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of ownership remain with the lessor are charged to the statement of operations and comprehensive income on a straight-line basis over the period of the lease.

***Income taxes***

In general, the Operating Entities record income tax expense (benefit) each quarter based on the best estimate as to the full year's effective tax rate. This estimated tax expense (benefit) is reported based on a pro-ration of the actual income earned in the period divided by the full year forecasted income (loss). There are certain items, however, which are given discrete period treatment, and the tax effects of those items are reported in the quarter that such events arise. Items that give rise to discrete recognition include (but are not limited to) finalizing tax authority examinations, changes in statutory tax rates and expiration of a statute of limitations.

The process for calculating income tax expense (benefit) includes estimating current taxes due and assessing temporary differences between the recognition of assets and liabilities for tax and financial statement reporting purposes. The Operating Entities regularly review their deferred tax assets for realizability, taking into consideration all available evidence, both positive and negative, including cumulative losses, projected future pre-tax and taxable income (losses), the expected timing of the reversals of existing temporary differences and the expected impact of tax planning strategies.

The Operating Entities are subject to income taxes in South Africa and from time to time, they are subject to income tax audits in these jurisdictions. The Operating Entities believe that our tax return positions are fully supported, but tax authorities may challenge certain positions, which may not be fully sustained. Determining the income tax expense for these potential assessments and recording the related assets and liabilities requires significant judgments and estimates. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The Operating Entities review their liabilities quarterly, and may adjust such liabilities due to proposed assessments by tax authorities, changes in facts and circumstances or issuance of new regulations.

***Cash and cash equivalents***

Cash and cash equivalents comprise of all cash balances.

***Restricted cash***

Restricted cash consists of cash on deposit in financial institutions that are restricted from use in operations pursuant to requirements of certain debt agreements. These funds are reserved for current debt service payments in accordance with the restrictions in the debt agreements.

***Accounts receivable***

Accounts receivable are reported on the combined balance sheet at the invoiced amounts adjusted for any write-offs and the allowance for doubtful accounts. Management establishes an allowance for doubtful accounts to adjust the receivables to amounts considered to be ultimately collectible. The allowance is based on a variety of factors, including the length of time receivables are past due, significant one-time events, the financial health of customers, and historical experience.

***Property, plant and equipment***

Property, plant and equipment consists of solar energy systems and is stated at cost less accumulated depreciation. Expenditures for major additions and improvements are capitalized, and maintenance and repairs