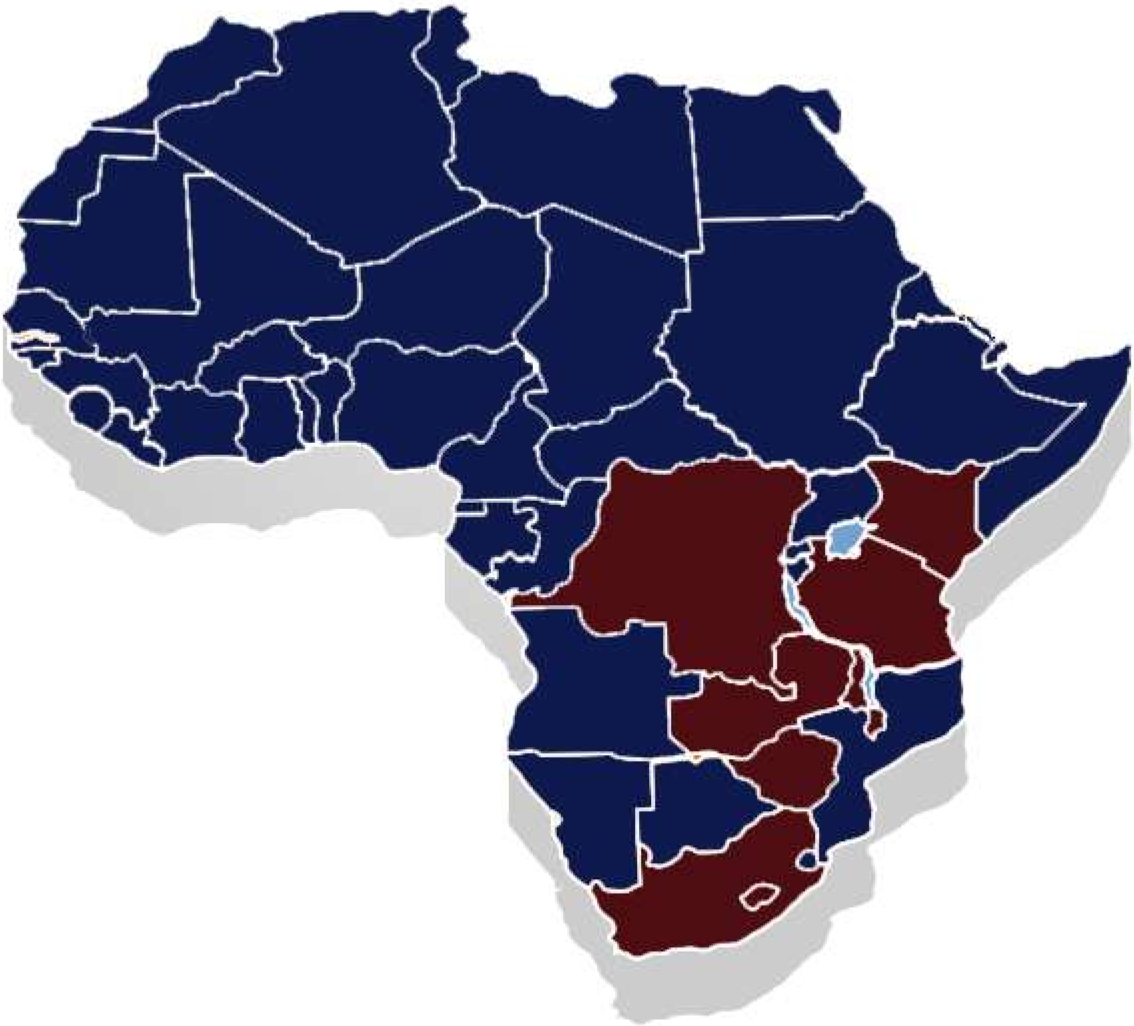
# The PIESA Annual Report

**• 2010/2011 •**



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# About the Power Institute of 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.

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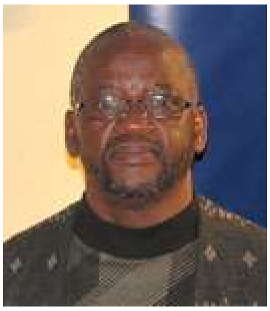
PIESA
THE POWER INSTITUTE FOR
EAST & SOUTHERN AFRICA

# Members of the PIESA board

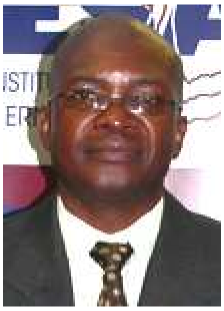
**Paul Johnson**
**(Eskom - South Africa & PIESA Chairman)**



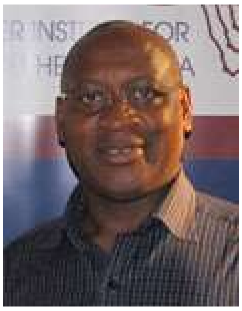
**Gerard Lehloenya**
**(LEC - Lesotho)**

**Hannes Roos**
**(AMEU Southern Africa)**

**Bhukosi Siso**
**(ZESA - Zimbabwe)**



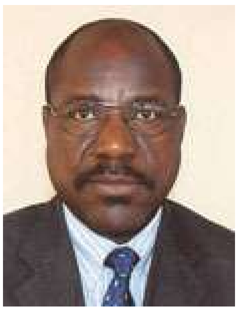
**Zimbiso Chimbima**
**(UMEME - Uganda)**



**Benson Muriithi**
**(KPLC - Kenya)**

**Eng. Felchesmi Mramba**
**(Tanesco - Tanzania)**

**Mebolana Montala**
**(SNEL - DR Congo)**



**Augustine Musumali**
**(Zesco - Zambia)**

**Peter Mtonda**
**(Escom - Malawi)**

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# PIESA Chairman's report

The year 2010 must surely be most remembered for the hosting of the soccer world cup in our region. Certainly for the electricity companies in South Africa, Eskom and the 180+ municipal licensees it was a period of intense planning, and of focussed operations to keep the lights burning, and the infrastructure working with uninterrupted service.

"What has that got to do with PIESA?" you might ask. Simply that for our regions to develop and be able to uplift the standard of living for all our people, access to reliable electricity supply is a fundamental necessity in the 21st century. Not just to light up the stadia, or to be able to watch soccer on TV, but for every inhabitant to have access to modern education facilities, health care and well-prepared food. There is still so much to be done and PIESA is just one small cog in the machinery needed to get it done.

Looking back on the year under review, starting March 2010, the working groups were active right at the outset with meetings in Durban, South Africa to coincide with the African Utility Week conferences, preceded by a Board meeting in Johannesburg.

A few months later, in May the on-site training on SWER systems took place in Zimbabwe with the aim of planning and implementing a pilot project for ZESA and the REA in Zimbabwe under the guidance of Eskom experts Dr Hendri Geldenhuys and Bruce MacLaren. My thanks to them both and to Eskom for the on-going support.

In August, PIESA, which had recently become an affiliate member of the African Electrotechnical Standardization Commission (AFSEC), was represented at the AFSEC workshop and General Assembly in South Africa by the Chief Operating Officer, Paul van Niekerk and the Standardization WG convenor, Kelvis Kasonkomona of ZESCO. PIESA has yet to respond to the invitation to have representatives in the newly established AFSEC technical committees. It is perhaps an opportunity to have the standards agreed to among PIESA members considered for wider application throughout the African continent and to avoid duplication of efforts in the area of technical standards.

In September 2010, the second Board meeting of the year and the working group meetings were held in the Western Cape to coincide with the annual meeting of the AMEU, which is itself a member of PIESA. This event afforded many PIESA members from elsewhere in the region the opportunity to actively engage in the conference activities, network with colleagues and exhibitors. Thank you to the executive of the AMEU for so willingly continuing to collaborate with PIESA, in the spirit that underpins our common aims.

As a first, we were able to sponsor a PIESA candidate to present a paper and attend an international IERE conference in Montreal in November 2010. It was clear from the feedback from IERE and from the candidate, Miss Monique Klopper of Eskom, that it was mutually beneficial. The Board hopes to continue such sponsorship each year, subject to the availability of funds, and the identification of worthy candidates.

Another highlight of the year was the prepayment metering training that took place in November at the Eskom Academy of learning. It was well attended and thanks to all those who contributed to the training course itself and the resultant audio visual material: in particular the staff at Eskom, IERE and the STS Association.

## PIESA Chairman's report continued

The Chief Operating Officer Paul van Niekerk has been very active in promoting PIESA during the year, for example at the UPDEA General assembly in Namibia in November, and in engaging with potential new members in Namibia and Botswana. I would appeal to my fellow board members in particular, but also to all PIESA members to use any opportunity when engaging with your neighbouring utilities that are not yet members of PIESA, to encourage them to also join PIESA. It is not a job to be left to the secretariat alone.

Also during this year, Paul engaged with the Regional Energy Regulators Association (RERA) to explore synergy with PIESA and has been deliberating on how to leverage our recent association with NEPAD and our renewed association with the SADC structure for harmonisation of standards SADCSTAN.

While this report, and quite rightly so, focuses on the highlights of what PIESA has achieved during the year 2010/11, we must continually ask ourselves "are we making best use of the opportunity that being members of PIESA presents us with?" Since 1998 when PIESA was first conceived, I think we can say PIESA is an established and well respected association in the regions. Our members have many common challenges, resource constraints, constrained generation capacity and continued theft of both infrastructure and electricity to name only a few. My appeal is that we all continue to share information and deliberate on how we can use our membership of PIESA to make a difference. Remember it is our association, the more we put in, the more we will get out of it.

In conclusion, I would like to thank my colleagues on the Board and to the secretariat for their assistance and support, and extend my appreciation to the PIESA members, the working group convenors and members in particular, including the Affiliate members, for their continued support, hard work and dedication.

**Paul Johnson**
**PIESA Chairman**

## PIESA COO report

**The PIESA events for 2010**

The PIESA had a very eventful year in 2010. Despite the disruption of the soccer world cup, we managed to coordinate the following:

March 2010 the PIESA board meeting was held in the PIESA head office in Randburg which was followed by the working groups all meeting in Durban, in Kwa-Zulu Natal to coincide with the AUW conference which took place early in the year due to planning for the world cup in South Africa.

This was followed shortly thereafter by a SADCSTAN meeting in Swaziland, where PIESA was required to provide feedback on Standard harmonisation and work in progress, and the SWER practical pilot project in Zimbabwe.

***SWER training course; Zimbabwe May 2010***
The course was well attended with several representatives from ZESA and REA Zimbabwe in addition to various neighbouring PIESA utilities,

The course was intended to be a practical application guide, as all participants were previously given a copy of the SWER DVD which had been made during a previous training course.

The week started with a planning and preparation session during which the delegates were divided into two groups 'Planning' and 'Engineering'.

Planning was facilitated by Dr Hendri Geldenhuys while Engineering, which included the more practical aspects, was facilitated by Bruce McLaren.

The group then went on a site visit on the second and third days, and returned to Harare for the fourth and last days.

I believe that the course was a great success and lots of interest was shown by neighbouring countries that attended.


**Attendees of the SWER practical implementation training Course Zimbabwe 2010**

The lectures' concentrated on practical implications and hence spent a considerable amount of time on site as follows:

- Planning for future expansion
- Design of the actual line
- Design of the connection point and use of isolation transformers
- Demonstration of the use of earth resistivity measurement equipment
- Explained the benefit that can be achieved from the economy of longer spans between poles due to the use of single conductors
- The procurement and acquisition of single phase equipment and materials such as sinfle phase motors.

The next phase in the project will be the procurement of materials and the actual installation.

***Prepayment Metering Training Course Eskom Academy Midrand South Africa***

The PIESA prepayment metering took place at Eskom academy of learning in November 2010 and was well attended by a group limited by the lecturers to approximately 25 delegates.

A comprehensive video was made of the full training course and has been distributed to all member utilities for onward distribution within each utility.

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**Discussion with Roland Hill during a break**

**Mr Edison Makwerela one of the lecturers covering the STS protocol**

The training course began with the basics of prepayment metering systems and went right through to a comprehensive guide on the standard transfer protocol and modern smart metering.

The following lecturers were arranged and covered a comprehensive array of metering topics.

| | |
|---|---|
| Mr Naughty Nkomo | General Metering |
| Lenny Dlakude | Operations and installation |
| Winnie Makgoale | Customer Services |
| Edison Makwerela | The STS compliance system |
| Kobus van der Berg | Smart metering |

A visit was arranged to a meter manufacturer to end the week.

*With much appreciation to Eskom and net group and Landis +Gyr*

**Mr Kobus van der berg covering smart metering**

**Mr Lenny Dlakude doing a lecture**

**The entire group at the prepayment metering training course**

**The Technical Working Groups**

Four technical Working Groups 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.

We will have a plenary meeting before the series of general meetings in Lilongwe and will reconsider all the action plans and training initiatives of each working group to ensure that we meet the objectives of the PIESA.

One of the primary objectives of the PIESA is skills development, and we have just introduced a programme to send PIESA members to international IERE workshops to participate in the very latest research projects.

Ms Monique Klopper attended a workshop in Montreal in Canada and Mr Peter Bobo has attended the

Nanjing workshop in China. The PIESA Board intends having a further call for nominations to send another PIESA staff member to a suitable workshop during 2012.

**Electrification:**

This working group convener is Memory Nyoni, and the Deputy is Dr Hendri Geldenhuys and the primary objective is to share electrification technologies and systems appropriate and economical for the region.
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 2010/2011 financial year, was the conducting of the a supplementary SWER training course, and the possibility of installing a pilot project in the Mudsi district and workshop in Zimbabwe in the near future, the course was facilitated by Dr Geldenhuys assisted by Bruce McLaren.

The working group is going to consider the introduction of a further training course on Electrification Planning in the near future.

**Environmental Management:**

The convener of this working group is Mr Troy Govender of Eskom in South Africa, and his deputy is Ms Irene Maina, of KPLC in Kenya 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 three times since the meeting in Mombasa in Kenya, once in Durban SA in February 2010, in Somerset West September 2010 and Cape Town February 2011.

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 is intending to conduct a training course on Environmental Engineering to be held at the Sandton International convention centre in November 2011.

Details for registration to attend this course will be available at the PIESA IERE TIS Africa workshop in Malawi.

In addition, the WG is currently working on a programme for staff secondment between utilities where experience can be gained.

### Non-Technical Loss Reduction:

The convener of this working group is Mr Macvittie Chiphwanya, of Escom in Malawi and his deputy is Leonard Chisina of ZESA in Zimbabwe

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 since the last workshop in Mombasa, in Durban on the South Coast of South Africa in February 2010 and twice in the Cape, once at AMEU, and during the Africa Utility Week in February 2011. A major training course on Prepaid metering was initiated and conducted at the Eskom Academy of learning in South Africa in November 2010, and a comprehensive video was made for further self learning in this direction.

The course consists of nine modules and includes details of the Standard Transfer specification and a comprehensive introduction into smart metering to make delegates aware of the future of advanced metering systems and infrastructure.

### Standardization:

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 and harmonisation of other standards as for introduction into the Southern African Development Community in cooperation with SADCSTAN.

This group met three times, since the workshop in Mombasa, once in Durban this was followed by two meetings in the Cape and also once for the SADCSTAN meeting in Botswana. The group will send representatives to the AFSEC technical committee training course to be held in Kenya in September 2011.

**PIESA Board meeting March 2011 highlights**

The PIESA Board meeting took place at the International Convention Centre in the Westin Hotel in Cape Town on 14 March 2011 and some of the important resolutions taken at this meeting were as follows:

- The PIESA Board resolved, to revert the PIESA back to being a common law association from being a section 21 (not for Profit) company as it initially was when the PIESA was established. This change will have no effect on the PIESA, it will continue as before. As the PIESA is a regional organization, it will not have the added burden of having to register the Directors of the Board in terms of the South African Companies Act.

- The Board resolved to establish a policy to sponsor a PIESA member each year to attend an international IERE workshop or conference.

  The extent of the financial implications of the sponsorship will be determined by the actual cost of travel and accommodation but will be limited to a maximum of $3,500-00 USD, subject to annual revision.

- There was a general agreement that in future, the venue for the working group meetings should rotate between the various countries, so that each country gets an opportunity to host the meeting which will allow more staff members of that utility to be exposed to the working group and it will not always be the same people that must travel.

**Paul van Niekerk**
**COO: PIESA**

# Financial Statements

## PIESA (Association incorporated under Section 21)
## Annual Financial Statements for the year ended 28 February 2011

**Index**

# 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 2011, 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 2011, 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**
**21 June 2011**

# 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 2011 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 4 to 12, which have been prepared on the going concern basis, were approved by the board of directors on 21 June 2011 and were signed on its behalf by:

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Chairman

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# Report of the directors

The directors have approved the attached annual financial statements and submit their Report for the year ended 28 February 2011.

**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**
P Johnson
B B Siso
A M Tchomba
P Mtonda
Z Chimbima
J J Roos
J Ombui – resigned 30 September 2010

**Name**
M Hoohlo – resigned 30 September 2010
W G Mahndo – resigned 30 September 2010
B Muriithi – appointed 30 September 2010
F Mramba – appointed 30 September 2010
G Lehloenya – appointed 30 September 2010
A Musumali – appointed 30 September 2010

**4. Secretary**

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

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# Balance sheet

| | Note(s) | 2011<br>R | 2010<br>R |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Trade and other receivables | 2 | 229,337 | 146,073 |
| Cash and cash equivalents | 3 | 684,594 | 930,626 |
| **Total assets** | | 913,931 | 1,076,699 |
| **Equity and liabilities** | | | |
| **Capital and reserves** | | | |
| Accumulated funds | | 797,629 | 825,832 |
| **Current liabilities** | | | |
| South African Revenue Service | | 2,493 | 5,988 |
| Trade and other payables | 4 | 16,000 | 98,067 |
| Education fund | 5 | 97,809 | 146,812 |
| | | 116,302 | 250,867 |
| **Total equity and liabilities** | | 913,931 | 1,076,699 |

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# Income statement

| | Note(s) | 2011 R | 2010 R |
|---|---|---|---|
| **Revenue** | | | |
| Conference fees | | 9,786 | 81,415 |
| Educational programmes | | 67,803 | 53,058 |
| Membership fees | | 904,789 | 1,081,702 |
| Sponsorship - IERE | | ----------- | 145,526 |
| | | 982,378 | 1,361,701 |
| **Other income** | | | |
| Interest received | | 9,688 | 23,843 |
| **Total income** | | 992,066 | 1,385,544 |
| **Expenditure** | | | |
| Advertising | | -------- | 6,145 |
| Auditor's remuneration | 6 | 19,000 | 14,000 |
| Conference expenses | | -------- | 249,943 |
| Educational projects – Trainer and material costs | | 109,241 | 134,914 |
| Marketing – Travel international | | 5,114 | -------- |
| Posting | | -------- | 2,346 |
| Secretariat – Annual report | | 8,000 | 20,712 |
| Secretariat – Finance charges | | 1,345 | 1,346 |
| Secretariat – Management fees | | 690,705 | 590,842 |
| Secretariat – Printing and stationery | | 2,115 | 3,147 |
| Secretariat – Travel international | | 33,452 | 66,555 |
| Secretariat – Travel local | | 55,892 | 39,949 |
| Secretariat - Website | | 200 | 175 |
| Subscription fees | | 47,214 | 47,835 |
| Workgroups – Venue costs | | 47,991 | -------- |
| **Total expenditure** | | 1,020,269 | 1,177,909 |
| **Net (loss)/profit before tax** | | (28,203) | 207,635 |
| Prior year adjustment | 7 | -------- | (334,780) |
| Taxation | 8 | -------- | 6,676 |
| **Net loss for the year** | | (28,203) | (133,821) |

## Statement of changes in equity

| | Accumulated funds R | Total equity R |
|---|---|---|
| **Balance as at 1 March 2009** | 959,653 | 959,653 |
| Net loss for the year | (133,821) | (133,821) |
| **Balance as at 1 March 2010** | 825,832 | 825,832 |
| Net loss for the year | (28,203) | (28,203) |
| **Balance as at 28 February 2011** | 797,629 | 797,629 |

## Cash flow statement

| | Note(s) | 2011 R | 2010 R |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Cash generated by operating activities | 9.1 | (252,225) | (12,528) |
| Interest received | | 9,688 | 23,843 |
| Taxation paid | 9.2 | (3,495) | (2,044) |
| **Net cash from operating activities** | | (246,031) | 9,271 |
| **(Decrease)/increase in cash and cash equivalents** | | (246,031) | 9,271 |
| **Cash and cash eqyuivalents at beginning of the year** | 3 | 930,626 | 921,355 |
| **Cash and cash equivalents at end of the year** | 3 | 684,594 | 930,626 |

# Accounting policies

**1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

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 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.

**1.2 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.

# Accounting policies

**1.2 Provisions and contingencies (continued)**

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.

**1.3 Revenue**

Revenue is measured at fair value of the consideration received (previously included 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.

**1.4 Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

**1.5 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.

**1.6 Change in the basis of accounting**

In line with similar organisations the directors have determined that revenue should be brought to account only when received. This has had the effect of reducing the net income and increasing the loss for the peroid by and amount of R104 354 (2010: R334 780).

THE POWER INSTITUTE FOR EAST & SOUTHERN AFRICA

## Notes to the Annual Financial Statements

| | 2011<br>R | 2010<br>R |
|---|---|---|
| **2. Trade and other receivables** | | |
| Prepaid expenses | 26,874 | 47,214 |
| VAT control | 202,462 | 98,859 |
| | 229,337 | 146,073 |
| **3. Cash and cash equivalents** | | |
| ABSA Call accounts | 678,082 | 381,275 |
| FNB NPO Account | 5,511 | 286,150 |
| FNB Business Call Account | 1,001 | 263,202 |
| | 684,594 | 930,626 |
| **4. Trade and other payables** | | |
| Education programme | -------- | 73,299 |
| Harris Dowden & Fontaine | 16,000 | 14,000 |
| Paul van Niekerk | -------- | 5,593 |
| Professional Passenger Service | -------- | 5,175 |
| | 16,000 | 98,067 |
| **5. Education funds** | | |
| Closing balance | 97,809 | 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.

| | 2011 | 2010 |
|---|---|---|
| **6. Auditors' remuneration** | | |
| Audit fees | 16,000 | 14,000 |
| Secretarial fees | 3,000 | -------- |
| | 19,000 | 14,000 |

**7. Prior year adjustment**

This represents membership fees brought to account on an accrued basis now only accounted for when received.

# Notes to the Annual Financial Statements

## 8. Taxation

| | 2011<br>R | 2010<br>R |
|---|---|---|
| (Loss)/profit before taxation | (28,203) | 207,635 |
| Taxable income: Investment income | -------- | 23,843 |
| Current tax @ 28% | -------- | 6,676 |

No tax has been provided for the 2011 year as the company has applied to be exempt from tax in terms of Section 10(1)(d)(iv)(bb)of the Income Tax Act.

**NOTES TO THE CASH FLOW STATEMENT**

### 9.1 Cash generated by operating activities

| | 2011<br>R | 2010<br>R |
|---|---|---|
| Profit for the year | (28,203) | 207,635 |
| Adjustments for: | | |
| Interest income | (9,688) | (23,843) |
| | (37,891) | 183,792 |
| Movements in working capital | | |
| (Increase)/decrease in trade and other receivables | (83,264) | (249,601) |
| (Decrease)/increase in trade and other payables | (131,070) | 53,281 |
| | (252,225) | (12,528) |

### 9.2 Reconciliation of taxation paid during the year

| | 2011<br>R | 2010<br>R |
|---|---|---|
| Charge in income statement | -------- | (6,676) |
| Movement in taxation balance | (3,495) | 4,632 |
| Payments made | (3,495) | (2,044) |

# 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.

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