

03 Audit Report

INDEPENDENT AUDITORS' REPORT

For the year ended 31 March 2021

Component Name	Gco Solar Pty Ltd
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From: Moore Australia

Date: 16 June 2021

Subject: Component Audit of Gco Solar Pty Ltd for the year ended 31 March 2021

To: Farad K Lakdawala, Moore Stephens, UAE

Independent Auditors' Report on Name of the component ('the entity')

Report on the Group reporting pack

We have audited the accompanying Group reporting pack of Gco Solar Pty Ltd ('the Entity', 'the Company') which comprise the balance sheet as at 31 March 2021, the statement of profit and loss, the statement of changes in equity and the statement of cash flows (collectively referred to as 'the Group reporting pack') for the year then ended, annexed thereto, and a summary of significant accounting policies and other explanatory information, prepared in accordance with the group accounting policies followed by Sterling and Wilson International Solar FZCO ('SWFZCO') ('the holding company of the SWFZCO Group'). The Group reporting pack has been prepared solely to enable the holding company, to prepare its consolidated financial statements as at and for the year ended 31 March 2021.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid group reporting pack of the entity as of 31 March 2021 and for the year then ended has been prepared, in all material respects, as established by you, in accordance with group accounting policies followed by SWSL and is suitable for inclusion in the consolidated financial statements of the SWFZCO Group.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards (ASAs), which are equivalent to International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Group reporting pack section of our report. We are independent of the Entity in accordance with the Code of Ethics for Accounting Professionals (APES 10) issued by the Chartered Accountants Australia and New Zealand together with the ethical requirements that are relevant to our audit of the Group reporting pack under the provisions of the Corporations Act 2001 (Australia) and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management for the Group reporting pack

The Company's Management and Board of Directors is responsible for the preparation and presentation of the Group reporting pack in terms of the requirements of the Act that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, statement of changes in equity and cash flows of the Company in accordance with group accounting policies followed by the holding company of the SWFZCO Group. The Management and the Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the group reporting pack that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the Group reporting pack by the Management and Directors of the Company, as aforesaid.

In preparing the Group reporting pack, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Group reporting pack has been prepared by the management on the basis of instructions received in this regard from SWFZCO solely for the use by SWFZCO in preparation of its consolidated financial statements in accordance with the group accounting policies followed by SWFZCO.

Auditors' Responsibility for the Group reporting pack

Our objectives are to obtain reasonable assurance about whether the Group reporting pack as whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ASAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Group reporting pack.

As part of an audit in accordance with ASAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group reporting pack, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the Group reporting pack or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Group reporting pack, including the disclosures, and whether the Group reporting pack represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We have communicated all matters of significance to you in the communications you requested in your Group referral instructions.

Limitation of Use

This report is intended solely for use by Moore Stephens, Dubai in connection with its audit of consolidated financial statements of the SWIS FZCO Group as at and for the year ended 31 March 2021 and should not be used for any other purpose.

Moore Australia Audit (WA)



Shaun Williams
16/06/2021

GCO Solar Pty Ltd

Balance sheet

as at 31 March 2021

(Currency : AUD\$)

	<i>Note</i>	31 March 2021	31 March 2020
Assets			
1 Non-current assets			
(a) Property, plant and equipment	3	70,210	45,969
(b) Deferred tax assets (net)	4	1,446,432	-
Total non-current assets		<u>1,516,642</u>	<u>45,969</u>
2 Current assets			
(a) Financial assets			
(i) Trade receivables	5	831,812	1,471,437
(ii) Cash and cash equivalents	6	61,934	131,698
(iii) Loans	7	-	6,364
(iv) Other financial assets	8	-	31,150
(b) Other current assets	9	211,519	1,295,200
Total current assets		<u>1,105,265</u>	<u>2,935,849</u>
Total assets		<u>2,621,907</u>	<u>2,981,818</u>
Equity and liabilities			
Equity			
(a) Equity share capital	10	3,300,000	3,300,000
(b) Other equity	11		
- Retained earnings		(17,120,180)	(5,211,346)
Total equity attributable to owners of the Company		<u>(13,820,180)</u>	<u>(1,911,346)</u>
Total equity		<u>(13,820,180)</u>	<u>(1,911,346)</u>
Liabilities			
1 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	12	3,410,560	3,208,323
(ii) Trade payables	13	1,968,277	1,068,349
(iii) Other financial liabilities	14	140,526	95,077
(b) Other current liabilities	15	10,403,357	198,795
(c) Provisions	16	519,367	322,620
Total current liabilities		<u>16,442,087</u>	<u>4,893,164</u>
Total liabilities		<u>16,442,087</u>	<u>4,893,164</u>
Total equity and liabilities		<u>2,621,907</u>	<u>2,981,818</u>

GCO Solar Pty Ltd

Statement of profit and loss

for the year ended 31 March 2021

(Currency: AUD \$)

Particulars	Quarter			Year	
	For the quarter ended 31 March 2021 (3 months) (Audited)	For the quarter ended 31 December 2020 (3 months) (Unaudited)	For the quarter ended 31 March 2020 (3 months) (Audited)	For the year ended 31 March 2021 (Audited)	For the year ended 31 March 2020 (Audited)
	Income				
Revenue from operations	(371,744)	8,705,695	1,520,639	24,989,795	8,507,621
Other income	(82,661)	59,811	(11,249)	84,806	301,547
Total income	(454,405)	8,765,506	1,509,390	25,074,601	8,809,168
Expenses					
Cost of construction materials, stores and spare parts	71,366	496,273	1,689,712	10,418,721	1,689,712
Direct project costs	4,010,214	10,128,348	(592,245)	25,383,344	4,841,355
Employee benefits expense	165,829	441,959	515,956	1,727,232	2,108,615
Finance costs	52,033	55,010	49,283	209,742	162,521
Depreciation and amortisation expense	8,784	6,556	2,629	25,893	37,650
Other expenses	109,802	132,772	186,466	664,934	1,326,275
Total expenses	4,418,028	11,260,918	1,851,801	38,429,867	10,166,128
(Loss) / Profit before income tax	(4,872,433)	(2,495,412)	(342,411)	(13,355,266)	(1,356,960)
Tax expenses:					
Current tax	-	-	-	-	-
Current tax relating to earlier period	-	-	-	-	-
Deferred tax (credit) / charge	593,568	(2,040,000)	-	(1,446,432)	-
	593,568	(2,040,000)	-	(1,446,432)	-
(Loss) / Profit for the period after income tax	(5,466,001)	(455,412)	(342,411)	(11,908,834)	(1,356,960)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
(i) Remeasurements of defined benefit liability	-	-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
Items that will be reclassified subsequently to profit or loss					
(i) Exchange differences in translating financial statements of foreign operations	-	-	-	-	-
(ii) Effective portion of (losses) on hedging instruments in cash flow hedges	-	-	-	-	-
(iii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
Other comprehensive income for the period, net of income tax	-	-	-	-	-
Total comprehensive income for the period	(5,466,001)	(455,412)	(342,411)	(11,908,834)	(1,356,960)

For and on behalf of the Board of Directors of
GCO Solar Pty Ltd

Director

Place:

Date:

Director

Place:

Date:

GCO Solar Pty Ltd

Statement of profit and loss

Year to date results for the period from 1 April 2021 to 31 March 2021

(Currency : AUD\$)

	<i>Note</i>	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	17	24,989,795	8,507,621
Other income	18	84,806	301,547
Total income		25,074,601	8,809,168
Expenses			
Cost of construction materials, stores and spare parts	19	10,418,721	1,689,712
Direct project costs	20	25,383,344	4,841,355
Employee benefits expense	21	1,727,232	2,108,615
Finance costs	22	209,742	162,521
Depreciation and amortisation expense	23	25,893	37,650
Other expenses	24	664,934	1,326,275
Total expenses		38,429,867	10,166,128
Consolidated profit before income tax		(13,355,266)	(1,356,960)
Tax expense:	25		
Current tax		-	-
Current tax relating to earlier period		-	-
Deferred tax (credit)		(1,446,432)	-
		(1,446,432)	-
Consolidated profit after income tax		(11,908,834)	(1,356,960)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
(i) Remeasurements of defined benefit liability		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss			
(i) Exchange differences in translating financial statements of foreign operations		-	-
(ii) Effective portion of (losses) on hedging instruments in cash flow hedges		-	-
(iii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		(11,908,834)	(1,356,960)

GCO Solar Pty Ltd

Statement of Changes in Equity

for the year ended 31 March 2021

(Currency : AUD\$)

A. Equity share capital

Particulars	31 March 2021	31 March 2020
Balance at the beginning of the year	3,300,000	3,300,000
Add: Issued during the year/period	-	-
Add: Shares issued pursuant to Scheme of Arrangement (Refer note 4)	-	-
Less: Shares cancelled Pursuant to Scheme of Arrangement (Refer note 4)	-	-
Balance at the end of the year/period	3,300,000	3,300,000

B. Other equity

	Attributable to the Owners of the Company						Attributable to non-controlling interests of the Company	Total	
	Reserves and Surplus				Items of other comprehensive income				Total attributable to owners of the Company
	Capital reserve on Demerger	Capital Reserve	Legal Reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve			
Balance as at 1 April 2020	-	-	-	(5,211,346)	-	-	(5,211,346)	-	(5,211,346)
Adjustments:									
Total comprehensive income for the year									
Loss for the year	-	-	-	(11,908,834)	-	-	(11,908,834)	-	(11,908,834)
<i>Items of OCI for the year, net of tax:</i>									
Remeasurement of the defined benefit liability	-	-	-	-	-	-	-	-	-
Exchange differences in translating financial statements of foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(11,908,834)	-	-	(11,908,834)	-	(11,908,834)
<i>Transactions with owners, recorded directly in equity</i>									
Arising on acquisition of subsidiaries during the year (refer note 6)	-	-	-	-	-	-	-	-	-
Transfer to non controlling interests	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	-	-	-	(17,120,180)	-	-	(17,120,180)	-	(17,120,180)

GCO Solar Pty Ltd

Statement of Changes in Equity

for the year ended 31 March 2021

(Currency : AUD\$)

B. Other equity (Continued)

	Attributable to the Owners of the Company						Attributable to non-controlling interests of the Company	Total	
	Reserves and Surplus			Items of other comprehensive income					
	Capital reserve on Demerger	Capital Reserve	Legal Reserve	Retained earnings	Effective portion of cash flow hedge	Foreign currency translation reserve			Total attributable to owners of the Company
Balance as at 1 April 2019	-	-	-	(3,854,386)	-	-	(3,854,386)	-	(3,854,386)
Adjustments:									
Total comprehensive income for the year									
Loss for the year	-	-	-	(1,356,960)	-	-	(1,356,960)	-	(1,356,960)
<i>Items of OCI for the year, net of tax:</i>									
Remeasurement of the defined benefit liability	-	-	-	-	-	-	-	-	-
Exchange differences in translating financial statements of foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(1,356,960)	-	-	(1,356,960)	-	(1,356,960)
<i>Transactions with owners, recorded directly in equity</i>									
Arising on acquisition of subsidiaries during the year (refer note 6)	-	-	-	-	-	-	-	-	-
Transfer to non controlling interests	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	-	-	(5,211,346)	-	-	(5,211,346)	-	(5,211,346)

As per our report of even date attached.

For and on behalf of the Board of Directors of

GCO Solar Pty Ltd

Director

Place:

Date:

Director

Place:

Date:

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

3 Property, plant and equipment and capital work-in-progress

Reconciliation of carrying amount for the year ended 31 March 2021

Particulars	Leasehold improvements	Land & Buildings	Plant and equipment	Low Value Pool	Vehicles	Computer hardware	Total (A)	Capital work-in progress (B)	Total (A+B)
Gross carrying amount :									
Balance as at 1 April 2020	20,931	-	-	-	-	27,736	48,667	-	48,667
Add: Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-
Add: Additions during the year	-	-	26,549	-	-	47,596	74,146	-	74,146
Less: Disposals during the year	20,931	-	-	-	-	4,010	24,941	-	24,941
Less: Capitalised during the year	-	-	-	-	-	-	-	-	-
Add: Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	-	-	26,549	-	-	71,323	97,872	-	97,872
Accumulated depreciation and amortisation :									
Balance as at 1 April 2020	-	-	-	-	-	2,698	2,698	-	2,698
Add: Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-
Add: Depreciation for the year	-	-	4,159	-	-	21,735	25,894	-	25,894
Less: Disposals during the year	-	-	-	-	-	930.17	930	-	930
Add: Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	-	-	4,159.02	-	-	23,502	27,661	-	27,661
Carrying amounts (net)									
At 1 April 2020	20,931	-	-	-	-	25,038	45,969	-	45,969
At 31 March 2021	-	-	22,390	-	-	47,820	70,210	-	70,210

*Amounts less than Rs 0.01 million

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

3 Property, plant and equipment and capital work-in-progress (Continued)

Reconciliation of carrying amount for the year ended 31 March 2019

Particulars	Leasehold improvements	Land & Buildings	Plant and equipment	Low Value Pool	Vehicles	Computer hardware	Total (A)	Capital work-in progress (B)	Total (A+B)
Gross carrying amount :									
Balance as at 1 April 2019	20,931	-	857,156	-	829,392	8,007	1,715,486	-	1,715,486
Add: Acquisition of a subsidiary (refer note 6)	-	-	-	-	-	-	-	-	-
Add: Additions during the year	-	-	-	-	-	61,709	61,709	-	61,709
Less: Disposals during the year	-	-	857,156	-	829,392	41,980	1,728,528	-	1,728,528
Less: Capitalised during the year	-	-	-	-	-	-	-	-	-
Add: Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	20,931	-	-	-	-	27,736	48,667	-	48,667
Accumulated depreciation and amortisation :									
Balance as at 1 April 2019	-	-	647,331	-	570,225	-	1,217,556	-	1,217,556
Add: Acquisition of a subsidiary (refer note 6)	-	-	-	-	-	-	-	-	-
Add: Depreciation for the year	-	-	16,695	-	16,700	2,698	36,093	-	36,093
Less: Disposals during the year	-	-	664,026	-	586,925	-	1,250,951	-	1,250,951
Add: Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	-	-	-	-	2,698	2,698	-	2,698
Carrying amounts (net)									
At 1 April 2019	20,931	-	209,825	-	259,167	8,007	497,931	-	497,931
At 31 March 2020	20,931	-	-	-	-	25,038	45,969	-	45,969

*Amounts less than Rs 0.01 million

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

3 Property, plant and equipment and capital work-in-progress (Continued)

Notes:

- a) Borrowing cost capitalised \$ NIL for the year ended 31 March 2021 (year ended 31 March 2020: \$ NIL).
- b) Impairment loss recognised \$ NIL for the year ended 31 March 2021 (year ended 31 March 2020: Rs NIL)
- c) Adjustments includes the exchange fluctuation of \$ NIL for the year ended 31 March 2021 (year ended 31 March 2020: \$ NIL) on gross block and \$ NIL for the year ended 31 March 2021 (year ended 31 March 2020: NIL) on accumulated depreciation / amortisation due to translation of property, plant and equipment and capital work-in-progress of all foreign operations at closing exchange rate.
- d) Movable fixed assets with carrying amount of \$ NIL for the year ended 31 March 2021 (period ended 31 March 2020: \$NIL) are subject to first charge to secured bank loans obtained by a fellow subsidiary of the Company.
- e) For the period ended 31 March 2021, Acquisitions pursuant to the scheme of arrangement / acquisition of subsidiary includes following property, plant and equipment acquired due to acquisition of controlling interest in a subsidiary company:

Particulars	Plant and equipment	Furniture and fixtures	Computer hardware	Total
Gross carrying amount	-	-	-	-
Less: Accumulated depreciation and amortisation	-	-	-	-
Balance	-	-	-	-

f) **Transferred to direct project cost**

31 March 2021 31 March 2020

Depreciation of property, plant and equipment	-	-
Amortisation of intangible assets	-	-
Less: Transferred to direct project costs	-	-
Depreciation and amortisation expense as per the Consolidated statement of profit and loss	-	-

GCO Solar Pty Ltd

Notes to the financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

4 Deferred tax assets (net)

Movement in deferred tax balances for the year ended 31 March 2021

Particulars	Net asset/ (liability) 1 April 2020	Recognised in profit or loss during the period	Other adjustments/ Forex	Net asset/ (liability) 31 March 2021
Provision for interest not recoverable	-	-	-	-
Provision for doubtful debts and advances	-	-	-	-
Trade payables	-	-	-	-
Income in advance	-	-	-	-
Employee benefits	-	-	-	-
Tax losses available for set off against future taxable income	-	1,446,432	-	1,446,432
Deductible temporary difference on prepayments	-	-	-	-
Trade receivables	-	-	-	-
	-	-	-	-
Net deferred tax asset	-	1,446,432	-	1,446,432

GCO Solar Pty Ltd

Notes to the financial statements *(Continued)*

as at 31 March 2021

(Currency : AUD\$)

	31 March 2021	31 March 2020
5 Trade receivables		
<i>(Unsecured)</i>		
Trade receivables		
- Considered good	<u>831,812</u>	<u>1,471,437</u>
	<u>831,812</u>	<u>1,471,437</u>
Loss allowance *		
- Doubtful	-	-
	<u>-</u>	<u>-</u>
Net trade receivables	<u><u>831,812</u></u>	<u><u>1,471,437</u></u>

GCO Solar Pty Ltd

Notes to the financial statements *(Continued)*

as at 31 March 2021

(Currency : AUD\$)

	31 March 2021	31 March 2020
6 Cash and cash equivalents		
Balances with Bank		
- in current accounts	<u>61,934</u>	<u>131,698</u>
Cash and cash equivalents in the consolidated balance sheet	<u><u>61,934</u></u>	<u><u>131,698</u></u>
7 Loans		
<i>(Unsecured, considered good)</i>		
Security deposits	-	6,364
	<u>-</u>	<u>6,364</u>
	<u><u>-</u></u>	<u><u>6,364</u></u>

GCO Solar Pty Ltd

Notes to the financial statements (*Continued*)

as at 31 March 2021

(Currency : AUD\$)

	31 March 2021	31 March 2020
8 Other financial assets		
<i>(Unsecured, considered good)</i>		
<i>From related parties</i>		
Other receivables	-	31,150
	<u>-</u>	<u>31,150</u>
9 Other current assets		
<i>(Unsecured, considered good)</i>		
<i>From parties other than related parties</i>		
Unbilled receivables	114,934	1,131,973
VAT / GST receivable	45,998	82,960
Prepayments and deposits	-	24,696
Other current assets	50,587	55,570
	<u>211,519</u>	<u>1,295,200</u>

GCO Solar Pty Ltd

Notes to the financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

	31 March 2021	31 March 2020
10 Share capital		
Authorised		
Equity shares at par value	3,300,000	3,300,000
	<u>3,300,000</u>	<u>3,300,000</u>
Issued, subscribed and fully paid-up:		
Equity shares, fully paid-up	3,300,000	3,300,000
	<u>3,300,000</u>	<u>3,300,000</u>

Reconciliation of shares outstanding at the beginning and at the end of year :

	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
Equity shares				
Balance as at the beginning and end of the year	3,300,000	3,300,000	3,300,000	3,300,000
Add: Issued during the year				
Balance as at the end of the year	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,300,000</u>

GCO Solar Pty Ltd

Notes to the financial statements *(Continued)*

as at 31 March 2021

(Currency : AUD\$)

11 Other equity

	<i>Note</i>	31 March 2021	31 March 2020
Retained earnings	(i)	(17,120,180)	(5,211,346)
		<u>(17,120,180)</u>	<u>(5,211,346)</u>

Notes:

31 March 2021

31 March 2020

(i) Retained earnings

Balance as at the beginning of the year

(5,211,346)

(3,854,386)

Add: Profit for the year

(11,908,834)

(1,356,960)

Balance as at the end of the year

(17,120,180)

(5,211,346)

GCO Solar Pty Ltd

Notes to the financial statements (*Continued*)

as at 31 March 2021

(Currency : AUD\$)

	31 March 2021	31 March 2020
12 Current borrowings		
<i>Unsecured loans</i>		
Loan from holding company	3,410,560	3,208,323
	<u>3,410,560</u>	<u>3,208,323</u>
	<u>3,410,560</u>	<u>3,208,323</u>
13 Trade payables		
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,968,277	1,068,349
	<u>1,968,277</u>	<u>1,068,349</u>
14 Other financial liabilities		
<i>To related parties</i>		
- Other payables	61,875	-
Employee benefits payable		
- other employee benefits payable	78,651	95,077
	<u>140,526</u>	<u>95,077</u>
15 Other current liabilities		
<i>To related parties</i>		
Advances from customers	9,914,450	-
<i>To parties other than related parties</i>		
Statutory dues payable :		
- PAYG tax payable	438,149	198,795
- Payroll tax payable	50,758	-
Others	-	-
	<u>10,403,357</u>	<u>198,795</u>
16 Short-term provisions		
Provision for employee benefits		
Compensated absences	321,678	322,620
Provision for foreseeable losses	197,689	-
	<u>519,367</u>	<u>322,620</u>

GCO Solar Pty Ltd

Notes to the financial statements (Continued)

Year to date results for the period from 1 April 2021 to 31 March 2021

(Currency : AUD\$)

	Year ended 31 March 2021	Year ended 31 March 2020
17 Revenue from operations		
Sale of services		
Income from works contracts	24,989,795	8,333,157
Revenue from operation and maintenance services	-	174,464
	<u>24,989,795</u>	<u>8,507,621</u>
18 Other income		
Interest income under the effective interest method on:		
- deposits with banks	41	313
Profit on sale of property, plant and equipments (net)	-	14,670
Other miscellaneous income	84,765	286,564
	<u>84,806</u>	<u>301,547</u>
19 Cost of construction materials, stores and spare parts		
Construction materials, stores and spare parts		
Inventory of materials at the beginning of the year		
Purchase	10,418,721	1,689,712
Less : Inventory of materials at the end of the year		
	<u>10,418,721</u>	<u>1,689,712</u>
20 Direct project costs		
Communication expenses	15,763	-
Legal and professional fees	97,988	-
Printing and stationery expenses	4,423	-
Repairs and maintenance - others	7,587	52,726
Traveling and conveyance expenses	478,931	39,613
Electricity, power and fuel	8,586	
Miscellaneous expenses	736,071	1,036,843
Provision for foreseeable losses (net)	197,689	-
	<u>1,547,037</u>	<u>1,129,182</u>
Employee benefits expense		
Salaries, wages and bonus	2,702,879	1,122,565
Employee benefits payable	228,251	147,897
Compensated absences	-	16,317
Staff welfare expenses	4,453	8,659
	<u>2,935,583</u>	<u>1,295,438</u>
Sub-contractor expenses	20,900,724	2,416,735
	<u>25,383,344</u>	<u>4,841,355</u>

GCO Solar Pty Ltd

Notes to the financial statements (Continued)

Year to date results for the period from 1 April 2021 to 31 March 2021

(Currency : AUD\$)

	Year ended 31 March 2021	Year ended 31 March 2020
21 Employee benefits expense		
Salaries, wages and bonus	1,275,742	1,667,702
Employee benefits	346,372	321,227
Compensated absences	98,525	91,121
Staff welfare expenses	6,593	28,565
	<u>1,727,232</u>	<u>2,108,615</u>
22 Finance costs		
Interest expense		
- on shareholder	206,189	162,521
- on others	3,553	-
	<u>209,742</u>	<u>162,521</u>
23 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	25,893	36,093
Amortisation of intangible assets	-	1,557
	<u>25,893</u>	<u>37,650</u>
24 Other expenses		
Communication expenses	7,821	19,787
Legal and professional fees	236,912	280,109
Printing and stationery expenses	20,408	11,775
Insurance costs	147,357	164,214
Repairs and maintenance - others	90,812	64,589
Selling and marketing expenses	-	7,632
Traveling and conveyance expenses	15,535	186,039
Rent (refer note 40)	62,679	133,135
Rates and taxes	4,809	-
Electricity, power and fuel	0	6,192
Payment to auditors (refer note (a) below)	30,010	-
Loss on sale of property, plant and equipment (net)	20,267	-
Donation	-	1,015
Bad debts written off	-	4,172
Bank charges	161	2,738
Miscellaneous expenses	28,163	444,879
	<u>664,934</u>	<u>1,326,275</u>

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

25 Income taxes

a) Amount recognised in the Consolidated statement of profit and loss

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
Current tax expense :		
Current year	-	-
Adjustment of tax relating to earlier years	-	-
	-	-
Deferred tax (credit) :		
Origination and reversal of temporary differences	(1,446,432)	-
	(1,446,432)	-
	(1,446,432)	-
Tax expenses for the year	(1,446,432)	-

b) Income tax recognised in other comprehensive income

Particulars	31 March 2021		
	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss			
Remeasurement (losses) on post employment defined benefit plan	-	-	-
Items that will be reclassified to profit or loss			
Exchange differences in translating financial statements of foreign operations	-	-	-

Particulars	31 March 2020		
	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss			
Remeasurement (losses) on post employment defined benefit plan	-	-	-
Items that will be reclassified to profit or loss			
Exchange differences in translating financial statements of foreign operations	-	-	-

c) Reconciliation of effective tax rate

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
Profit before tax	(13,355,266)	-
Tax using the Company's domestic tax rate at 0%	-	-
Tax effect of:		
Difference in tax rates	(1,446,432)	-
Tax relating to previous periods	-	-
Total tax expense	(1,446,432)	-

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

25 Income taxes (Continued)

d) The major components of deferred tax (liabilities) / assets arising on account of timing differences are as follows:

Movement in deferred tax balances for the year ended 31 March 2021

Particulars	Net asset/ (liability) 1 April 2020	Recognised in profit or loss during the year	Recognised in OCI during year	Other adjustments/ Forex	Net asset/ (liability) 31 March 2021
Provision for doubtful debts and advances	-	-	-	-	-
Employee benefits	-	-	-	-	-
Tax losses available for set off against future taxable income	-	1,446,432	-	-	1,446,432
Deductible temporary difference on prepayments	-	-	-	-	-
Others	-	-	-	-	-
Net deferred tax asset	-	1,446,432	-	-	1,446,432

Movement in deferred tax balances for the period ended 31 March 2020

Particulars	Net asset/ (liability) 1 April 2019	Recognised in profit or loss during the year	Recognised in OCI during year	Other adjustments/ Forex	Net asset/ (liability) 31 March 2020
Provision for doubtful debts and advances	-	-	-	-	-
Employee benefits	-	-	-	-	-
Tax losses available for set off against future taxable income	-	-	-	-	-
Deductible temporary difference on prepayments	-	-	-	-	-
Others	-	-	-	-	-
Net deferred tax asset	-	-	-	-	-

e) Unrecognised deferred tax assets

Deferred tax assets have not been recognised during the year in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

	31 March 2021		31 March 2020	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Carry forward losses	15,087,866	4,526,360	-	-
Unabsorbed depreciation	-	-	-	-
Total	15,087,866	4,526,360	-	-

The company had incurred losses in the current year, the management had decided not to consider the potential deferred tax assets arising from carry forward tax losses in absence of convincing evidence that future profitability will be consistently demonstrated.

f) Tax losses carried forward

Particulars	Year ended 31 March 2021	Expiry date	Year ended 31 March 2020	Expiry date
Expire	-		-	
Never expire	19,909,307		6,566,783	

GCO Solar Pty Ltd

(Currency : AUD\$)

26 Related party disclosures

Transactions and balances with related parties

		<i>31 March 2021</i>
Sr. No	Nature of transaction	AUD
I	Reimbursement of expenses	
	Gco Australia Pty Ltd	349,481
II	Trade receivables	
	Gco Australia Pty Ltd	620,799
III	Recoverable expenses	
	Gco Australia Pty Ltd	340,795
	Sterling and Wilson Australia Pty Ltd.	13,200
IV	Sale of Assets	
	Gco Australia Pty Ltd	3,744

GCO Solar Pty Ltd

Notes to the financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

27 Financial instruments – Fair values and risk management

(a) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if carrying amount is a reasonable approximation of fair value.

31 March 2020	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amortised Cost		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
Financial assets								
Current								
(i) Trade receivables	180,981	-	650,831	831,812	-	-	-	-
(ii) Cash and cash equivalents	-	-	61,934	61,934	-	-	-	-
Total	180,981	-	712,765	893,746	-	-	-	-
Financial liabilities								
Current								
(i) Borrowings	-	-	3,410,560	3,410,560	-	-	-	-
(ii) Trade payables	-	-	1,968,277	1,968,277	-	-	-	-
(iii) Other financial liabilities	-	-	140,526	140,526	-	-	-	-
Total	-	-	5,519,363	5,519,363	-	-	-	-

GCO Solar Pty Ltd

Notes to the financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

27 Financial instruments – Fair values and risk management (Continued)

(a) Accounting classification and fair values (Continued)

31 March 2019	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amortised Cost		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
Financial Assets								
Current								
(i) Trade receivables	-	-	1,471,437	1,471,437	-	-	-	-
(ii) Cash and cash equivalents	-	-	131,698	131,698	-	-	-	-
(iii) Loans	-	-	6,364	6,364	-	-	-	-
(iv) Other financial assets	-	-	31,150	31,150	-	-	-	-
TOTAL	-	-	1,640,649	1,640,649	-	-	-	-
Financial liabilities								
Current								
(i) Borrowings	-	-	3,208,323	3,208,323	-	-	-	-
(ii) Trade payables	-	-	1,068,349	1,068,349	-	-	-	-
(iii) Other financial liabilities	-	-	95,077	95,077	-	-	-	-
TOTAL	-	-	4,371,749	4,371,749	-	-	-	-

GCO Solar Pty Ltd

Notes to the financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

27 Financial instruments – Fair values and risk management (Continued)

(b) Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Amortised cost: 1. Security deposits (Asset) 2. Borrowings 3. Lease liabilities	Discounted cash flow approach: The valuation model considers the present value of expected payments, discounted using a risk adjusted discount rate.	Not applicable	Not applicable

Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during the reporting year

Level 3 fair values

There are no items in Level 3 fair values.

(c) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- i) Credit risk ;
- ii) Liquidity risk ; and
- iii) Market risk

GCO Solar Pty Ltd

Notes to the financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

27 Financial instruments – Fair values and risk management (Continued)

(c) Financial risk management (Continued)

Risk management framework

The Holding Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of directors of the Holding Company oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of directors of the Holding Company is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors of the Holding Company.

GCO Solar Pty Ltd

Notes to the financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

27 Financial instruments – Fair values and risk management (Continued)

(c) Financial risk management (Continued)

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment in debt securities. The carrying amounts of financial assets represent the maximum credit exposure.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowances for doubtful debts and impairments that represents its estimates of incurred losses in respect of trade and other receivable and investment.

Total trade receivable as on 31 March 2021 is \$ 831,812 (31 March 2020: \$1,471,437).

As per simplified approach, the Group makes provision of expected credit losses on trade receivables to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

There were no allowance for impairment in respect of trade and other receivables as at 31 March 2021 and 31 March 2020.

Cash and bank balances

The Group held cash and cash equivalents and other bank balances with credit worthy banks and financial institutions of \$ 61,934 & \$ 131,698 as at 31 March 2021 and 31 March 2020 respectively. The credit worthiness of the such bank and financial institutions is evaluated by management on an ongoing basis and is considered to be good.

Other than the trade receivables, other receivables and unbilled revenue, the Group has no other financial assets that are past due but not impaired.

GCO Solar Pty Ltd

Notes to the consolidated financial statements (*Continued*)

as at 31 March 2021

(Currency : AUD\$)

27 Financial instruments – Fair values and risk management (*Continued*)

(c) Financial risk management (*Continued*)

ii *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

As at 31 March 2021, the Group held cash and cash equivalents of \$ 61,934 (31 March 2020: \$ 131,698).

Exposure to liquidity risk

The table below analyses the group's financial liabilities into relevant maturity groupings based on their contractual maturities for non derivative financial liabilities:

31 March 2021	Carrying amount	Total	Contractual cash flows			
			1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	3,410,560	3,410,560	3,410,560	-	-	-
Trade payables	1,968,277	1,968,277	1,968,277	-	-	-
Other current financial liabilities	140,526	140,526	140,526	-	-	-
	5,519,363	5,519,363	5,519,363	-	-	-

31 March 2020	Carrying amount	Total	Contractual cash flows			
			1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	3,208,323	3,208,323	3,208,323	-	-	-
Trade payables	1,068,349	1,068,349	1,068,349	-	-	-
Other current financial liabilities	95,077	95,077	95,077	-	-	-
	4,371,749	4,371,749	4,371,749	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

27 Financial instruments – Fair values and risk management (Continued)

(c) Financial risk management (Continued)

iii Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

(a) Currency Risk

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee.

Exposure to currency risk

The currency profile of financial assets and financial liabilities are as below:

Amounts in AUD \$	31 March 2021			
	USD	EUR	AUD	Others *
Financial assets				
Trade Receivables	-	-	-	-
Cash and Cash Equivalents	-	-	-	-
Other receivables	-	-	-	-
Exposure to foreign currency assets	-	-	-	-
Forward exchange contract	-	-	-	-
Net exposure to foreign currency Asset	-	-	-	-
Financial liabilities				
Trade payables and other payable	61,875	-	-	-
Exposure to foreign currency liabilities	61,875	-	-	-
Forward exchange contract	-	-	-	-
Net exposure to foreign currency liabilities	61,875	-	-	-
Net Exposure	(61,875)	-	-	-

Amounts in AUD \$	31 March 2020			
	USD	EUR	AUD	Others *
Financial assets				
Trade Receivable	-	-	-	-
Cash and Cash Equivalents	-	-	-	-
Other receivables	-	-	-	-
Exposure to foreign currency assets	-	-	-	-
Forward exchange contract	-	-	-	-
Net exposure to foreign currency assets	-	-	-	-
Financial liabilities				
Trade payables and other payable	-	-	-	-
Exposure to foreign currency liabilities	-	-	-	-
Forward exchange contract	-	-	-	-
Net exposure to foreign currency liabilities	-	-	-	-
Net exposure	-	-	-	-

*others include Israeli Shekel (ILS)

GCO Solar Pty Ltd

Notes to the consolidated financial statements *(Continued)*

as at 31 March 2021

(Currency : AUD\$)

27 Financial instruments – Fair values and risk management *(Continued)*

(c) Financial risk management *(Continued)*

iii Market risk *(Continued)*

(a) Currency Risk *(Continued)*

Sensitivity analysis

A 5% strengthening / weakening of the respective foreign currencies with respect to functional currency of Group would result in increase or decrease in profit or loss and equity as shown in table below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following analysis has been worked out based on the exposures as of the date of statements of financial position.

Effect in AUD \$	31 March 2021		31 March 2020	
	Profit and Loss		Profit and Loss	
	Strengthening	Weakening	Strengthening	Weakening
USD	(3,094)	3,094	-	-
EUR	-	-	-	-
AUD	-	-	-	-
Others *	-	-	-	-

*others include Israeli Shekel (ILS)

GCO Solar Pty Ltd

Notes to the consolidated financial statements (Continued)

as at 31 March 2021

(Currency : AUD\$)

27 Financial instruments – Fair values and risk management (Continued)

(c) Financial risk management (Continued)

iii Market risk (Continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates to security deposits, loans given and borrowings from financial institutions.

For details of the Group's short-term and long-term loans and borrowings, including interest rate profiles, refer to Note 18 of these consolidated financial statements.

Particulars	31 March 2021	31 March 2020
Fixed rate instruments		
Financial Assets	-	-
Financial liabilities	3,410,560	3,208,323
	<u>(3,410,560)</u>	<u>(3,208,323)</u>
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	<u>-</u>	<u>-</u>

Interest rate sensitivity - fixed rate instruments

The Group's fixed rate borrowings, fixed rate bank deposits and fixed rates loans are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flow will fluctuate because of a change in market interest rates.

Interest rate sensitivity - variable rate instruments

AUD \$	31 March 2021		31 March 2020	
	Profit or loss		Profit or loss	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable-rate instruments	-	-	-	-
Cash flow sensitivity (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

GCO Solar Pty Ltd

Notes to the consolidated financial statements *(Continued)*

as at 31 March 2021

(Currency : AUD\$)

27 Financial instruments – Fair values and risk management *(Continued)*

(c) Financial risk management *(Continued)*

iii Market risk *(Continued)*

(c) Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total borrowings, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio is as follows:

Particulars	31 March 2021	31 March 2020
Non-Current Borrowings	-	-
Current Borrowings	3,410,560	3,208,323
Gross debt	3,410,560	3,208,323
Less : Cash and cash equivalents	61,934	131,698
Adjusted net debt	3,348,626	3,076,625
Total equity	(13,820,180)	(1,911,346)
Adjusted net debt to adjusted equity ratio	(0.24)	(1.61)