
HAVELLS SYLVANIA SOUTH AFRICA (PROPRIETARY) LIMITED
(Registration number 2012/120040/07)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Wholesaler of high-efficiency, energy-saving light sources and luminaires
Directors	Yogesh Bansal Leon Nicholas Chapman Manish Kaushik
Business address	Unit 13 Willowbrook Office Park Cnr Hendrik Potgieter & Van der Kloof Road Ruimsig 1724
Holding company	Flowil International Lighting (Holding) B.V. incorporated in Netherlands
Reviewers	Nexia Levitt Kirson Chartered Accountants (S.A.)

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

INDEX

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

Index	Page
Directors' Responsibilities and Approval	3
Independent Reviewer's Report	4 - 5
Directors' Report	6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 13
Notes to the Annual Financial Statements	14 - 16
Detailed Income Statement	17
Tax Computation	18

Level of assurance

These annual financial statements have been independently reviewed in compliance with the applicable requirements of the Companies Act 71 of 2008.

Preparer

H.A. Khoosal
Professional Accountant (SA)

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual 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 International Financial Reporting Standards.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the 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 annual 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 31 December 2014 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 independent reviewers is responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's independent reviewers and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 18, which have been prepared on the going concern basis, were approved by the directors on 30 April 2014 and were signed on its behalf by:



Director

INDEPENDENT REVIEWER'S REPORT

To the shareholder of Havells Sylvania South Africa (Proprietary) Limited

We have reviewed the annual financial statements of Havells Sylvania South Africa (Proprietary) Limited, set out on pages 7 to 16, that comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewers' Responsibility

Our responsibility is to express a conclusion on the annual financial statements based on our review. We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2400, Engagements to Review Financial Statements. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the annual financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained.

A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the annual financial statements as a whole may be materially misstated.

The procedures performed in a review engagement are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these annual financial statements.

Unqualified Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the annual financial statements do not present fairly, in all material respects the financial position of Havells Sylvania South Africa (Proprietary) Limited as at 31 December 2013 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

INDEPENDENT REVIEWER'S REPORT

Other reports required by the Companies Act

As part of our review of the annual financial statements for the year ended 31 December 2013, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the reviewed annual financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the reviewed annual financial statements. However, we have not reviewed this report and accordingly do not express a conclusion on this report.



Nexia Levitt Kirson
Registered Auditors
Per: S M Loewenthal
Chartered Accountant (S A)
30 April 2014

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 2013.

1. Review of activities

Main business and operations

The company is engaged in the wholesale of high-efficiency, energy-saving light sources and luminaries and operates principally in South Africa.

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 after the reporting date

The company was incorporated during 2012, however it only commenced trading in May 2013.

3. Authorised and issued share capital

The company has 1 000 authorised no par value shares, of which 100 are issued.

4. Dividends

No dividends were declared or paid to shareholder during the year.

5. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Changes
Yogesh Bansal	
Leon Nicholas Chapman	
Neeraj Jain	Resigned 15 March 2013
Manish Kaushik	Appointed 16 May 2013

6. Secretary

The company had no secretary during the year.

7. Holding company

The company's holding company is Flowil International Lighting (Holding) B.V. incorporated in Netherlands.

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

Statement of Financial Position as at 31 December 2013

	Note(s)	2013 R	2012 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	<u>157 958</u>	<u>-</u>
Current Assets			
Inventories	3	7 122 710	-
Trade and other receivables	4	11 235 305	50 000
Cash and cash equivalents	5	4 400 420	-
		<u>22 758 435</u>	<u>50 000</u>
Total Assets		<u>22 916 393</u>	<u>50 000</u>
Equity and Liabilities			
Equity			
Stated capital	6	50 000	50 000
Accumulated loss		<u>(2 548 995)</u>	<u>(1 790 579)</u>
		<u>(2 498 995)</u>	<u>(1 740 579)</u>
Liabilities			
Current Liabilities			
Loan from group company	7	4 306 400	1 790 579
Loan from shareholder	8	10 730 392	-
Trade and other payables	9	10 378 596	-
		<u>25 415 388</u>	<u>1 790 579</u>
Total Equity and Liabilities		<u>22 916 393</u>	<u>50 000</u>

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2013 R	2012 R
Revenue		18 826 938	-
Cost of sales		(14 193 261)	-
Gross profit		4 633 677	-
Operating expenses		(5 273 848)	(1 790 579)
Operating loss	10	(640 171)	(1 790 579)
Interest received	11	4 166	-
Finance costs	12	(122 411)	-
Loss for the year		(758 416)	(1 790 579)
Other comprehensive income		-	-
Total comprehensive loss for the year		(758 416)	(1 790 579)

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

STATEMENT OF CHANGES IN EQUITY

	Share capital	Accumulated loss	Total equity
	R	R	R
Balance at 01 January 2012	50 000	-	50 000
Loss for the year	-	(1 790 579)	(1 790 579)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	-	(1 790 579)	(1 790 579)
Balance at 01 January 2013	50 000	(1 790 579)	(1 740 579)
Loss for the year	-	(758 416)	(758 416)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	-	(758 416)	(758 416)
Balance at 31 December 2013	50 000	(2 548 995)	(2 498 995)
Note(s)	6		

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

STATEMENT OF CASH FLOWS

	Note(s)	2013 R	2012 R
Cash flows from operating activities			
Cash used in operations	13	(8 522 706)	(1 840 580)
Interest income		4 166	-
Finance costs		(122 411)	-
Net cash from operating activities		(8 640 951)	(1 840 580)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(204 842)	-
Net movement in loan with group company		2 515 821	1 790 580
Net cash from investing activities		2 310 979	1 790 580
Cash flows from financing activities			
Proceeds on share issue	6	-	50 000
Net movement in shareholder loan		10 730 392	-
Net cash from financing activities		10 730 392	50 000
Total cash movement for the year		4 400 420	-
Cash at the beginning of the year		-	-
Effect of exchange rate movement on cash balances		-	-
Total cash at end of the year	5	4 400 420	-

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. 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.

1.1 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	6
IT equipment	3
Computer software	2

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

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.2 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

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.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

ACCOUNTING POLICIES

1.2 Financial instruments (continued)

Loans from group company

Loans to group companies are classified as loans and receivables.

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

1.3 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.4 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

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

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

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

ACCOUNTING POLICIES

1.4 Inventories (continued)

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

1.5 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

1.6 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2013			2012		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
2. Property, plant and equipment						
Furniture and fixtures	177 244	(39 523)	137 721	-	-	-
Computer equipment	27 598	(7 361)	20 237	-	-	-
Total	204 842	(46 884)	157 958	-	-	-
Reconciliation of property, plant and equipment - 2013						
	Opening balance	Additions	Depreciation	Total		
Furniture and fixtures	-	177 244	(39 523)	137 721		
Computer equipment	-	27 598	(7 361)	20 237		
	-	204 842	(46 884)	157 958		
3. Inventories						
Finished goods				7 122 710		-
4. Trade and other receivables						
Trade receivables				11 170 153		-
Deposits				27 800		-
Value added taxation				36 272		-
Other receivable				1 080		50 000
				11 235 305		50 000
The director is of the opinion that trade and other receivables are fairly valued.						
5. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Bank balances				4 400 420		-
6. Stated capital						
Authorised						
1000 Ordinary no par value shares				1 000		1 000
Issued						
100 Ordinary shares in issue				50 000		50 000

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R
7. Loan from group company		
Havells Sylvania Europe Ltd (UK)	<u>4 306 400</u>	<u>1 790 579</u>
The above loan is unsecured, interest free and has no fixed terms of repayment.		
8. Loan from shareholder		
Flowil International Lighting (Holding) B.V	<u>10 730 392</u>	<u>-</u>
The above loan is unsecured, bears interest at 5% and is repayable within six months.		
9. Trade and other payables		
Trade payables	10 315 660	-
Accrued expenses	42 682	-
Other payables	20 254	-
	<u>10 378 596</u>	<u>-</u>
10. Operating loss		
Operating loss for the year is stated after accounting for the following:		
Director's remuneration	<u>707 268</u>	<u>-</u>
Depreciation on property, plant and equipment	46 884	-
Employee costs	<u>839 596</u>	<u>-</u>
11. Investment revenue		
Interest revenue		
Bank	<u>4 166</u>	<u>-</u>
12. Finance costs		
Bank	187	-
Other	122 224	-
	<u>122 411</u>	<u>-</u>

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R
13. Cash used in operations		
Loss before taxation	(758 416)	(1 790 579)
Adjustments for:		
Depreciation and amortisation	46 884	-
Interest received	(4 166)	-
Finance costs	122 411	-
Changes in working capital:		
Inventories	(7 122 710)	-
Trade and other receivables	(11 185 305)	(50 000)
Trade and other payables	10 378 596	(1)
	<u>(8 522 706)</u>	<u>(1 840 580)</u>
14. Related parties		
Relationships		
Holding company		Flowil International Lighting (Holding) B.V.
Fellow subsidiary		Havells Exim
Fellow subsidiary		Havells Sylvania Europe
Related party balances		
Loan accounts - Owing to related parties		
Havells Sylvania Europe Ltd (UK)	4 306 400	-
Flowil BV	10 730 392	-
Amounts included in Trade Payable regarding related parties		
Havells Exim Ltd	8 025 976	-
Related party transactions		
Interest paid to related parties		
Flowil BV	110 392	-
Purchases from related parties		
Havells Sylvania Europe Ltd (UK)	671 234	-
Havells Exim	15 670 847	-

15. Taxation

No provision has been made for 2013 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R (2 127 539) (2012: R 1 790 578).

Havells Sylvania South Africa (Proprietary) Limited

Annual Financial Statements for the year ended 31 December 2013

DETAILED INCOME STATEMENT

	Note(s)	2013 R	2012 R
Revenue			
Sale of goods		18 826 938	-
Cost of sales		(14 193 261)	-
Gross profit		4 633 677	-
Other income			
Interest received	11	4 166	-
Operating expenses			
Accounting fees		179 580	-
Advertising		115 050	-
Bad debts		355 763	-
Bank charges		38 030	-
Cleaning		4 596	-
Computer expenses		30 485	638
Consulting fees		157 576	-
Consumables		4 399	-
Depreciation on property, plant and equipment		46 884	-
Director's remuneration		707 268	-
Employee costs		839 596	-
Entertainment		14 525	2 350
General expenses		5 071	196
Insurance		60 789	-
Loss on exchange differences		1 404 244	230 044
Management fees		431 650	654 517
Motor vehicle expenses		8 655	-
Postage		9 091	7 758
Pre-incorporation expenses		-	803 478
Rent paid		556 861	32 926
Repairs and maintenance		571	-
Samples		24 012	-
Secretarial fees		3 675	1 083
Small assets written off		15 976	-
Staff recruitment		42 080	-
Staff refreshments		899	-
Staff welfare		8 171	5 500
Telephone and fax		73 092	20 799
Travel - local		33 676	31 290
Travel - overseas		99 859	-
Water and electricity		1 724	-
		5 273 848	1 790 579
Operating loss	10	(636 005)	(1 790 579)
Finance costs	12	(122 411)	-
Loss for the year		(758 416)	(1 790 579)
Other comprehensive income		-	-
Total comprehensive loss for the year		(758 416)	(1 790 579)

HAVELLS SYLVANIA SOUTH AFRICA (PROPRIETARY) LIMITED

(Tax registration number)

Annual Financial Statements for the year ended 31 December 2013

TAX COMPUTATION

	2013 R
Net loss per income statement	(758 416)
Permanent differences (Non-deductable/Non taxable items)	
Consulting fees - capital expenditure	142 801
Interest, penalties paid in respect of taxes (s 23(d))	11 832
	<u>154 633</u>
Temporary differences	
Doubtful debt allowance (s 11(j)) - current year	266 822
Depreciation according to financial statements	46 884
Wear and tear allowance (s 11(e))	(46 884)
	<u>266 822</u>
Calculated tax loss for the year	<u>(336 961)</u>
Assessed loss brought forward	(1 790 578)
Estimated loss for 2013 - carried forward	<u>(2 127 539)</u>
Tax thereon @ 28% in the Rand	<u>Nil</u>