

Table of Contents**Cash and cash equivalents**

Cash and cash equivalents include cash and highly liquid cash investments with original maturities of three months or less. The Company has cash deposits in a financial institution of reputable standing. The Company has not experienced any losses on such amounts and believes it is not subject to significant credit risk related to cash balances. The Company has no cash equivalents at 31 December 2014 and 2013.

Accounts receivable

The Company records accounts receivable based on amounts billed to Eskom Holdings SOC Limited. Most billings are determined based on contractual terms. The Company does not accrue interest on any of its accounts receivable. There was no allowance for doubtful accounts included in accounts receivable as of 31 December 2014 or 2013.

Derivative instruments

The Company entered into interest rate swap agreements to hedge the variable interest on borrowings utilized for the construction of the energy facilities for a fixed interest rate. As at 31 December 2014 and 2013 the hedges were effective.

The Company's interest rate swaps meet the requirements for hedge accounting and were designated as qualifying cash flow hedging instruments in all of the periods presented. Movements in the fair value of derivatives are therefore recognized in the Statements of changes in Shareholders Net Investment.

Gains and losses on derivatives designated as cash flow hedges are recorded in other comprehensive (loss) income and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions. The ineffective portion of all hedges, if any, is recognized currently in earnings. The effective portion of the hedge will be recorded in the same manner as foreign currency translation adjustment in other comprehensive (loss) income. When the hedge position is dissolved and we recognize a gain or loss in interest income (expense), the associated hedge gain or loss in other comprehensive (loss) income will be reclassified to the Statement of Income.

Property, plant and equipment, net

Property, plant and equipment are carried at cost, additions and improvements are capitalized and maintenance and repairs are charged to expenses as incurred. Depreciation is provided by the use of the straight line method over the estimated useful lives of the assets. When an asset is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resulting gain or loss is recognized.

The assets' estimated lives used in computing depreciation are as follows:

Item	Useful lives
Wind Energy Facility	5 - 20 years
Solar Energy Facility	5 - 20 years
Substation	20 years

Impairment of long-lived assets

US GAAP requires an impairment review to be performed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an indicator of impairment exists, estimates of