Registration number: 7498937

MIT Energy Southern Africa Ltd

Annual Report and Financial Statements

for the Year Ended 31 March 2020

MIT Energy Southern Africa Ltd

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MIT Energy Southern Africa Ltd

Company Information

Directors

Kohei Seyama

Yoshinori Utaka

Company secretary

VISTRA COMPANY SECRETARIES LIMITED
First Floor, Templeback
10 Temple Back
Bristol
BR16JS

Registered office

8th and 9th Floors
1 St. Martin's Le Grand
London
EC1A 4AS

Bankers

Sumitomo Mitsui Banking Corporation Europe Limited
99 Queen Victoria Street
London
EC4V 4EH

Auditors

BDO LLP
Statutory auditor
55 Baker Street
London
W1U 7EU

MIT Energy Southern Africa Ltd

Directors' Report for the Year Ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

This report has been prepared in accordance with the special provisions of section 381 of the Companies Act 2006 relating to small companies. The directors has taken exemption under this regime not to disclose the strategic report.

Directors' of the company

The directors, who held office during the year, were as follows:

Kohei Seyama (appointed 6 January 2020)

Masataka Furuta (resigned 6 January 2020)

Mitsuru Yasuhara (resigned 1 April 2020)

The following director was appointed after the year end:

Yoshinori Utaka (appointed 1 April 2020)

Principal activity

The Company is 100% subsidiary of Mitsui & Co., Ltd. The Company was incorporated on 19 January 2011 with a view to investing in two diesel-fired power plants in the Republic of South Africa ("the Projects"). Avon Peaking Power (RF) (Pty) Ltd. ("Avon") and Dedisa Peaking Power (RF) (Pty) LTD. ("Dedisa"). The commercial operation date of Dedisa was 30 September 2015 and for Avon was 20 July 2016. The returns from the investments in Dedisa and Avon have started in the Financial Year ending 31 March 2018.

Dividends

The directors have declared interim dividends of ZAR 200,000,000 for the year ended31 March 2020 (2019: ZAR 104,000,000).

Business review

Fair review of the business

In the current financial period, the Company continued to hold investments in Avon and Dedisa project, which were both operating in good shape and generating income above and beyond the contractually required amount. However, a new highly contagious novel strain of coronavirus (COVID-19) has been declared a global pandemic by WHO on 11th March 2020. This has severely impacted local economies around the globe. Many countries, including the RSA, have taken measures to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services, triggering significant disruptions to businesses worldwide and resulting in an economic slowdown. The energy industry where the Company and its investments operate has also experienced volatility. Despite the adversity, there had been no material impact to the level of operation to date. The Company's performance therefore is in line with the directors' expectations and the directors consider the progress and future prospects of the Company to be satisfactory.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Profit before tax	ZAR'000	191,245	59,761
Net asset	ZAR'000	303,644	312,399

Principal risks and uncertainties

As a result of the business that is conducted by the Company, it is exposed to the country risk and market risk arising from the price volatility of electricity and diesel oil in the countries the investee companies operate in. The Company monitors its investments regularly as an investor through regular assessment of the financial performance, financial condition and the macro-economic factors impacting the sector of its investments.

MIT Energy Southern Africa Ltd

Directors' Report for the Year Ended 31 March 2020

The impact of uncertainties due to the UK exiting the European Union
On 31 January 2020 the United Kingdom has ceased to be a member of the European Union ("Brexit"). There are many uncertain implications to businesses and the economy in which the Company operates from this event, however, since the Company's investments are located outside of, and has had minimal businesses in the European Union, Brexit is considered to have minimal impact to the future operation of the Company.

Going concern
Despite the adversity in the market and economy caused by COVID-19 pandemic, the Company will continue to adopt the going concern basis in preparing the financial statements, based on the fact that both power plants at Avon and Dedisa have been able to maintain commercial availability at 100% to date, and the current Load Factor ("LF") remains to be approx. 11% and 4.00%, respectively, higher than budgeted 3.00% (prior year avg. 3.44%). Further, the LF is expected to return to norm as it approaches summer (September~). Furthermore, the Company has net assets of ZAR 303,644,448 at 31 March 2020 (2019: 312,399,361) and generated profits of 191,245,086 (2019: 61,247,979) for the year, and has sufficient funds to cover the liabilities and the expected expenditures for the foreseeable future and beyond, with profit after tax of ZAR 111,750,000 forecasted for the succeeding year.

Directors' liabilities
Qualifying third party indemnity provision for the benefit of the Company's directors remain in force at the date of this report.

Disclosure of information to the auditors
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 4th September 2020 and signed on its behalf by:

Kohei Seyama

Kohei Seyama
Director

MIT Energy Southern Africa Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of MIT Energy Southern Africa Ltd

Opinion

We have audited the financial statements of MIT Energy Southern Africa Ltd (the 'Company') for the year ended 31 March 2020, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework', in accordance with the provisions applicable to companies subject to the small companies regime.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of MIT Energy Southern Africa Ltd

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

MIT Energy Southern Africa Ltd

Independent Auditor's Report to the Members of MIT Energy Southern Africa Ltd

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

L. Pingree

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Laura Pingree (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

55 Baker Street
London
W1U 7EU

Date: 4 September 2020

MIT Energy Southern Africa Ltd

Income Statement for the Year Ended 31 March 2020

	Note	2020 ZAR	2019 ZAR
Revenue	4	204,935,698	61,009,598
Administrative expenses		(6,349,660)	(5,115,678)
Operating profit		198,586,038	55,893,920
Finance income	5	2,648,842	6,960,212
Finance costs	6	256,990	(42,633)
Net finance income		2,905,832	6,917,579
Other non-operating expense		(10,246,784)	(3,050,479)
Profit before tax		191,245,086	59,761,020
Income tax receipt	9	-	1,486,960
Profit for the year		191,245,086	61,247,980

The notes on pages 12 to 22 form an integral part of these financial statements.

MIT Energy Southern Africa Ltd

Statement of Comprehensive Income for the Year Ended 31 March 2020

	2020 ZAR	2019 ZAR
Profit for the year	191,245,086	61,247,980
Total comprehensive income for the year	191,245,086	61,247,980

The notes on pages 12 to 22 form an integral part of these financial statements.

MIT Energy Southern Africa Ltd

(Registration number: 7498937)
Statement of Financial Position as at 31 March 2020

	Note	31 March 2020 ZAR	31 March 2019 (Restated) ZAR
Assets			
Non-current assets			
Investments	10	257,600,981	257,600,981
Current assets			
Trade and other receivables	11	289,846	47,302,295
Income tax asset	9	-	530,903
Cash and cash equivalents	12	51,069,875	8,622,745
		51,359,721	56,455,943
Total assets		308,960,702	314,056,924
Equity and liabilities			
Equity			
Share capital	13	257,188,257	257,188,257
Retained earnings		46,456,191	55,211,105
		303,644,448	312,399,362
Current liabilities			
Trade and other payables	14	356,672	433,942
Other current financial liabilities		4,959,582	1,223,620
		5,316,254	1,657,562
Total equity and liabilities		308,960,702	314,056,924

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 4th September 2020 and signed on its behalf by:

.........Kohei Seyama.........

Kohei Seyama
Director

The notes on pages 12 to 22 form an integral part of these financial statements.

MIT Energy Southern Africa Ltd

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital ZAR	Retained earnings ZAR	Total ZAR
At 1 April 2019	257,188,257	55,211,105	312,399,362
Profit for the year	-	191,245,086	191,245,086
Total comprehensive income	-	191,245,086	191,245,086
Dividends	-	(200,000,000)	(200,000,000)
At 31 March 2020	257,188,257	46,456,191	303,644,448

	Share capital ZAR	Retained earnings ZAR	Total ZAR
At 1 April 2018	257,188,257	97,963,125	355,151,382
Profit for the year	-	61,247,980	61,247,980
Total comprehensive income	-	61,247,980	61,247,980
Dividends	-	(104,000,000)	(104,000,000)
At 31 March 2019	257,188,257	55,211,105	312,399,362

1 General information

The company is a private company limited by share capital, incorporated and domiciled in the United Kingdom.

The address of its registered office is:
8th and 9th Floors
1 St. Martin's Le Grand
London
EC1A 4AS
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Summary of disclosure exemptions
As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the consolidated accounts of Mitsui & Co., Ltd. The consolidated accounts of Mitsui & Co., Ltd. are available to the public and may be obtained as set out in note 17.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Going concern
Considering the factors discussed on page 3 of the Directors' report, the directors have a reasonable expectation that the Company has adequate resources to meet its obligations and to continue in operational existence for the foreseeable future and therefore, the financial statements have been prepared on a going concern basis.

Reclassification and restatement of comparative information
Following the implementation of new financial reporting systems and processes, the Company has made various changes to the presentation of its financial statements. Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. Comparative information that differs to that disclosed in previously issued financial statements is labelled as restated.

Exemption from preparing group accounts
The Company has taken advantage of the exemption clauses of the Companies Act 2006 s401 and has not prepared group accounts. The financial statements present information about the Company as an individual entity and not about its group. The ultimate parent company of the Company is Mitsui & Co., Ltd, a company incorporated in Japan.

Revenue recognition
Revenue represents dividend income in investing two diesel-fired power plants in the Republic of South Africa ("the Projects"), Avon Peaking Power (RF) (PTY) Ltd. ("Avon") and Dedisa Peaking Power (RF) (PTY) Ltd. ("Dedisa").

Foreign currency transactions and balances
The financial statements are presented in South African rand (ZAR), which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period.

Tax
The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Investments
Investments in associates are accounted for at cost less, where appropriate, provision for impairment. An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of non-financial assets
The Company assesses whether there are any indicators of impairment for investments in accordance with IAS 36 Impairment of Assets. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Financial instruments

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-
· financial assets at amortised cost;
· financial assets at fair value through other comprehensive income (FVTOCI); or
· financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-
· financial liabilities at amortised cost; or
· financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Derecognition

Financial assets

The company derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

(a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.

(b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;

(c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined

(d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Financial liabilities

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Impairment of financial assets

Measurement of Expected Credit Losses

The company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments
- Accounts and other receivables
- Financial guarantee contracts issued; and
- Loan commitments issued.

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Accounting estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates and assumptions is principally limited to the determination of provisions for impairment and the valuation of financial instruments as explained in more detail below:-

Provisions for impairment

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

3 Critical accounting judgements and key sources of estimation uncertainty

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumption that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Company's accounting policies, management has made the following judgements and estimations which have the most significant effect on the amounts recognised in the financial statements.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets (including interests in associates held at cost) in accordance with IAS 36 Impairment of Assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the assets and choose a suitable discount rate in order to calculate the present value of those cash flows.

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2020 ZAR	2019 ZAR
Dividends received	204,935,698	61,009,598

5 Interest receivable and similar income

	2020 ZAR	2019 ZAR
Other finance income	2,648,842	6,960,212

6 Interest payable and similar expenses

	2020 ZAR	2019 ZAR
Foreign exchange (gains) / losses	(256,990)	42,633

7 Directors' remuneration

The average number of directors for the year is two (2019: two). None of the directors received remuneration in respect of services to the Company during the year (2019: ZAR nil). The Company employed no direct staff (2019: none) and incurred no staff costs during the year (2019: ZAR nil).

8 Auditors' remuneration

	2020 ZAR	2019 ZAR
Audit of the financial statements	198,844	176,323

9 Income tax

Tax charged/(credited) in the income statement

	2020 ZAR	2019 ZAR
Current taxation		
UK corporation tax	-	7,606
UK corporation tax adjustment to prior periods	-	(1,494,566)
	-	(1,486,960)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 ZAR	2019 ZAR
Profit before tax	191,245,086	59,761,020
Corporation tax at standard rate	36,336,566	11,354,594
Decrease in current tax from adjustment for prior periods	-	(1,494,566)
Increase from effect of revenues exempt from taxation	(38,937,783)	(11,591,824)
Tax decrease from utilisation of tax losses	654,328	(171,181)
Increase from effect of foreign tax rates	1,946,889	416,017
Total tax credit	-	(1,486,960)

10 Investments

Associates

	ZAR
Cost or valuation	
At 1 April 2019	257,600,981
At 31 March 2020	257,600,981
Provision	
Carrying amount	
At 31 March 2020	257,600,981

Details of the associates as at 31 March 2020 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2020	2019
Avon Peaking Power (RF) (PTY) Ltd.	Development, financing, building and operation of the power plants	Building 1, Country Club Estate 21 Woodland Drive Johannesburg Gauteng, Province 2191 The Republic of South Africa	25%	25%
Dedisa Peaking Power (RF) (PTY) Ltd.	Development, financing, building and operation of the power plants	Building 1, Country Club Estate 21 Woodland Drive Johannesburg Gauteng, Province 2191 The Republic of South Africa	25%	25%

11 Trade and other receivables

	31 March 2020 ZAR	31 March 2019 (Restated) ZAR
Prepayments	8,255	-
Other receivables	281,591	47,302,295
	289,846	47,302,295

The other receivables in prior year included ZAR 47,099,625 loan provided to Avon. This was repaid in full in the year ended 31 March 2020.

The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

12 Cash and cash equivalents

	31 March 2020 ZAR	31 March 2019 ZAR
Cash at bank	51,069,875	8,622,745

13 Share capital

Allotted, called up and fully paid shares

	31 March 2020		31 March 2019	
	No.	ZAR	No.	ZAR
Ordinary shares of ZAR1 each	257,188,257	257,188,257	257,188,257	257,188,257

14 Trade and other payables

	31 March 2020 ZAR	31 March 2019 (Restated) ZAR
Accrued expenses	356,672	433,941
Other payables	-	1
	356,672	433,942

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk review note.

15 Dividends

Interim dividends paid

	31 March 2020 ZAR	31 March 2019 ZAR
Interim dividend of ZAR0.78 (2019 - ZAR0.40) per each Ordinary share	200,000,000	104,000,000

16 Related party transactions

The Company has taken the exemption from disclosing transactions between wholly owned members of the group. There were no transactions with related parties that are non-wholly owned members aside from transactions with the Company's associates Avon Peaking Power (RF) (Pty) Ltd. and Dedisa Peaking Power (RF) (Pty) Ltd.

17 Parent and ultimate parent undertaking

The company's immediate and ultimate parent is Mitsui & Co Ltd.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Mitsui & Co Ltd, incorporated in Japan.

The address of Mitsui & Co Ltd is:
2-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8631, Japan

18 Non adjusting events after the financial period

On 14 July 2020, an interim dividend of ZAR 100,000,000 was paid to the Company's sole shareholder.