

SOLAR MINING SERVICES (PTY) LTD
(Registration number 2015/025552/07)

Annual Financial Statements
for the year ended March 31, 2021

Solar Mining Services (Pty) Ltd

(Registration number: 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Mining explosives & accessories
Directors	D. Pillay S. Menon M. Deshmukh
Registered office	First floor, Lacey Oak House Bally Oaks Office Park 35 Ballyclare Drive Bryanston 2191
Holding company	Solar Overseas Netherlands Cooperatie U.A. incorporated in Netherlands
Auditors	Bismilla Chartered Accountants Inc. Chartered Accountants (SA) Registered Auditor
Secretary	Sekretari (Pty) Ltd
Company registration number	2015/025552/07
Tax reference number	9222408222
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: Bismilla Chartered Accountants Inc. Chartered Accountants (S.A.)

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Directors' Responsibilities and Approval

The directors are required by 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 reporting period and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor's is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 March 31, 2022 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 external auditor's are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on page 4.

The annual financial statements set out on pages 6 to 24, which have been prepared on the going concern basis, were approved by the board on May 20, 2021 and were signed on its behalf by:


D. Pillay


S. Menon


M. Deshmukh



EXPLOSIVES & ACCESSORIES

1st Floor, Lacey Oak House, Bally Oaks Office Park
Ballyclare Drive, Bryanston, Johannesburg

Tel: 011 883 1110

Reg No: 2015/025552/07

VAT: 4840271045



Bismilla
CHARTERED ACCOUNTANTS INC.

Reg No.: 1998/07534/21

REGISTERED AUDITORS

Members No.: ME 162698

Physical Address:
83 Central street
Houghton
2198

Correspondence:
P.O. Box 67 Strathavon
2031

Tel:
011 326 5147/9

Fax:
011 783 9868

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reception@bismilla.co.za

Independent Auditor's Report

To the shareholders of Solar Mining Services (Pty) Ltd

Opinion

We have audited the annual financial statements of Solar Mining Services (Pty) Ltd set out on pages 8 to 22, which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Solar Mining Services (Pty) Ltd as at March 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 22 in the annual financial statements, which indicates that the company incurred a net loss of R 50,811,486 during the year ended March 31, 2021 and, as of that date, the company's current liabilities exceeded its current assets by R171,917,370. As stated in note 22, these events or conditions, along with other matters as set forth in note 22, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work We have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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A BISMILLA
Bcompt. Bcompt. (Hons.) C.A. (S.A)
C.A. (Aus)
A LOONAT
Bcompt. Bcompt. (Hons.) C.A. (S.A)

Independent Auditor's Report

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 company's ability to continue as a going concern. 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 annual financial statements 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Bismilla Chartered Accountants Inc.
Chartered Accountants (SA)
Registered Auditors

May 20, 2021
Johannesburg

Solar Mining Services (Pty) Ltd

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Annual Financial Statements for the year ended March 31, 2021

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Solar Mining Services (Pty) Ltd for the year ended March 31, 2021.

1. Incorporation

The company was incorporated on February 9, 2015 and obtained its certificate to commence business on the same day.

2. Nature of business

Solar Mining Services (Pty) Ltd was incorporated in South Africa with interests in the Mining industry. The company operates primarily in South Africa.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

4. Share capital

	2021		2020	
Authorised	Number of shares			
No Par value shares	350,000,000		350,000,000	
Issued	2021	2020	2021	2020
	R	R	R	Number of shares
No Par value shares	21,744,953	103,090,384	55,299,030	246,132,413
				224,387,460

Refer to note 8 of the annual financial statements for detail of the movement in authorised and issued share capital.

5. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends.

The company's dividend policy prohibits the declaration and payment of dividends or distributions if the company's liabilities exceed its assets, or if the company cannot meet its obligations as they fall due, in the normal course of business.

6. Directors

The directors in office at the date of this report are as follows:

Directors	Nationality
D. Pillay	South African
S. Menon	Indian
M. Deshmukh	Indian

7. Directors interests in shares

As at March 31, 2021, the directors of the company held indirect beneficial interests of 23.81% (2020: 26.08%) of its issued ordinary shares.

8. Holding company

The company's holding company is Solar Overseas Netherlands Cooperatie U.A. which holds 76.19% (2020: 73.92%) of the company's equity. Solar Overseas Netherlands Cooperatie U.A. is incorporated in Netherlands.

Solar Mining Services (Pty) Ltd

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Directors' Report

9. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

10. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

11. Auditors

Bismilla Chartered Accountants Inc. continued in office as auditors for the company for 2021.

12. Secretary

The company secretary is Sekretari (Pty) Ltd.

Postal address

P.O. Box 14195
Lyttelton
0140

Solar Mining Services (Pty) Ltd

(Registration number: 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2021

Statement of Financial Position as at March 31, 2021

	Note(s)	2021 R	2020 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	301,129,749	296,890,463
Right of Use asset		4,714,454	-
Deferred tax	4	105,651,380	85,470,831
		411,495,583	382,361,294
Current Assets			
Inventories	6	91,647,079	87,289,678
Trade and other receivables	5	91,684,327	60,625,282
Cash and cash equivalents	7	425,368	248,533
Amounts due from related parties	21	-	659,231
		183,756,774	148,822,724
Total Assets		595,252,357	531,184,018
Equity and Liabilities			
Equity			
Share capital	8	246,132,413	224,387,460
Accumulated loss		(271,104,819)	(219,562,477)
		(24,972,406)	4,824,983
Liabilities			
Non-Current Liabilities			
Loans from shareholders	3	205,582,835	213,280,951
Lease liability		2,153,262	-
Long term loan	12	56,814,522	59,814,056
		264,550,619	273,095,007
Current Liabilities			
Trade and other payables	9	214,213,185	115,774,604
Lease liability		2,901,858	-
Bank overdraft	7	44,559,101	43,489,424
Working capital facility	11	60,000,000	60,000,000
Long term loan	12	34,000,000	34,000,000
		355,674,144	253,264,028
Total Liabilities		620,224,763	526,359,035
Total Equity and Liabilities		595,252,357	531,184,018

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Statement of Comprehensive Income

	Note(s)	2021 R	2020 R
Revenue	13	252,826,005	163,571,632
Cost of sales	14	(213,621,759)	(139,942,159)
Gross profit		39,204,246	23,629,473
Other income	15	42,886,670	-
Operating expenses		(122,241,553)	(186,687,909)
Operating loss		(40,150,637)	(163,058,436)
Investment revenue	16	100,891	100,478
Finance costs	17	(30,704,148)	(26,752,513)
Loss before taxation		(70,753,894)	(189,710,471)
Taxation	18	19,942,408	53,118,932
Loss for the year		(50,811,486)	(136,591,539)

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Annual Financial Statements for the year ended March 31, 2021

Statement of Changes in Equity

	Share capital	Accumulated loss	Total equity
	R	R	R
Balance at April 1, 2019	121,297,076	(82,970,938)	38,326,138
Loss for the year	-	(136,591,539)	(136,591,539)
Issue of shares	103,090,384	-	103,090,384
Total changes	103,090,384	-	103,090,384
Balance at April 1, 2020	224,387,460	(219,562,477)	4,824,983
Loss for the year	-	(50,811,486)	(50,811,486)
IND AS - Adjustment	-	(730,856)	(730,856)
Issue of shares	21,744,953	-	21,744,953
Total changes	21,744,953	(730,856)	21,014,097
Balance at March 31, 2021	246,132,413	(271,104,819)	(24,972,406)
Note(s)	8		

Solar Mining Services (Pty) Ltd

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Statement of Cash Flows

	Note(s)	2021 R	2020 R
Cash flows from operating activities			
Cash generated from (used in) operations	20	4,714,147	(120,042,925)
Interest income		100,891	100,478
Finance costs		(30,704,148)	(26,752,513)
Net cash from operating activities		(25,889,110)	(146,694,960)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(27,465,290)	(21,931,316)
Sale of property, plant and equipment	2	148,082	-
Movement in other current asset		659,231	(659,231)
Net cash from investing activities		(26,657,977)	(22,590,547)
Cash flows from financing activities			
Proceeds on share issue	8	21,744,953	103,090,384
Losses from foreign exchange		-	(40,993,801)
Gains from foreign exchange		40,606,946	-
Proceeds from working capital facility		-	60,000,000
Proceeds from long term liability		(2,999,534)	-
Payment of long term liability		-	(12,185,944)
Proceeds from shareholders loan		(7,698,116)	67,058,008
Net cash from financing activities		51,654,249	176,968,647
Total cash movement for the year		(892,838)	7,683,140
Cash at the beginning of the year		(43,240,890)	(50,924,031)
Total cash at end of the year	7	(44,133,728)	(43,240,891)

Solar Mining Services (Pty) Ltd

(Registration number: 2015/025552/07)

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Annual Financial Statements for the year ended March 31, 2021

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 71 of 2008. The annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period, with the exception of pre-production expenses, which were previously recognised as accounts receivable. These have been subsequently recognised as property, plant and equipment.

1.1 Property, plant and equipment

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

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Depreciation method	Average useful life
Factory Buildings	Straight line	20 years
Plant and machinery	Straight line	10 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years
Leasehold improvements	Straight line	20 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Solar Mining Services (Pty) Ltd

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Annual Financial Statements for the year ended March 31, 2021

Accounting Policies

1.2 Financial instruments (continued)

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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.

Deferred tax assets and liabilities

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

No tax expense is recognised where the company has no taxable income, or where the company's assessed tax losses brought forward exceed its taxable income for a reporting period.

1.4 Leases

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental rate of borrowing.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Solar Mining Services (Pty) Ltd

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Accounting Policies

1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

1.6 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.7 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.9 Provisions, contingencies and commitments

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets, contingent liabilities and commitments are not recognised on the face of the financial statements. Material contingencies and commitments warrant qualitative disclosures. Expenditure incurred with regards to commitments are recognised in terms of their economic substance.

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Annual Financial Statements for the year ended March 31, 2021

Accounting Policies

1.10 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.11 Borrowing costs

Borrowing costs are generally recognised as an expense in the period in which they are incurred.

Borrowing costs associated directly with the development of capital work-in-progress are capitalised to the cost of the asset in question and amortised over its useful life once the asset is brought in to use.

1.12 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

1.13 Capitalised expenditure

Capitalised expenditure is recognised against the asset to which is directly attributable to, and amortised or depreciated accordingly. Capitalised expenditure is measured at the actual amount incurred or expended during the period. Capitalised expenditure is limited to those expenses directly associated with the construction of an asset, or the costs of bringing an asset in to use.

Solar Mining Services (Pty) Ltd

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Trading as Solar Mining Services

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Notes to the Annual Financial Statements

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	5,779,333	-	5,779,333	5,779,332	-	5,779,332
Factory Buildings	240,856,403	(25,342,823)	215,513,580	221,284,595	(14,143,537)	207,141,058
Plant and machinery	67,111,229	(19,371,148)	47,740,081	28,860,597	(3,630,659)	25,229,938
Motor vehicles	16,473,535	(6,832,033)	9,641,502	50,889,284	(13,508,504)	37,380,780
Office equipment	3,092,283	(1,606,260)	1,486,023	3,047,125	(760,104)	2,287,021
IT equipment	3,088,310	(2,436,893)	651,417	2,764,945	(1,139,720)	1,625,225
Capital work in progress	20,317,813	-	20,317,813	17,447,109	-	17,447,109
Total	356,718,906	(55,589,157)	301,129,749	330,072,987	(33,182,524)	296,890,463

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Reclassification	Depreciation	Total
Land	5,779,332	-	-	-	-	5,779,332
Factory Buildings	207,141,058	19,571,808	-	-	(11,199,286)	215,513,580
Plant and machinery	25,229,938	502,287	-	28,150,370	(6,142,514)	47,740,081
Motor vehicles	37,380,780	4,151,967	(148,082)	(28,150,370)	(3,592,793)	9,641,502
Office equipment	2,287,021	45,158	-	-	(846,156)	1,486,023
IT equipment	1,625,225	323,366	-	-	(1,297,174)	651,417
Capital work in progress	17,447,109	2,870,704	-	-	-	20,317,813
	296,890,463	27,465,290	(148,082)	-	(23,077,923)	301,129,748

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Land	5,779,332	-	-	5,779,332
Factory Buildings	203,907,103	13,788,080	(10,554,125)	207,141,058
Plant and machinery	28,115,998	-	(2,886,060)	25,229,938
Motor vehicles	44,156,652	3,152,212	(9,928,084)	37,380,780
Office equipment	2,280,011	577,530	(570,520)	2,287,021
IT equipment	2,134,060	321,693	(830,528)	1,625,225
Capital work in progress	13,355,308	4,091,801	-	17,447,109
	299,728,464	21,931,316	(24,769,317)	296,890,463

Details of immovable property

Land

Land consists of ERF 11066 situated in Middelburg Ext. 33, Mpumalanga Province.

- Purchase price:

5,779,332 5,779,332

Registers with details of land and buildings and capital work-in-progress are available for inspection by shareholders or their duly authorised representatives at the registered office of the company. The property and certain moveable assets are encumbered in terms of note 11 & 12.

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Notes to the Annual Financial Statements

	2021 R	2020 R
3. Loans to (from) shareholders		
Solar Overseas Mauritius Limited (indirect shareholder)	(205,582,835)	(213,280,951)
<p>This loan is unsecured, bears interest at 3 Month LIBOR +5%, and is repayable in 17 equal quarterly instalments, starting from the 9th month after disbursement of the loan. The shareholder will cede its right to repayment of the loan should the entity's liabilities exceed its assets (fairly valued), or if the entity cannot meet its third party debts as they fall due, in the normal course of business.</p>		
4. Deferred tax		
Deferred tax asset		
Tax losses avail for set off against future taxable income	105,651,380	85,470,831
Reconciliation of deferred tax asset \ (liability)		
At beginning of year	85,470,831	32,059,626
Increases in tax loss available for set off against future taxable income	20,180,549	53,118,932
Increase attributable to withholding tax	-	292,273
	105,651,380	85,470,831
5. Trade and other receivables		
Trade receivables	68,774,165	39,666,212
Deposits	669,604	650,681
VAT	17,143,524	14,538,006
Prepaid expenses	4,929,311	5,770,383
Sundry receivables	167,723	-
	91,684,327	60,625,282
6. Inventories		
Raw materials, components	34,408,381	26,322,091
Finished goods	55,848,498	60,967,587
Inventory in transit	1,390,200	-
	91,647,079	87,289,678

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Notes to the Annual Financial Statements

	2021 R	2020 R
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	8,565	-
Bank balances	416,808	248,533
Bank overdraft	(44,559,101)	(43,489,424)
	(44,133,728)	(43,240,891)
Current assets	425,373	248,533
Current liabilities	(44,559,101)	(43,489,424)
	(44,133,728)	(43,240,891)
<p>Bank overdraft facility is provided by Rand Merchant Bank. The facility is guaranteed by Solar Industries India Ltd to the amount of R 60,000,000 plus such further amounts for interest, costs, fees and/or such other monies as may be provided for in the guarantee, as well as, by a letter of comfort from Solar Industries India Ltd.</p>		
8. Share capital		
Authorised		
350,000,000 No par value shares	350,000,000	350,000,000
<p>The authorised share capital was increased during the current financial year after the passing of a special resolution by the shareholders in terms of section 60 of The Companies Act.</p>		
Reconciliation of number of shares issued:		
Reported as at 01 April	224,387,460	121,297,076
Issue of shares	21,744,953	103,090,384
	246,132,413	224,387,460
Issued		
No par value shares	246,132,413	224,387,460
9. Trade and other payables		
Trade payables	17,335,404	5,888,121
Amounts received in advance	12,576,346	11,152,713
Accrued leave pay	2,575,447	2,188,030
Accrued payroll expenses	1,760,543	2,472,390
Amounts due to related parties	179,965,445	94,073,350
	214,213,185	115,774,604
10. Current tax payable (receivable)		
No tax liability exists at reporting date as the company incurred a taxable loss for the year.		

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Annual Financial Statements for the year ended March 31, 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
11. Working capital facility		
Working capital facility	60,000,000	60,000,000
The facility bears interest at 3 month JIBAR +2.9% and is repayable after 12 months of disbursement as set out in the term facility agreement.		
12. Long term loan		
ICICI Bank		
Non-current liabilities	56,814,522	59,814,056
Current liabilities	34,000,000	34,000,000
	90,814,522	93,814,056
The above loan is secured by a General Notarial Bond (GNB) over movable assets, a Special Notarial Bond (SNB) over specified movable assets and a Mortgage Bond over certain immovable property of the entity. The loan bears interest at 3 month JIBAR +3.65% and is repayable in 12 quarterly payments. First repayment to be made at the end of the 9th quarter from the time of disbursement, as per the repayment schedule detailed in the term loan agreement.		
13. Revenue		
Sale of goods	252,826,005	163,571,632
14. Cost of sales		
Cost of goods sold	213,621,759	139,942,159
15. Other income		
Gain/(Loss) on exchange differences	40,606,946	(40,993,801)
Other income	2,279,724	-
	42,886,670	(40,993,801)
16. Investment revenue		
Interest revenue		
Bank	100,891	100,478
17. Finance costs		
Shareholders	11,058,558	9,076,781
Finance leases	769,182	-
Bank	15,786,404	17,675,732
Other interest paid	3,090,004	-
	30,704,148	26,752,513

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Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
18. Taxation		
Major components of the tax income		
Deferred		
Current period	(19,942,408)	(53,118,932)
No provision has been made for 2021 tax as the company has no taxable income.		
19. Auditor's remuneration		
Fees	100,770	139,027
20. Cash generated from (used in) operations		
Loss before taxation	(70,753,894)	(189,710,471)
Adjustments for:		
Depreciation and amortisation	23,077,924	24,769,317
(Profit) loss on foreign exchange	(40,606,946)	40,993,801
Interest received	(100,891)	(100,478)
Finance costs	30,704,148	26,752,513
Acquisition of right-of-use asset	(4,714,454)	-
Increase in lease liability	5,055,120	-
Reversal of deferred tax related to IFRS16	(968,995)	-
Changes in working capital:		
Inventories	(4,357,401)	(1,363,121)
Trade and other receivables	(31,059,045)	(20,383,694)
Trade and other payables	98,438,581	(1,000,792)
	4,714,147	(120,042,925)

Solar Mining Services (Pty) Ltd

(Registration number: 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
21. Related parties		
Relationships		
Holding company		Solar Overseas Netherlands Cooperatie U.A.
Shareholder of holding company		Solar Overseas Mauritius Limited
Related party balances and transactions with entities with control, joint control or significant influence over the company		
Related party balances		
Loan accounts - Owing (to) by related parties		
Solar Overseas Mauritius Limited.	(205,582,835)	(213,280,951)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Solar Industries India Limited	(153,091,696)	(88,364,921)
Economic Explosive (Nagpur)	(16,356,855)	(3,773,612)
Solar Explochem Zambia Limited	(2,360,085)	(13,087,530)
Solar Overseas Mauritius Limited	(8,156,809)	-
Other current assets (liabilities) regarding related parties		
Solar Nitro Ghana	167,723	659,231
Amountd received in advance from related parties		
Solar Explochem Zambia Limited	12,139,334	-
Solar Patlayici	437,012	-
Related party transactions		
Interest paid to (received from) related parties		
Solar Overseas Mauritius Limited	11,058,558	9,076,781
Purchases from (sales to) related parties		
Solar Industries India Limited	83,784,017	-
Economic Explosive (Nagpur)	13,147,848	3,773,612
Solar Patlayici	(482,571)	-
Solar Explochem Zambia Limited	2,402,852	6,007,161
Solar Explochem Zambia Limited	(22,852,142)	(31,439,323)
Solar Industries India Limited	-	69,780,531
Solar Overseas Mauritius Limited	8,222,856	-
Other transactions paid to (received from) related parties		
Solar Industries India Limited [CG charges]	1,485,603	1,193,931
Solar Industries India Limited [Reimbursement of expenses]	-	(368,806)
Solar Overseas Mauritius Limited [Loan rec/(Repaymnet)/Debit note]	21,225,529	19,590,360
Solar Overseas Mauritius Limited [Commision]	-	738,788

Solar Mining Services (Pty) Ltd

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Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2021

Notes to the Annual Financial Statements

2021	2020
R	R

22. Going concern

We draw attention to the fact that at March 31, 2021, the company had accumulated losses of R 271,104,819.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in these annual financial statements will remain in force for as long as it takes to restore the solvency of the company.

Solar Mining Services (Pty) Ltd

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Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2021

Detailed Income Statement

	Note(s)	2021 R	2020 R
Revenue			
Sale of goods		252,826,005	163,571,632
Cost of sales	14	(213,621,759)	(139,942,159)
Gross profit		39,204,246	23,629,473
Other income			
Other income		2,279,724	-
Interest received	16	100,891	100,478
Profit and loss on exchange differences		40,606,946	-
		42,987,561	100,478
Expenses (Refer to page 24)		(122,241,553)	(186,687,909)
Operating loss		(40,049,746)	(162,957,958)
Finance costs	17	(30,704,148)	(26,752,513)
Loss before taxation		(70,753,894)	(189,710,471)
Taxation	18	19,942,408	53,118,932
Loss for the year		(50,811,486)	(136,591,539)

Solar Mining Services (Pty) Ltd

(Registration number: 2015/025552/07)

Trading as Solar Mining Services

Annual Financial Statements for the year ended March 31, 2021

Detailed Income Statement

	Note(s)	2021 R	2020 R
Operating expenses			
Advertising		(499,835)	(1,686,178)
Auditors remuneration	19	(100,770)	(139,027)
Bad debts		(4,598,270)	(8,234,880)
Bank charges		(97,145)	(1,968,314)
Cleaning		-	(417,687)
Depreciation		(23,077,924)	(24,769,317)
Depreciation: Right-of-Use asset		(3,376,539)	-
Employee costs		(57,504,771)	(63,475,364)
Entertainment		-	(70,107)
Environmental management		(37,318)	(123,475)
Miscellaneous sales expenses		(1,576,631)	(1,108,173)
Factory expenses		(329,518)	-
Blast equipment hire		(520,049)	(258,212)
IT expenses		(517,692)	(551,668)
Insurance		(2,018,723)	(2,147,828)
Lease rentals on operating lease		(4,745,638)	(13,030,046)
Legal expenses		(679,432)	(652,812)
Motor vehicle expenses		(7,609,550)	(6,369,623)
Municipal expenses		(1,048,380)	(1,223,358)
Other consulting and professional fees		(3,194,283)	(3,451,908)
Other expenses		(217,226)	(155,014)
Postage		(35,891)	(17,621)
Printing and stationery		(245,783)	(309,023)
Profit and loss on exchange differences		-	(40,993,801)
Protective clothing		(364,552)	(237,834)
Repairs and maintenance		(1,801,644)	(1,911,969)
Secretarial fees		-	(2,652)
Security		(3,734,802)	(2,691,239)
Staff welfare		(282,966)	(552,710)
Subscriptions		(11,691)	(258,385)
Telephone and fax		(696,426)	(811,918)
Training		(832,568)	(225,035)
Transport and freight		(1,244,639)	(5,941,892)
Travel - local		(1,240,897)	(2,900,839)
		(122,241,553)	(186,687,909)