 198 (Pty) Ltd	Joint investment in GRI Towers
GraysMaker Advisory (Pty) Ltd	GraysMaker Advisory (Pty) Ltd a shareholder of Umhlaba Lease Co. (Pty) Ltd, a subsidiary of Hulisani. Also, the managing director of Umhlaba is the sole shareholder of GraysMaker Advisory (Pty) Ltd.
Momentous Operation Services (Pty) Ltd Momentous Solar Farm (RF) (Pty) Ltd Placeweath (Pty) Ltd	Shareholders of these entities are directors of RustMo1 Solar Farm (RF) (Pty) Ltd
AV Notshe DP Hlatshwayo PC Mdoda HH Schaaf B Marx ME Raphulu MP Dem	Members of key management
Nibira (Pty) Ltd	The founding members, who are also the directors of Hulisani, are the directors of Nibira (Pty) Ltd
Kouga Wind Farm (Pty) Ltd (refer to note 4)	Associate

Related party balances

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Trade receivables (a)	**650**	650	**650**	650
Loans receivable (a)	**7,522**	6,679	**7,522**	6,679
Other receivables (b)	**–**	5,201	**–**	5,201
Loan receivables (c)	**–**	–	**9,248**	6,532
Loan receivables (c)	**–**	–	**4,943**	–
Other receivables (d)	**–**	–	**–**	13,218
Lease liability (e)	**1,665**	–	**–**	–

a) A subsidiary of Pele Green (Pty) Ltd, Pele SPV198 (Pty) Ltd entered into an agreement with Hulisani Limited to jointly subscribe for ordinary shares in Pele SPV13 (Pty) Ltd. Hulisani Limited subscribed for cumulative preference shares in Pele SPV198 (Pty) Ltd for the entity's funding of the ordinary shares subscription in Pele SPV13 (Pty) Ltd. Trade receivables and loans receivables are due from Pele Green Energy (Pty) Ltd, a parent company to Pele SPV198 (Pty) Ltd.

b) Sponsor fees refundable to Hulisani by Nibira (Pty) Ltd. A settlement was reached between Hulisani and Nibira and the amount is no longer due and refundable to Hulisani.

c) Loans were provided to Umhlaba Land Lease Co. (Pty) Ltd to the value of R9.2m (2019: R6.5m), and Momentous Technologies (Pty) Ltd to the value of R4.9m (2019: Rnil). Hulisani has provided working capital funding to the subsidiaries, in line with the shareholder's agreement.

d) Dividends accruing to Hulisani as at year end from the subsidiaries; Momentous Technology (Pty), Red Cap Investments (Pty) Ltd and Eurocape Renewables (Pty) Ltd.

e) RustMo1 currently leases office space from Placeweath (Pty) Ltd, a company owned by RustMo1's CEO.

Notes to the consolidated and separate financial statements

32. Related parties (continued)

Related party transactions

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Consulting fees (a)	**1,550**	2,467	**–**	–
Dividends (b)	**–**	3,297	**–**	–
Management fees (c)	**–**	2,458	**–**	–
Dividends received (d)	**7,831**	24,070	**–**	–
Dividends received (e)			**14,182**	36,870
Sponsor fees (f)	**5,201**	–	**5,201**	–

a) Umhlaba Land Lease Co. (Pty) Ltd used the consulting services of GraysMaker Advisory (Pty).
b) Dividends were paid to Momentous Solar Farm (Pty) Ltd by RustMo1.
c) Management fees were paid to Momentous Operations Services (Pty) Ltd by RustMo1.
d) Dividends received from Kouga, the associate.
e) Dividends of R6.3m (2019: R12.8m) were received from Momentous Technologies (Pty) Ltd, and R7.8m (2019: R24m) from Red Cap Investments (Pty) Ltd and Eurocape Renewables (Pty) Ltd.
f) Sponsor fees were paid by Hulisani to Nibira (Pty) Ltd, after a settlement was reached

Compensation to executive directors and key management

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Short-term employee benefits	**5,559**	7,737	**5,559**	7,737
	5,559	7,737	**5,559**	7,737

Refer to the Directors' Report for directors' shareholding as at 29 February 2020.

33. Directors' emoluments

Executive

2020	**Salaries R'000**	**Bonus R'000**	**Total R'000**
ME Raphulu (Chief Executive Officer)	**3,127**	**–**	**3,127**
MP Dem (Chief Financial Officer)	**2,295**	**137**	**2,432**
	5,422	**137**	**5,559**

2019	Salaries R'000	Bonus R'000	Total R'000
ME Raphulu (Chief Executive Officer)	2,989	86	3,075
MP Dem (Chief Financial Officer)	2,194	86	2,280
MF Modau (Chief Investment Officer)[1]	2,296	86	2,382
	7,479	258	7,737

[1] *MF Modau resigned on 28 February 2019.*

Notes to the consolidated and separate financial statements

33. Directors' emoluments (continued)

Non-executive

2020	Directors' fees R'000	Total R'000
PC Mdoda (Chairman)	**520**	**520**
DR Hlatshwayo	**886**	**886**
HH Schaaf	**648**	**648**
B Marx	**781**	**781**
Total[2]	**2,835**	**2,835**

2019	Directors' fees R'000	Total R'000
PC Mdoda (Chairman)	699	699
NP Gosa[1]	436	436
DR Hlatshwayo	679	679
HH Schaaf	781	781
B Marx	796	796
Total[2]	3,391	3,391

[1] *NP Gosa resigned on 31 December 2018.*

[2] *AV Notshe and MH Zilimbola were not paid by Hulisani for the financial year under review*

34. Interest in other entities

(a) Material subsidiaries and associates

The group's material subsidiaries as at 29 February 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Entity name	Place of business/ country of incorporation	**Ownership interest held by the group 2020**	Ownership interest held by the group 2019	**Ownership interest held by other 2020**	Ownership interest held by other 2019	Principle activities
Direct subsidiaries						
Umhlaba Land Lease Co. (Pty) Ltd	South Africa	90%	90%	10%	10%	Property investments
Eurocape Renewables (Pty) Ltd	South Africa	100%	100%	–	–	Investment holding – 1.21% of Kouga
Momentous Technologies (Pty) Ltd	South Africa	100%	100%	–	–	Investment holding – 66% of RustMo1
Red Cap Investments (Pty) Ltd	South Africa	100%	100%	–	–	Investment holding – 5.46% of Kouga
Pele SPV13 (Pty) Ltd	South Africa	100%	100%	–	–	Investment holding – GRI option
Indirect subsidiaries						
RustMo1 Solar Farm RF (Pty) Ltd	South Africa	66%	66%	34%	34%	Energy production
Associates						
Kouga Wind Farm (Pty) Ltd	South Africa	6.67%	6.67%	93.33%	93.33%	Energy production

Notes to the consolidated and separate financial statements

34. Interest in other entities (continued)

(b) Non-controlling interest (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	RustMo1 RF (Pty) Ltd	
Summarised statement of financial position	**2020 R'000**	2019 R'000
Current assets	**32,242**	41,805
Current liabilities	**(13,889)**	(24,747)
Current net assets	**18,353**	17,058
Non-current assets	**138,071**	145,864
Non-current liabilities	**(132,810)**	(128,438)
	5,261	17,426
Intangible assets arising from acquisition	**52,913**	56,761
Non-current net asset	**58,174**	74,187
Net assets	**76,527**	91,245
Accumulated NCI	**26,019**	31,023

	RustMo1 RF (Pty) Ltd	
Summarised statement of comprehensive income	**2020 R'000**	2019 R'000
Revenue	**52,031**	50,371
Profit for the period	**11,916**	11,119
Other comprehensive income	**–**	–
Profits allocated to NCI	**4,051**	3,780
Intangible assets arising from acquisition – amortisation	**(1,308)**	(1,308)
Dividends paid to NCI	**(6,456)**	(6,594)

	RustMo1 RF (Pty) Ltd	
Summarised statement of cash flows	**2020 R'000**	2019 R'000
Cash flows from operating activities	**37,066**	28,319
Cash flows from investing activities	**622**	(1,012)
Cash flows from financing activities	**(47,965)**	(20,355)
	(10,277)	6,952

35. Correction of error

Group level

(i) GRI Wind Steel South Africa (Pty) Ltd

GRI option

On 27 July 2017 the Company acquired 50% of the share capital in Pele SPV13 (Pty) Ltd ("Pele SPV13") for a cash consideration of R41.25m and subscribed for preference shares of R41.25m to Pele SPV198 (Pty) Ltd ("Pele SPV198"). The transaction resulted in an acquisition of a 25% stake in GRI Wind Steel South Africa (Pty) Ltd ("GRI") by Pele SPV13.

Notes to the consolidated and separate financial statements

35. Correction of error (continued)

In the current period it was identified that an existing written Put Option in the Share Purchase Agreement for the investment in GRI was not considered in the accounting for the investment. The Put Option on the GRI transaction provides downside protection on the investment, refer to note 13 for further details.

The accounting treatment of the investment in GRI was accordingly reassessed and the initial accounting treatment of GRI as ‘an equity investment in associate’ required correction. Management has concluded that the substance of the transaction is that Hulisani, through Pele SPV13, has prepaid a strike price of R82,5m, for an option to acquire a 25% ownership interest in GRI for a fixed price. The equity investment in GRI has therefore been derecognised and a derivate financial asset (“GRI Option”) has been recognised, refer to note 13 for further details. The derivative financial asset is held at fair value with gains and losses relating to the fair value measurement recognised through profit or loss.

Pele SPV198 option
As highlighted above, Hulisani subscribed for preference shares of R41.25m Pele SPV198 and the preference share subscription agreement includes a requirement that Pele SPV198 pledges its shares held in Pele SPV13 to Hulisani until the preference share funding is repaid. Therefore, until such time the preference shares have been repaid risks and rewards associated with Pele SPV198 investment in Pele SPV13 have transferred to Hulisani and Pele SPV198 effectively has an option to acquire the 50% interest in Pele SPV13 once the preference share funding has been repaid. In the prior reporting periods, the Call Option had been determined to have an immaterial value. The restatement of the investment in GRI however necessitated the valuation of the existing call option with Pele SPV198 to be revisited and adjusted accordingly.

The option is equity-settled at group level

(ii) Borrowings

In a previous period, the group incorrectly not accrued for finance cost to the value of R3.8m, as a result the finance costs were under accrued for. The correction has been made to opening retained earnings at 01 March 2018.

Company level
As mentioned above, Hulisani and Pele SPV198 jointly acquired the shares in Pele SPV13. Pele SPV198 holds its share of the investment in Pele SPV13, and for the duration of the preference share funding the entity is required to pledge the investment in Pele SPV13 to Hulisani, and is also required to utilise dividends accruing from the investment in Pele SPV13 to settle the funding. The assessment of the transaction is that Hulisani has an in-substance shareholding percentage of 100% in Pele SPV13. Hulisani is not entitled to appoint all the directors of Pele SPV13, but until the preference shares are repaid, can direct how the non-Hulisani directors make decisions. Therefore, Hulisani has power and is exposed to variable returns, which are the dividends from Pele SPV13 (in substance GRI) and can use its power to direct the relevant activities to affect its return.

The investment in the Pele SPV13 subsidiary had previously been impaired as a resulting of its holding in the investment in GRI. In line with reclassification and restatement of the investment in GRI, the company reviewed the investment in the subsidiary and revised the previous impairment. The review consideration takes into account that the reclassification of the GRI investment from an associate to a derivative materially increased the value in use, as the GRI option protects the investment from downside risk.

Pele SPV198 option
The option as described in detail above requires to be restated at company level. At company level the Pele SPV198 option is carried as a cash-settled financial instrument.

Notes to the consolidated and separate financial statements

35. Correction of error (continued)

The impact of retrospective correction of the prior period errors is as follows:

Group

Statement of Financial Position (extract)	28 February 2018 R'000	Increase/ (Decrease) R'000	**1 March Restated 2018 R'000**	28 February 2019 R'000	Increase/ (Decrease) R'000	**28 February Restated 2019 R'000**
Derivatives – GRI option (i)	–	62,923	**62,923**	–	67,327	**67,327**
Investments in associates (i)	148,810	(26,498)	**122,312**	118,829	(15,269)	**103,560**
Total assets	584,315	36,425	**620,740**	550,926	52,058	**602,984**
Accumulated loss	122,874	(27,355)	**95,519**	165,093	(42,988)	**122,105**
Non-controlling interest (ii)	(34,625)	1,292	**(33,333)**	(30,370)	1,292	**(29,078)**
Non-distributable reserve (i)	(773)	(6,562)	**(7,335)**	–	(6,562)	**(6,562)**
Borrowings – non-current (ii)	(121,692)	(3,800)	**(125,492)**	(110,895)	(3,800)	**(114,695)**
Total liabilities and equity	(584,315)	(36,425)	**(620,740)**	(550,926)	(52,057)	**(602,984)**

Company

Statement of Financial Position (extract)	28 February 2018 R'000	Increase/ (Decrease) R'000	**1 March Restated 2018 R'000**	28 February 2019 R'000	Increase/ (Decrease) R'000	**28 February Restated 2019 R'000**
Investments in subsidiaries (i)	265,495	36,425	**301,920**	223,223	52,174	**275,397**
Total assets	387,737	36,425	**424,162**	352,281	52,174	**404,455**
Accumulated loss	114,548	(31,904)	**82,644**	159,822	(49,073)	**110,749**
Derivative – Pele SPV198 option (i)	–	(4,521)	**(4,521)**	–	(3,101)	**(3,101)**
Total liabilities and equity	(387,737)	(36,425)	**(424,162)**	(352,281)	(52,174)	**(404,455)**

Notes to the consolidated and separate financial statements

35. Correction of error (continued)

	Group			Company		
Statement of profit or loss and comprehensive income(extract)	28 February 2019 R'000	Increase/ (Decrease) R'000	**28 February Restated 2019 R'000**	28 February 2019 R'000	Increase/ (Decrease) R'000	**28 February Restated 2019 R'000**
Operating gains/(losses)	1,593	4,404	**5,997**	1,612	1,420	**3,032**
Impairment loss	–	–	**–**	(42,273)	15,749	**26,524**
Operating profit	(21,322)	4,404	**(16,918)**	(47,567)	17,169	**(30,398)**
Share of the loss from equity accounted investments	(5,911)	11,229	**5,318**	–	–	**–**
Loss before tax	(34,611)	15,633	**(18,978)**	(41,056)	17,169	**(23,887)**
Taxation	(3,797)	–	**(3,797)**	–	–	**–**
Loss for the year	(38,408)	15,633	**(22,775)**	(41,056)	17,169	**(23,887)**
Loss for the year attributable to:						
Owners of the parent	(40,475)	15,633	**(24,842)**	(41,056)	17,169	**(23,887)**
Non-controlling interest	2,067	–	**2,067**	–	–	**–**
	(38,408)	15,633	**(22,775)**	(41,456)	17,169	**(23,887)**
Total comprehensive loss for the year attributable to:						
Owners of the parent	(40,475)	15,633	**(24,842)**	(41,456)	17,169	**(23,887)**
Non-controlling interest	2,067	–	**2,067**	–	–	**–**
	(38,408)	15,633	**(22,775)**	(41,456)	17,169	**(23,887)**

Basic and diluted loss per share and headline loss per share for the prior periods have also been restated.

The amount of the correction for both basic loss per share and headline loss per share was adjusted for the group and company as follows:

1 March 2018 Group	**Basic and diluted loss per share Cents**	Basic and diluted headline loss per share Cents
GRI option	**73**	(19)
Pele SPV198 option	**(13)**	(13)
Borrowings	**(5)**	(5)
Total decrease/(increase) in loss	**55**	(37)

Notes to the consolidated and separate financial statements

35. Correction of error (continued)

1 March 2018 Company	Basic and diluted loss per share Cents	Basic and diluted headline loss per share Cents
GRI option	**73**	–-
Pele SPV198 option	**(9)**	(9)
Total decrease/(increase) in loss	**64**	(9)

28 February 2019 Group	Basic and diluted loss per share Cents	Basic and diluted headline loss per share Cents
GRI option	**31**	31
Pele SPV198 option	**–**	–
Total decrease/(increase) in loss	**31**	31

28 February 2019 Company	Basic and diluted loss per share Cents	Basic and diluted headline loss per share Cents
GRI option	**31**	–
Pele SPV198 option	**3**	3
Total decrease/(increase) in loss	**34**	3

36. Other legal matters

In the prior reporting period, a contingent liability in relation to a dispute between Momentous and Evolution One en Commandite Partnership was disclosed in the financials. At the time the prospect of the outcome was not certain, and management believed that there was not a strong case and no provision was required. In the current period both parties reached a settlement agreement to the value of R8.5m, part of which was settled during the financial period and the remaining outstanding balance of R4.3m is included in other payables (Refer to note 14).

37. Events after the reporting period

(i) The impact of COVID-19

President Cyril Ramaphosa announced a countrywide lockdown following the declaration of COVID-19 as a pandemic by the World Health Organisation, and in response to the threat posed by the virus. The pandemic continues to impact all aspects of global society with serious ramifications for the global economy. Hulisani's investments have outlined their business continuity plans to ensure that operations are not interrupted during the lockdown as the provision of power has been declared an essential service in South Africa. As an investor in assets in the Renewable Energy sector Hulisani's investments provide energy to the national utility ESKOM on the back of long term, government backed power purchase agreements, and which also cater for conditions of low electricity demand. Management assessed the impact of COVID-19 to be a post balance sheet event which does not necessitate adjustments in the financial period on which the group is reporting on.

Notes to the consolidated and separate financial statements

37. Events after the reporting period (continued)

Notwithstanding the designation of Hulisani's investments as essential services, one of the investments, Kouga Wind Farm, received correspondence from the national utility of their intention to declare the lockdown a *force majeure*, which would absolve ESKOM from its obligation to procure power from the power plant during the lockdown period. Kouga has sought legal advice and indications are that the lockdown does not constitute a *force majeure* as defined in the Power Purchase Agreement with ESKOM and that any curtailments that ESKOM may institute would be part of curtailments that are provided for in the agreement and which would need to be compensated for. To date and since the commencement of lock down the plant has been curtailed for 2 hours and 3 hours over two days respectively and is accordingly in the process of seeking compensation as provided for in the agreement for the curtailments. The matter is however ongoing and the probability of resolution in ESKOM's view is viewed as low at this stage. Furthermore, management continues to assess the impact on the business and the various options available to mitigate the risk.

Based on the above, the lockdown is not expected to have a material adverse impact on the operations of Hulisani nor on the going concern assumption and primarily due the designation of the investments as essential services and also the nature of the long term power purchase agreements with ESKOM and which are government guaranteed. As a result, management believes that the Group has enough liquidity to withstand the impact of COVID-19 and will remain a going concern for the foreseeable future.

(ii) Share-based payments

The remuneration committee decided to reward Hulisani management for their contribution to the performance of the group by granting them share appreciation rights ("SARs"). The rights entitle the employees to an equity payment after 2 years of service, as well as meeting certain performance conditions.

The amount payable will be determined based on the increase of Hulisani share price between the grant date (17 March 2020) and the vesting date. The rights must be exercised on vesting date and will expire if not exercised on that date.

38. Going concern

The audited consolidated results for the year ended 29 February 2020, have been prepared on a going concern basis. 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.

Registered Office: 4th Floor, North Wing, 90 Rivonia Road, Sandton, 2196
Postal Address: PO Box 784583, Sandton, 2146
Telephone: 087 806 2425

www.hulisani.co.za