CONTENTS

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Van der Walt & Company
PO Box 868
Ferndale
2160

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paul@vdw.co.za
www.piesa.com

ABOUT THE POWER INSTITUTE FOR EAST AND SOUTHERN AFRICA (PIESA)

The Power Institute for East and Southern Africa (PIESA) is a voluntary regional electricity industry association established in 1998 to facilitate and coordinate the sharing of information and technology in the specialized areas of:

◇ Technology and engineering support;

◇ Applied research;

◇ Standardization;

◇ Environmental management; and

◇ Technical development and training

The PIESA aims to be the catalyst for sustainable regional technological cooperation in expanding the electricity distribution industry for regional growth and development by:

◇ Encouraging participation by all regional electricity distributors and supporting industries;

◇ Compiling, optimizing and maintaining integrated information systems for technology related to the distribution of electricity including technical equipment specifications and codes of practice that are appropriate for the regional environment;

◇ Providing a mechanism for continuously capturing the experiences of members in order to improve efficiency;

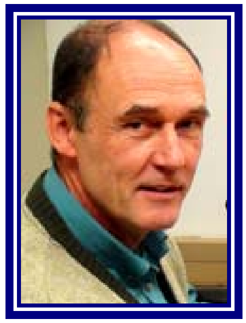
◇ Encouraging the use of local resources and manufacture of equipment for use in the distribution industry;

◇ Promoting applied research in areas that are relevant to the effective performance of members;

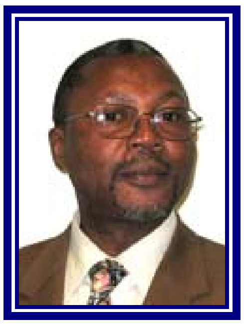
◇ Fostering a culture of technology transfer and skills development among the members;

◇ Developing strategic alliances and partnerships with other related organizations involved in or with the electricity distribution industry.

MEMBERS OF THE PIESA BOARD



Paul Johnson
(Eskom - South Africa & PIESA Chairman)



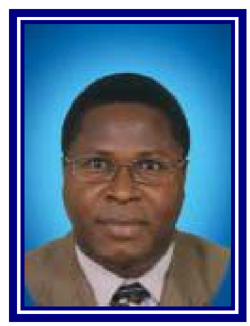
Albert Mbafumoya Tchomba
(SNEL - DR Congo)

Alvin Monga
(Zesco - Zambia)

Hannes Roos
(AMEU Southern Africa)

Bukhosi Siso
(Zesa - Zimbabwe)

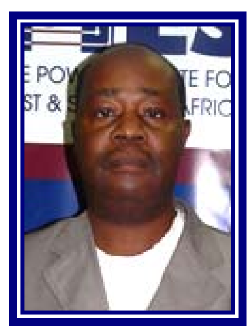
Peter Mtonda
(Escom - Malawi)



John Ombui
(KPLC - Kenya)

Mbele Hoohlo
(LEC - Lesotho)

Simbiso Chimbima
(UMEME - Uganda)



William Geoffrey Mhando
(Tanesco - Tanzania)

PIESA CHAIRMAN'S REVIEW

As I reflect on the achievements and challenges of the 12 months covered by this annual report, March 2009 to February 2010, I can say that I am proud to be associated with a vibrant organization that has continued to remain focused on its core business of technology exchange in support of electrification in the regions of East and Southern Africa. I have to thank most sincerely my fellow board members, the secretariat, working group convenors and all working group members for the achievements during that time and for the support during my second year as Chairman of the PIESA Board.

Despite management restructuring exercises in several of our members, support for PIESA has continued and has in fact increased. Our membership now stands at 10 full utility members and 11 affiliate members.

The key events during the 2009/10 period that underpinned PIESA's continued success were, firstly, after some trial and error, the production of our first "TIS-Africa" training DVD project in partnership with IERE

Secondly, the Electrification working group organized an Electrification Technology workshop in Maseru in Lesotho in May 2009. The workshop was very well attended by approximately 50 people from across the region with a very good representation from LEC. On behalf of all members I express grateful appreciation to the Management of Lesotho Electricity Corporation for their very efficient organization of the workshop and working group meetings, and their generous hosting of the various meetings. Also thanks to the management of Eskom for providing the facilitators and for securing the services of Professor Trevor Gaunt of the University of Cape Town. Together with Dr Hendri Geldenhuys, and his colleagues they did an excellent job of leading the group.

Thirdly, the highlight of the year was undoubtedly the "Electrification Africa" forum in Mombasa, Kenya that took place from 15th to 17th September 2009. Thank you again to the management and organizing team of KPLC for a memorable event, which was jointly sponsored by PIESA and IERE. It was also significant that it was the first time that the International Electrotechnical Commission (IEC) and NEPAD participated in a PIESA event.

Our final event organized for the year was the revenue protection course, held in South Africa in November 2009, which was extremely well attended.

Thank you to the PIESA secretariat for the efficient running of these events, which have been so capably organized, and in particular to our COO, Paul van Niekerk, well done on increasing our utility membership from 8 members to 10 members during the year!

PIESA CHAIRMAN'S REVIEW (continued)

In recent years, it is evident that PIESA's focus has been on capacity building through the organizing of training courses, in response to the needs of its members. In this regard there is synergy between the aims of the NEPAD Planning and Coordinating Agency and PIESA, and hence it was a significant step when the two parties were able to conclude a cooperation agreement, which was signed in February 2010.

While it is a step in the right direction, we will need the willingness and drive on both sides to use the agreement to deliver practical outputs. The PIESA Secretariat has already demonstrated its capability to organize the training courses and workshops that its members have required. PIESA itself has already established linkages with other organizations, in particular the International Electric Research Exchange (IERE), which is providing valuable support and access to technology experts across the world. No doubt together we can explore others, with the aim of maximizing the value of otherwise independent initiatives. I am confident that the NPCA will prove invaluable in being able to work with PIESA to identify both the added-value capacity building programmes required and the organizations that can support them.

We do however need to recognize that PIESA has limited funds that mainly come direct from members' subscriptions; and it is incumbent on the secretariat and the Board to ensure that these funds are used for the benefit of the members themselves.

The challenges remain. Releasing staff to attend the working group meetings and the activities that they plan is often not easy for the management of our respective organizations. Operational priorities need to be attended to and funding for foreign visits has to compete with other many other essential activities and so is not always readily released. It was largely these challenges that led the Board to reconsider the number of working groups and reduce the number from five to four.

Notwithstanding, it is a credit to our members that their senior management has remained committed to the good support that continued through 2009/10, despite the ripple effect of the global recession during that time. Our funding remains healthy, largely due to the Board members being able to motivate the payment of membership fees, because they see the value of PIESA in tangible outputs. Our collective challenge is to continue to deliver useful outputs and grow. However, we need from time to time to do a reality check – and ask ourselves - are the outputs making a difference to the electrification of the regions? Are we doing the right things? What can we do better? So, while this is a report of what has taken place during 2009/10, it is also the foundation for the year 2010/11. I am confident that we are on the right track, but no doubt we have to keep asking such questions of ourselves.

Thank you for the confidence expressed by the Board in giving me the honour of continuing in the role as Chairman of the Board for a second two-year term. I look forward to all members continued support and another successful year. My personal best wishes to you all.

Viva PIESA!

TECHNICAL WORKING GROUPS

Four technical Working Groups (WGs) form the core of the PIESA: Electrification, Environmental Management, Non-technical Loss Reduction and Standardization, each under the leadership of a Convener.

The WGs are seen as the drivers of activities and programmes for results of direct benefit to members, while the Secretariat will provide the necessary coordination to ensure efficient use of resources and undertake communication of results to stakeholders.

As PIESA's success is critically dependent on this 'bottom-up' approach, foremost in this is the development of Work Programmes/plans - essential components of PIESA's business plans, particularly as any successful resourcing will depend on the availability of well-formulated plans/programmes.

While it is self-evident that the 'core' activities – and therefore the benefits to be derived – will need to be driven by the WGs, the facilitation and coordination of these activities need to be tackled by the PIESA Board.

The working groups meet a minimum of twice each year, but can occur more frequently depending on the current projects at hand.

Electrification:

This working group convener is Memory Zvipore and the Deputy is Dr Hendri Geldenhuys. The primary objective of this working group is to share electrification technologies and systems appropriate and economical for the region.

Memory Zvipore

This Working Group is responsible for gathering information on low cost electrification practices in the region and, where possible, recommending improvements and appropriate approaches to the situation and the country concerned.

The highlight of their activities during the 2009/2010 financial year, was the conducting of the Electrification training course and workshop in Maseru in Lesotho, in May 2009, the course was facilitated by Prof Gaunt of the university of Cape Town and Dr Geldenhuys, assisted by Bruce McLaren.

They are currently working on the practical implementation of a SWER project in order to provide 'hands on' training to get a deeper understanding of the intricacies of single wire power distribution. The SWER training video was released earlier in the year and widely distributed amongst PIESA members. It is now their intention to make a further video showing the details of practical implementation including the possible pitfalls that may be encountered.

TECHNICAL WORKING GROUPS

Environmental Management:


Irene Maina

The convener of this working group was Ms Irene Maina of KPLC up until February 2010 when the Chairmanship was taken over by Mr Troy Govender of Eskom in South Africa.

Ms Irene Maina is now the Deputy convener and Thandi Sithole the secretary.

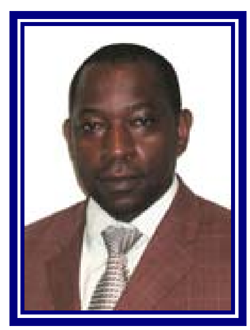
This Working Group is responsible for the development of guidelines and programmes to facilitate policy formulation, training and skills development, and communication about research on environmental issues of common interest.

The WG met twice in the year, once in Mombasa in Kenya and then again in Durban, South Africa in February 2010.

One of the primary challenges in this WG is skills development; EIA relating to all projects are becoming increasingly important in our region in Africa, hence to capacitate utilities with sufficiently qualified and experienced environmental experts is seen as a major challenge.

The Environmental WG was responsible for the drawing up of a comprehensive Environmental Impact Assessment for the proposed installation of the SWER practical implementation project in Zimbabwe under the leadership of Thandi Sithole. In addition, the WG is currently working on a programme for staff secondment between utilities where experience can be gained.

Standardization:


Kelvis Kasonkomona

This working group convener is Mr Kelvis Kasonkomona of ZESCO and the deputy is Mr Roy Wienand of Ethekwini Metropolitan Electricity in South Africa.

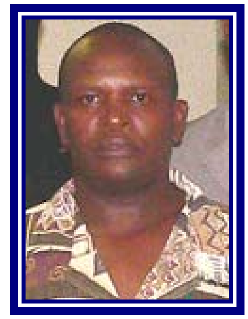
The Working Group identifies areas in which standardization of commodities or manufactured goods or designed systems could be undertaken for application, with advantages, in East and Southern Africa. Although standard specifications are developed where a need is indicated, the Working Group's overall objective is to encourage the adoption of other standards as standards through the Southern African Development Community Cooperation in Standardization (SADCSTAN).

This group met twice during the year, once in Mombasa and once in Durban this was followed up by participation in the SADCSTAN meeting in Swaziland, and the AFSEC meeting in Midrand South Africa where Kelvis presented a paper to delegates.

TECHNICAL WORKING GROUPS

Non-Technical Loss Reduction:

The convener of this working group changed hands from Wiseman Kabwazi to Joshua Mutau in September at the Mombasa Africa Forum, then unfortunately Joshua was also transferred internally within KPLC and is no longer available to the PIESA WG's. Fortunately, the board had agreed earlier to the appointment of a deputy in each WG and hence Macvittie Chiphwanya was able to take on the reins to keep this WG on course.



Joshua Mutau

The Working Group's overall objective is to investigate and evaluate technology developments in the field of non technical loss reduction, metering innovation, and related technology, in order to exchange information and to do skill development between utilities.

The WG met twice during the year, the first being in Mombasa and the second in Durban on the South Coast of South Africa in February 2010 during the Africa Utility Week.

A Revenue Protection Training Course was conducted in South Africa at the Willowbrook Conference Centre. This course was facilitated by SARPA (Southern Africa Revenue Protection Association). This was a very successful and well attended training course run by Rens Bindeman a member of the PIESA NTLR working group who is also the SARPA technical advisor and specialist on issues related to revenue loss management, revenue protection and the combating of non-ferrous metal theft. Delegates were given lectures about best practises and processes that assist in finding the correct solution for specific non technical loss problems and revenue protection concepts and processes.

The next major training course to be facilitated by this working group will be on Prepaid metering which is scheduled to be conducted in November 2010.

The "Non technical loss Reduction Working Group" of the PIESA has identified this training requirement as a priority by PIESA members, and was subsequently approved by the Board to be conducted in 2010. The course consists of nine modules and will include an introduction into the Standard Transfer specification, to make delegates aware of the benefits of the STS.

HIGHLIGHTS OF THE YEAR

Maseru Workshop

The Electrification working group organized an Electrification Technology workshop in Maseru, Lesotho in May 2009. The workshop was very well attended by approximately 50 people from across the region with a very good representation from LEC.

The event was well organized by the Lesotho Electricity Corporation LEC.

The workshop was facilitated by Prof Trevor Gaunt of the University of Cape Town together with Dr Hendri Geldenhuys assisted by Bruce McLaren and Bob Branfield of Eskom SA, who did an excellent job of leading the group.

The workshop was divided into four groups and each group had the responsibility to generate a position paper on a particular aspect of rural electrification under the watchful eye of the facilitation team.

The sub groups were:

Master Planning
Funding Options
Implementation
Vandalism prevention

Each paper was referred to the relevant PIESA working group to be used as a guideline and incorporated into its action plans.

Mr Hloaele MD of LEC welcoming delegates

The delegates

The LEC Welcoming team

Prof Gaunt Planning the next move

HIGHLIGHTS OF THE YEAR

Mombasa: PIESA Board meeting and PIESA IERE Biennial Forum

The 26th Board meeting was held in Mombasa Kenya on 15 September to coincide with a series of meetings combined with the Biennial PIESA IERE forum.

At this meeting, the Board welcomed the new board member for Malawi who was appointed to take over when Mr Chiselo retired, in addition, PIESA was advised that Mr Alvin Monga of ZESCO would no longer be available to serve on the PIESA Board and that ZESCO would nominate a replacement for him.

PIESA IERE Biennial Forum

A very successful PIESA IERE 2009 Biennial forum took place in Mombasa Kenya on 16 September 2009

PIESA was highly appreciative of KPLC for hosting and providing continual assistance with the giant task of organizing the intricate logistics, and for the fabulous dinners and entertainment of the delegates every evening. It was indeed a very enjoyable conference.

The forum started with a presentation from each of the PIESA working group conveners that set the tone for the requirements of the workshop.

Twenty one papers and tutorials were presented in the two days and included international papers on renewable distributed energy, methane gas from waste right through to the very latest in nuclear pebble bed modular reactor technology (PBMR)

PIESA Chairman Paul Johnson and his wife Belinda planting a commemorative tree in the garden of the Serena Hotel

Represented here at the tree planting ceremony. (Left to right): Dr Saito the Secretary General of IERE, PIESA chairman Paul Johnson, Jonathan Buck (IEC Switzerland) and Mrs Belinda Johnson

HIGHLIGHTS OF THE YEAR

Bordeaux Workshop

It was just a coincidence that Paul van Niekerk - the PIESA COO - happened to be in London on private business, when the annual African Electrification Forum conference took place in Bordeaux France, and he could attend on behalf of the PIESA to promote business opportunities with Electricity Utilities in our region of Africa.

The conference inter alia provided the opportunity for Paul to meet Mr Gert Claasen of the Nuclear Industry of SA who later presented a fascinating paper providing an insight into the nuclear industry at the Mombasa workshop.

Several other relevant contacts were made which will provide future opportunities for our region.

PIESA and NPCA sign Memorandum of understanding

February 17, 2010 marked a momentous occasion for PIESA when the Association signed a Memorandum of Understanding between itself and the Energy Sector of NEPAD Planning and Coordinating Agency (NPCA).

The signing ceremony took place at the NEPAD Board room in Midrand.

After brief speeches by both the CEO of NEPAD Planning and Coordinating Agency (NPCA), Dr Ibrahim Assane Mayaki and PIESA chairman, Mr Paul Johnson, invited guests and media were treated to some refreshments.

Prof. Mosad M. Elmissiry (Energy expert, NEPAD Secretariat) assists Dr Ibrahim Assane Mayaki and Mr Paul Johnson with the signing of the MOU.

HIGHLIGHTS OF THE YEAR

Board Meeting February 2010

A Board meeting took place at the PIESA head Office in Randburg on 22 February 2010

Highlights of the meeting included:

- The introduction of the new Board Members - Mr William Mhando of Tanesco and Mr Simbiso Chimbima UMEME.
- The re-election of Paul Johnson for a further period of two years
- The appointment of Joshua Mutau as the convener of the NTLR working Group
- The approval of the Working Group Action Plans for the next three years
- The Strategic Plan was referred to the September meeting for approval

L to R: Back: Peter Mtonda (Escom - Malawi), Albert Mbafumoya Tchomba (SNEL - DR Congo), Simbiso Chimbima (UMEME - Uganda), Paul van Niekerk (PIESA), William Geoffrey Mhando (Tanesco - Tanzania). Front: Tankiso Motsoika (LEC - Lesotho), Bukhosi Siso (Zesa - Zimbabwe), Joshua Mutua (KPLC - Kenya), Paul Johnson (Eskom - South Africa & PIESA Chairman), Hannes Roos (AMEU Southern Africa), Kelvis Kasankomona (Zesco - Zambia).

FINANCIAL STATEMENTS

PIESA (ASSOCIATION INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2010

Contents **Page**

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF PIESA (ASSOCIATION INCORPORATED UNDER SECTION 21)

We have audited the annual financial statements of PIESA (Association incorporated under section 21), which comprise the director's report, the balance sheet as at 28 February 2010, the income statement, the statement of changes in equity and cash flow statement for the year then ended.

Auditors responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Emphasis of matter

In common with similar organisations certain income cannot be verified prior to being recorded in the books. While we have no reason to believe that there has been any unrecorded income, we are unable to express a definite opinion in this regard.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 28 February 2010, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Harris Dowden & Fontaine

HARRIS DOWDEN & FONTAINE
Chartered Accountants (SA)
Registered Auditors
Per: RT Harris

SANDTON
8 March 2010

DIRECTOR'S RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is his responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 28 February 2010 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 16 to 23, which have been prepared on the going concern basis, were approved by the board of directors on 8 March 2010 and were signed on its behalf by:

Chairman

REPORT OF THE DIRECTORS

The directors have approved the attached annual financial statements and submit their Report for the year ended 28 February 2010.

1. Main business and operations

The company is engaged in stimulating the electrification of the region.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Events subsequent to balance sheet date

The directors are not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the report of the financial statements, that would affect the operations of the company or the results of those operations significantly.

3. Directors

The directors of the company during the year are as follows:

Name	Name
P Johnson	M Hoohlo
A Monga – Till September 2009	J Ombui
B B Siso	Z Chimbima
A M Tchomba	H Roos
P Mtonda	W G Mhando

4. Secretary

Van der Walt & Company – Jean Venter – has been reappointed as the secretary of the company.

BALANCE SHEET
AS AT 28 FEBRUARY 2009

	Notes	2010 R	2009 R
ASSETS			
CURRENT ASSETS			
Trade and other receivables	2	480,853	231,252
Cash and cash equivalent		930,626	921,355
TOTAL ASSETS		1,411,479	1,152,607
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Accumulated funds		1,160,612	959,653
CURRENT LIABILITIES			
South African Revenue Service		5,988	1,356
Trade and other payables	3	98,067	44,786
Education funds	4	146,812	146,812
		250,867	192,954
TOTAL EQUITY AND LIABILITIES		1,411,479	1,152,607

INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2010

	Notes	2010 R	2009 R
GROSS REVENUE			
Conference fees		81,415	---------
Education programmes		53,058	---------
Membership fees		1,081,702	920,926
Sponsorship – IERE		145,526	----------
		1,361,701	920,926
OTHER INCOME			
Interest received		23,843	31,635
Sundry income		--------	1,000
		23,843	32,635
TOTAL INCOME		1,385,544	953,561
EXPENDITURE			
Advertising		6,145	9,474
Annual report		20,712	31,816
Audit fees		14,000	12,000
Audit fees – prior year under provision		-------	30
Bank charges		1,346	1,841
Conference expenses		249,943	39,658
Educational programmes		134,914	--------
Postage		2,346	--------
Printing and stationery		3,147	1,714
Secretariat fees		590,842	495,000
Subscription fees		47,835	62,824
Travel – foreign		66,555	77,369
Travel – local		39,949	51,832
Website		175	---------
TOTAL EXPENDITURE		1,177,909	783,558
NET PROFIT BEFORE TAXATION		207,635	170,003
TAXATION	5	6,676	8,858
NET PROFIT FOR THE YEAR		200,959	161,145

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2010

	Accumulated funds R
Balance as at 29 February 2008	798,508
Net profit for the year	161,145
Balance as at 28 February 2009	959,653
Net profit for the year	200,959
Balance as at 28 February 2010	1,160,612

CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2010

	Notes	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from members and sponsors		1,120,500	1,166,657
Cash paid to suppliers		(1,133,028)	(780,407)
Cash generated by operating activities	6.1	(12,528)	386,250
Interest received		23,843	31,635
Taxation paid	6.2	(2,044)	(16,952)
Net cash from operating activities		9,271	400,933
Increase/(decrease) in cash and cash equivalents		9,271	400,933
Cash and cash equivalents at beginning of the year	6.3	921,355	520,422
Cash and cash equivalents at end of the year	6.3	930,626	921,355

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2010

1. Accounting policies

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value (and biological assets at fair value less point of sale costs), and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous year.

1.1 Financial instruments

Initial recognition
The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at cost.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables
Trade and payables are initially measured at fair value, and are subsequently measured at cost.

Cost and cash equivalents
Cash and cash equivalents comprise cash on hand and demand 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. These are initially and subsequently recorded at fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2010

1.2 Tax

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 liability (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 balance sheet date.

1.3 Provisions and contingencies

Provisions are recognised when:

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

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

Provisions are not recognised for future operation losses.

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

1.4 Revenue

Revenue is measured at fair value of the consideration received or receivable and represents the amount receivable for membership fees and conference contributions, net of value added tax.

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

1.5 Borrowing costs

Borrowing costs are recognised as an expense when incurred.

1.6 Translation of foreign currencies

Foreign currency transactions are recorded, on initial recognition in Rand, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2010

	2010 R	2009 R
2. Trade and other receivables		
Debtors for subscriptions	381,994	231,252
VAT control	98,859	---------
	480,853	231,252

	2010 R	2009 R
3. Trade and other payables		
Education programme	73,299	--------
Harris Dowden & Fontaine	14,000	12,000
Paul van Niekerk	5,593	--------
Professional Passenger Service	5,175	--------
RADD Video Productions	--------	10,800
VAT control	--------	21,986
	98,067	44,786

4. Education funds

Closing balance	146,812	146,812

A special resolution was passed by the Board Members to rename the Contingency fund to the Education fund. These funds will be used for training in the years to come until the funds have been depleted.

5. Taxation

South African normal tax		
- Current tax	6,676	8,858

Reconciliation of rate of tax	%	%
South African normal tax rate	28.00	28.00

Although the company is exempt for taxation purposes in terms of Section 10 of the Income Tax Act of 1968, on the membership fees received, it is however liable for taxation on the investment income earned.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2010

6. Notes to the cash flow statement

6.1 *Cash generated by operating activities*

	2010 R	2009 R
Profit for the year	207,635	170,003
Adjustments for:		
Interest income	(23,843)	(31,635)
	183,792	138,368
Movements in working capital		
(Increase)/decrease in trade and other receivables	(249,601)	213,096
(Decrease)/increase in trade and other payables	53,281	34,786
	(12,528)	386,250

6.2 *Reconciliation of taxation paid during the year*

	2010 R	2009 R
Charge in income statement	(6,676)	(8,858)
Movement in taxation balance	4,632	(8,094)
Payments made	(2,044)	(16,952)

6.3 *Cash and cash equivalents*

Cash and equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2010 R	2009 R
Bank and cash balances	930,626	921,355

PIESA MEMBERSHIP

Membership Categories and Eligibility

Membership of the PIESA is open to the electricity industry. The number of members from time to time shall not be limited, but shall at no time be less than five (5). Membership may not be assigned or transferred to any other person, company or concern.

Membership is obtained by paying the prescribed contributions as stipulated in Article 14.2 following the acceptance by the PIESA Board of the application for membership.

PIESA has the following categories of membership:
Full Members are organizations that:
(a) Generate, transmit, distribute or buy and sell electricity; or
(b) Represent an organisation contemplated in (a).

Affiliate Members are organizations or individuals with an allied interest to the PIESA, and would include, inter alia, manufacturers and suppliers of services or equipment to the electricity distribution industry, researchers, consultants and financiers.

Benefit of PIESA Membership

Benefits to members include:

- Access to and participation in the development of standards for the electricity distribution sector;

- Share of information, technology and skills and, in particular, experiences gained from pilot projects and implementation of new technologies, and local solutions to recurrent problems experienced in the region;

- Network with like-minded organizations, joint research activities and access to information from international research organizations e.g. IERE, EPRI, SAPURAB;

- Influence the development of standard specifications appropriate for the region through active involvement in the Working Groups;

- Coordinate with like-minded organizations e.g. SADCSTAN, UPDEA towards the common goal of harmonized standards;

- Participate in training activities, exchange programmes and development projects;

- Participate in regional workshops and conferences, and network with strategic decision-makers in the electricity industry;

- Provide opportunities for market growth and economies of scale for regional manufacturers and suppliers of equipment and services.