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Solar Explochem Zambia Limited
(Registration number L.C.O 79731)

Financial statements

for the year ended March 31, 2022

General Information

Country of incorporation and domicile	Zambia
Company registration number	L.C.O 79731
Taxpayer's identification number	1001953671
Nature of business and principal activities	Manufacturing of explosives and trading in accessories ISO 9001:2008 Certified
Directors	Ashish Kumar Srivastava Shaileshkumar Sangrajka Lupiya Simusokwe Vennam Tirupathi Reddy Adrian Makowa
Registered office	Plot No. L/38251M Luano Area Kitwe-Chingola Road Copperbelt Province Zambia
Business address	Plot No. L/38251M Luano Area Kitwe-Chingola Road Copperbelt Province Zambia
Postal address	P.O Box 22831 Chambeshi Coperbelt Zambia
Bankers	Indo Zambia Bank First Capital Bank Plc First National Bank
Auditors	Client Focus Solutions Chartered Accountants 5th Floor Mukuba Pension House 5309Dedan Kimathi Road P.O Box 31619 Lusaka Zambia
Secretary	Messrs Corpus Globe Corporate
Level of assurance	These financial statements have been audited in compliance with International Standards on Auditing and the applicable requirements of the Companies Act of Zambia, 2017
Currency	Zambian Kwacha

Contents

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of Zambia, 2017 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent 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 of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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, 2023 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors, Messrs Client Focus Solutions Chartered Accounts are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 7 to 10.

The financial statements set out on pages 11 to 42, which have been prepared on the going concern basis, were approved by the board of directors on ______________________ and were signed on their behalf by:

Approval of financial statements

____
Director

____
Director

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Solar Explochem Zambia Limited for the year ended March 31, 2022.

1. Principal Activity

The principal activities of the Company is the manufacturing of explosives and trading in explosives accessories. The company operates in Zambia. There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zambia, 2017. 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 financial statements.

Financial results for the year were:	2022 ZMW	2021 ZMW
Revenue	427,721,820	291,653,331
Profit for the year	44,868,041	65,744,020

3. Share capital

	2022	2021
	Number of shares	
Authorised		
Ordinary shares of ZMW 1 each	39,413	39,413

	2022	2021
	Number of shares	
Issued		
Ordinary shares of ZMW 1 each	39,413	39,413

There have been no changes to the authorised or issued share capital during the year under review.

Shareholding structure	Number of Shares	Shareholding Percentage
Ortin Investments Limited	13,795	35%
Solar Overseas Netherlands Cooperatie UA	25,618	65%
	39,413	**100%**

Directors' Report

4. Directors

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

Directors
Ashish Kumar Srivastava
Shaileshkumar Sangrajka
Lupiya Simusokwe
Vennam Tirupathi Reddy
Adrian Makowa

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At March 31, 2022 the company's property, plant and equipment amounted to ZMW24,321,466 (2021: ZMW 22,436,083), of which ZMW6,047,434 (2021: ZMW 2,640,093) was added in the current year through additions.

Asset Category		
Buildings	266,569	632,097
Plant & Machinery	2,566,450	351,505
Office equipment	-	17,708
Motor vehicles	2,774,646	-
Capital work in progress	391,381	1,638,783
Computer	48,388	-
	6,047,434	**2,640,093**

6. 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.

7. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the 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.

8. Litigation statement

The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

9. Secretary

The company secretary is Messrs Corpus Globe Corporate.

Directors' Report

10. Employees

The average number of employees during each month of the year was as follows:

Average number of employees for the year	113	114

The total remuneration paid to the employees during the year was ZMW 6,483,721 (2021: ZMW 6,582,313).

11. Health, safety and welfare of employees

The company continues to provide and maintain optimum standards of safety and house keeping required for the upkeep of the health and safety of employees.

12. Auditors

Messrs Client Focus Solutions Chartered Accountants the company's auditors have expressed their willingness to continue in office as auditors. A resolution proposing their reappointment will be put to the Annual General Meeting.

13. Date of authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on___________. No authority was given to anyone to amend the financial statements after the date of issue.

14. Acknowledgements

Thanks and appreciation are extended to all of our shareholders, staff, suppliers and consumers for their continued support of the company.

The financial statements set out on pages 11 to 42, which have been prepared on the going concern basis, were approved by the board of directors on ______________________________, and were signed on its behalf by:

By order of the board

____
Secretary

CLIENT FOCUS SOLUTIONS
CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To the shareholders of Solar Explochem Zambia Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Solar Explochem Zambia Limited (the company) set out on pages 11 to 40, which comprise the statement of financial position as at March 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Solar Explochem Zambia Limited as at March 31, 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zambia, 2017.

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 financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zambia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Zambia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Trade receivables	
Expected credit losses estimation model	IFRS 9 standard requires a re-evaluation of impairments away from the previous incurred loss model to a more foward looking model which requires adopting firms to hold impairment reviews for all accounts against their expected future losses. In this regard the provision Default Matrix has been adopted to implement the simplified impairment approach.

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Independent Auditor's Report

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Solar Explochem Zambia Limited financial statements for the year ended March 31, 2022", which includes the Directors' Report as required by the Companies Act of Zambia, 2017 and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Zambia, 2017, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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.

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Independent Auditor's Report

- 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 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 financial statements, including the disclosures, and whether the 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.

Report on other legal and regulatory requirements

The companies Act of Zambia 2017 requires that in carrying our audit we consider whether the Company has kept proper accounting records, other records and registers as required by the Act.

In our opinion, the Company has maintained proper accounting records, other records and registers as required by the Companies of Zambia 2017, so far as it appears from our examination of these records.

Client Focus Solutions
Chartered Accountants

Chrispin Daka
AUD/F001208
Partner

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09 JUN 2022
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Solar Explochem Zambia Limited

(Registration number L.C.O 79731)
Financial Statements for the year ended March 31, 2022

Statement of Financial Position as at March 31, 2022

	Note(s)	2022 ZMW	2021 ZMW
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	24,321,466	22,436,083
Right-of-use assets	3	2,348,878	2,373,345
Investments in subsidiaries	4	25,200	25,200
Amounts due from related parties	5	20,096,570	1,970,245
Deferred tax	6	7,043,968	-
		53,836,082	**26,804,873**
Current Assets			
Inventories	7	126,556,486	87,203,103
Amounts due from related parties	5	54,221,552	48,142,326
Accounts receivables	8	105,292,133	137,114,867
Cash and cash equivalents	9	12,998,669	37,388,330
		299,068,840	**309,848,626**
TOTAL ASSETS		**352,904,922**	**336,653,499**
EQUITY AND LIABILITIES			
Equity			
Share capital	10	7,872,650	7,872,650
Retained income		324,879,919	280,011,875
		332,752,569	**287,884,525**
Liabilities			
Non-Current Liabilities			
Deferred tax	6	-	4,083,620
Provisions	11	268,184	202,588
		268,184	**4,286,208**
Current Liabilities			
Accounts payables	12	1,740,427	7,645,626
Amounts due to related parties	5	6,590,422	19,149,277
Current tax payable	13	11,479,255	17,640,683
Provisions	11	74,065	47,180
		19,884,169	**44,482,766**
TOTAL LIABILITIES		**20,152,353**	**48,768,974**
TOTAL EQUITY AND LIABILITIES		**352,904,922**	**336,653,499**

The financial statements and the notes on pages 4 to 41, were approved by the board of directors on the____________________________and were signed on its behalf by:

Director **Director**

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2022 ZMW	2021 ZMW
Revenue	14	427,721,820	291,653,331
Cost of sales	15	(294,344,013)	(163,568,524)
Gross profit		**133,377,807**	**128,084,807**
Other operating income	16	984,659	343,037
Other operating gains (losses)	17	(32,045,224)	44,813,962
Operating Expenses		(45,933,905)	(75,685,160)
Operating profit		**56,383,337**	**97,556,646**
Finance costs	18	(163,059)	(758,793)
Profit before taxation		**56,220,278**	**96,797,853**
Taxation	19	(11,352,237)	(31,053,833)
Profit for the year		**44,868,041**	**65,744,020**
Other comprehensive income		-	-
Total comprehensive income for the year		**44,868,041**	**65,744,020**

Statement of Changes in Equity

	Share capital ZMW	Share premium ZMW	Total share capital ZMW	Retained income ZMW	Total equity ZMW
Balance at April 1, 2020	**39,413**	**7,833,237**	**7,872,650**	**214,267,855**	**222,140,505**
Profit for the year	-	-	-	65,744,020	65,744,020
Amortisation of revaluation reserve	-	-	-	-	-
Total comprehensive income for the year	-	-	-	**65,744,020**	**65,744,020**
Balance at April 1, 2021	**39,413**	**7,833,237**	**7,872,650**	**280,011,878**	**287,884,528**
Profit for the year	-	-	-	44,868,041	44,868,041
Amortisation of revaluation reserve	-	-	-	-	-
Total comprehensive income for the year	-	-	-	**44,868,041**	**44,868,041**
Balance at March 31, 2022	**39,413**	**7,833,237**	**7,872,650**	**324,879,919**	**332,752,569**
Note(s)	10	10	10		

Statement of Cash Flows

	Note(s)	2022 ZMW	2021 ZMW
Cash flows from operating activities			
Cash generated from operations	20	66,212,624	33,136,387
Finance costs		(163,059)	(758,794)
Tax paid	21	(14,243,254)	(22,779,101)
Net cash from operating activities		**51,806,311**	**9,598,492**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(6,047,434)	(2,640,093)
disposal of property, plant and equipment	2	(607,298)	-
Amounts due to/from related parties movement		(36,764,406)	(18,619,495)
Net cash from investing activities		**(43,419,138)**	**(21,259,588)**
Cash flows from financing activities			
Total cash movement for the year		**8,387,173**	**(11,661,096)**
Cash at the beginning of the year		37,388,331	4,244,875
(Gains) losses on foreign exchange		(32,776,835)	44,804,551
Total cash at end of the year	9	**12,998,669**	**37,388,330**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of Zambia, 2017.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Zambian Kwachas, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

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

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Accounting Policies

1.4 Property, plant and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Property, plant and equipment is subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Accounting Policies

1.4 Property, plant and equipment (continued)

Item	Depreciation method	Rate %
Buildings	Straight line	5
Plant and machinery	Straight line	20
Furniture and fittings	Straight line	10
Motor vehicles	Straight line	20
Computer equipment	Straight line	20
Electrical installation	Straight line	10

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Accounting Policies

1.5 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Rate %
Computer software	Straight line	20

1.6 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Accounting Policies

1.6 Financial instruments (continued)

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Accounting Policies

1.6 Financial instruments (continued)

Trade and other receivables

Classification

Accounts receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on accounts receivables.

Recognition and measurement

Accounts receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on accounts receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for accounts receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on accounts receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of accounts receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance.

Accounting Policies

1.6 Financial instruments (continued)

Trade and other payables

Classification

Accounts payables excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.7 Tax

Current tax assets and liabilities

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Accounting Policies

1.7 Tax (continued)

Deferred tax assets and liabilities

Deferred tax is recognised, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

Tax expenses

Income tax expense comprises current tax and changes in deferred tax balances. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

1.8 Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those and other elements on the basis of their relative fair values.

Leased assets

Assets held by the Company under leases that transfer to the Company substantially all of the risks and reward of ownership are classified as finance leases.

The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Accounting Policies

1.8 Leases (continued)

Assets that are received by the Company under finance lease prior to the commencement of the lease agreement terms are recognised as assets of the company with a corresponding liability in Trade and Other Payables. The balance that corresponds to finance leases is transferred to current and non-current lease obligations, as appropriate, upon commencement of the lease agreement terms. This usually corresponds to the commencement of the lease repayment schedule.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statements of financial position.

Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.9 Inventories

Carrying Amount

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses, taking into account obsolescence.

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

1.10 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

Accounting Policies

1.10 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

The Company maintains the following reserves within its equity:
- Share Premium (Non-distributable)
- Revaluation Reserve (Non-distributable)
- Retained Earnings (Distributable)

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The Company contributes to the National Pension Scheme Authority (NAPSA) in line with the NAPSA Act.

1.13 Provisions and contingencies

Provisions are recognised when:

Accounting Policies

1.13 Provisions and contingencies (continued)

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Staff-related Provisions

The Company recognises provisions in respect of its employees in the following areas:

- **Employee Gratuities**

  Provisions for gratuities are recognised in proportion to the period of service provided by employees as of the reporting date. Gratuities are calculated for each employee and aggregated within Short-term Provisions
- **Unconsumed Leave Days**

  Employees are entitled to two (2) leave days every calendar month, which accrue in arrears at the end of the calendar month. However, an employee is not obliged to take their accrued leave days. Leave days that are not taken accumulate in favour of the employee.

  Employees are also entitled to commute their leave days and receive these as cash in lieu of leave. The Company recognises a provision for leave days accrued but not taken by employees as a liability as at the reporting date.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Accounting Policies

1.13 Provisions and contingencies (continued)

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.14 Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

1.15 Other Income

Other income includes gains from sale of property, plant and equipment and sundry sales. Gains from sale of property, plant and equipment are recognised in profit or loss as income when ownership has been transferred to the buyer. Sundry income is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;

Accounting Policies

1.16 Borrowing costs (continued)

- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling at the reporting date. Foreign currency gains and losses on monetary items are the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognized in profit or loss.

1.18 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Accounting Policies

1.18 Critical accounting judgements, estimates and assumptions (continued)

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income taxes

The Company is subject to income taxes in Zambia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Financial Statements

	2022 ZMW	2021 ZMW

2. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	12,517,150	(4,653,038)	7,864,112	12,250,581	(4,080,372)	8,170,209
Plant and machinery	38,356,671	(29,664,239)	8,692,432	34,534,038	(27,271,728)	7,262,310
Furniture and fixtures	206,447	(159,171)	47,276	206,447	(148,420)	58,027
Motor vehicles	12,328,959	(6,287,489)	6,041,470	9,554,313	(5,169,297)	4,385,016
Furniture and office equipment	372,659	(259,107)	113,552	372,659	(216,473)	156,186
Computer software	209,854	(129,090)	80,764	161,466	(103,793)	57,673
Capital - Work in progress	1,481,860	-	1,481,860	2,346,662	-	2,346,662
Total	**65,473,600**	**(41,152,134)**	**24,321,466**	**59,426,166**	**(36,990,083)**	**22,436,083**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Buildings	8,170,209	266,569	-	-	(572,666)	7,864,112
Plant and machinery	7,262,310	2,566,450	-	1,256,183	(2,392,511)	8,692,432
Furniture, fixtures and equipment	58,027	-	-	-	(10,751)	47,276
Motor vehicles	4,385,016	2,774,646	607,298	-	(1,725,490)	6,041,470
Office equipment	156,186	-	-	-	(42,634)	113,552
Computer	57,673	48,388	-	-	(25,297)	80,764
Capital - Work in progress	2,346,662	391,381	-	(1,256,183)	-	1,481,860
	22,436,083	**6,047,434**	**607,298**	**-**	**(4,769,349)**	**24,321,466**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Transfers	Transfer to Right of Use	Depreciation	Total
Land	3,937,665	-	(1,515,385)	(2,422,280)	-	-
Buildings	6,552,253	632,097	1,548,812	-	(562,953)	8,170,209
Plant and machinery	1,406,466	351,505	7,983,192	-	(2,478,853)	7,262,310
Furniture, fixtures and equipment	73,878	-	-	-	(15,851)	58,027
Motor vehicles	13,307,081	-	(7,547,678)	-	(1,374,387)	4,385,016
Office equipment	3,523	17,708	177,588	-	(42,633)	156,186
Computer	256,294	-	(177,588)	-	(21,033)	57,673
Electrical installation	435,514	-	(435,514)	-	-	-
Capital - Work in progress	707,879	1,638,783	-	-	-	2,346,662
	26,680,553	**2,640,093**	**33,427**	**(2,422,280)**	**(4,495,710)**	**22,436,083**

Notes to the Financial Statements

	2022 ZMW	2021 ZMW

3. Right of Use Assets

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

	2022 ZMW	2021 ZMW
Land and Buildings	2,348,878	2,373,345

Depreciation recognised on right-of-use assets

	2022 ZMW	2021 ZMW
Charge for the year	24,468	15,508
Depreciation at the start of the year	48,935	33,427
Accumulated Depreciation	**73,403**	**48,935**

4. Interests in subsidiaries

Investment in non-quoted shares

	2022 ZMW	2021 ZMW
Bravo Business Agency 10% Equity investment of 25,000 shares valued at ZMW 1	25,200	25,200

5. Amounts due from related parties

	2022 ZMW	2021 ZMW
Advance from related parties	12,185,751	24,260,485
Amounts due from related parties long term	20,096,570	1,970,245
Amounts due from related parties short term	42,035,801	23,881,841
Amounts due to related parties	(6,590,422)	(19,149,277)
	67,727,700	**30,963,294**

6. Deferred tax

	2022 ZMW	2021 ZMW
Deferred tax liability	7,043,968	(4,083,620)

Reconciliation of deferred tax asset / (liability)

	2022 ZMW	2021 ZMW
At beginning of year	(4,083,620)	(7,142,302)
Property Plant and Equipment	-	1,665,317
Unrealised Exchange differences	11,127,588	13,721,394
Provisions	-	(10,919)
Other timing differences	-	(12,536,554)
Provision For Gratuity	-	219,444
	7,043,968	**(4,083,620)**

Notes to the Financial Statements

	2022 ZMW	2021 ZMW
7. Inventories		
Raw materials, Goods in Transit and components	45,435,346	20,434,678
Finished and traded goods	20,740,856	27,438,019
Goods in transit	54,065,160	35,062,820
Work in progress	473,444	415,512
Consumables, maintenance spares and electrical spares	5,841,680	3,852,074
	126,556,486	**87,203,103**

8. Accounts receivables

	2022 ZMW	2021 ZMW
Financial instruments:		
Trade receivables	125,732,871	167,519,711
Loss allowance	(40,203,685)	(40,935,685)
Trade receivables at amortised cost	85,529,186	126,584,026
Deposits	-	10,152,913
Other deposits given	3,750	3,750
Non-financial instruments:		
VAT	18,005,870	-
Employee costs in advance	141,012	114,080
Prepayments	1,612,315	260,098
Total trade and other receivables	**105,292,133**	**137,114,867**

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022 ZMW	2021 ZMW
Cash on hand	96,498	75,283
Indo Zambia Bank	2,002,199	6,724,716
First Capital Bank	3,839,459	3,156,782
First National Bank	7,060,512	27,431,550
	12,998,668	**37,388,331**

10. Share capital

	2022 ZMW	2021 ZMW
Authorised		
Ordinary shares	39,413	39,413
Authorised, issued and fully paid		
Ordinary shares	39,413	39,413
Share premium	7,833,237	7,833,237
	7,872,650	**7,872,650**

Notes to the Financial Statements

	2022 ZMW	2021 ZMW
11. Provisions		
Non-current liabilities	268,184	202,588
Current liabilities	74,065	47,180
	342,249	**249,768**
Short term provision		
Opening balance	47,180	31,399
Accrued during the year	26,885	15,781
Closing balance	**74,065**	**47,180**
Long term provision (provision for Gratuities)		
Opening balance	202,588	564,944
Increase In Provision	65,596	-
Gratuity Payments	-	(362,356)
Closing balance	**268,184**	**202,588**
12. Accounts payables		
Financial instruments:		
Trade payables	1,094,094	4,683,888
Accrued expenses	348,628	513,715
Advances from customers	-	767,161
Statutory accruels	297,705	270,120
Non-financial instruments:		
VAT	-	1,410,742
	1,740,427	**7,645,626**
13. Current tax payable (receivable)		
Balance as at 1 January	17,640,683	6,307,273
Charge for the year	22,479,825	34,112,515
Payments made during the year	(28,641,253)	(22,779,105)
	11,479,255	**17,640,683**
14. Revenue		
Revenue from contracts with customers		
Revenue from domestic sale of goods	249,894,008	158,481,151
Revenue from export sale of goods	177,827,812	133,172,180
	427,721,820	**291,653,331**

The company's primary geograpical market is Zambia

Notes to the Financial Statements

	2022 ZMW	2021 ZMW
15. Cost of sales		
Changes in finished goods and semi finished goods	(2,047,539)	3,301,188
Production cost	13,702,019	10,542,505
Cost of raw and packing materials consumed	282,689,533	149,724,831
	294,344,013	**163,568,524**
16. Other operating income		
Other income	984,659	343,037
17. Foreign exchange gains (losses)		
Gains (losses) on sale of non-current assets		
Profit on sale of non-current assets	731,611	9,411
Foreign exchange gains (losses)		
Net foreign exchange (losses) gains	(32,776,835)	44,804,551
Total other operating gains (losses)	**(32,045,224)**	**44,813,962**
18. Finance costs		
Finance cost	163,059	758,793

Notes to the Financial Statements

	2022 ZMW	2021 ZMW

19. Taxation

Major components of the tax expense

	2022 ZMW	2021 ZMW
Current		
Current tax	22,479,825	34,112,515
Deferred		
Deferred tax	(11,127,588)	(3,058,682)
	11,352,237	**31,053,833**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2022 ZMW	2021 ZMW
Accounting profit	56,220,278	96,797,853
Tax at the applicable tax rate of 35% (2021:35%)	22,479,825	16,939,625
Tax effect of adjustments on taxable income		
Expeses not deductible for tax purposes	-	23,077,595
Expenses deductible for tax purposes	(11,127,588)	(16,495,116)
Income Tax Expense	**11,352,237**	**23,522,104**

20. Cash generated from operations

	2022 ZMW	2021 ZMW
Profit before taxation	56,220,278	96,797,853
Adjustments for:		
Depreciation and amortisation	4,921,926	4,511,219
Gains on disposals	(731,611)	-
Losses (gains) on foreign exchange	32,776,835	(44,804,551)
Finance costs	163,059	758,793
Changes in working capital:		
Inventories	(53,055,402)	(18,193,505)
Accounts receivables	31,822,734	857,850
Accounts payables	(5,905,195)	(6,791,272)
	66,212,624	**33,136,387**

21. Tax paid

	2022 ZMW	2021 ZMW
Balance at beginning of the year	(17,640,683)	(6,307,272)
Current tax for the year recognised in profit or loss	(22,479,825)	(34,112,515)
Balance at end of the year	11,479,255	17,640,683
	(28,641,253)	**(22,779,104)**

Notes to the Financial Statements

	2022 ZMW	2021 ZMW

22. Commitments

Authorised capital expenditure

There were no known capital commitments made as at 31 March 2022.

23. Contingencies

There were no known contingent liabilities as at 31 March 2022.

Notes to the Financial Statements

24. Related parties

The Company's significant related party relationships include those with companies that are under the same control and have common shareholders and key management personnel.

As of the reporting date, the following entities are classed as related parties of the Company.

Relationships	Company
Shareholder	Ortin Investment Limited
Shareholder	Solar Overseas Netherlands Coooperation UA

Related party transactions

	2022 ZMW	2021 ZMW
Interest paid to (received from) related parties		
Solar Nitrochemicals Limited	105,003	122,818
Solar overseas Mauritius Limited	420,387	65,579
Purchases from (sales to) related parties		
Solar Mining Services	91,919,383	27,434,547
Solar Industries India Limited	47,894,253	37,811,350
Economic Explosives Limited	31,038,847	20,059,375
Laghe Venture Company Limited	2,809,497	1,781,673
Solar Overseas Mauritius Limited	-	25,718,390
Sales of goods and services from related parties		
Solar Mining Services	17,615,689	3,338,237
Laghe Venture Company Limited	28,980,460	31,026,173
Solar Nitrochemicals Limited	701,731	35,758
Solar Nitro Ghana Limited	11,001	-
Nigachem Nigeria Limited	-	256,061
Solar Industries India Limited	374,175	136,440
Loans/advances		
Solar Mining Services (advance)	8,784,629	18,069,750
Solar Mining Services	15,679,184	3,513,055
Laghe Venture Company Limited	26,356,617	20,368,786
Solar Nitrochemicals Limited	1,705,623	1,970,245
Solar Overseas Mauritius Limited (advance)	3,401,122	-
Solar overseas Mauritius Limited	18,390,947	4,175,223
Economic Explosives Limited	(4,877,489)	(2,015,512)
Solar Industries India Limited	(1,712,933)	(19,149,277)
Management fees		
Management fees	-	48,001

Notes to the Financial Statements

		2022 ZMW	2021 ZMW

25. Financial instruments and risk management

Capital risk management

This note presents information about the Company's objectives, policies and processes for managing capital.

The Company's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor the return on capital, which the Company defines as total shareholders' equity. The Directors also decide on the level of any dividends to the shareholders.

The Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

From time to time, cash flow constraints associated with delays in the inflows of cash receipts from the Company's customers necessitate the prolongation of the time it takes for the Company to settle its short-term debt, such as trade and other payables. On this basis the Directors consider trade and other payables as providing a source of working capital financing and incorporate such payables in the analysis of the Company's financial and capital gearing.

In analysing its financial and capital gearing, the Company's debt to capital ratio is analysed from two perspectives.

(a) Including trade and other payables in assessing the Company's indebtedness.
(b) Not including trade and other payables, but only long-term debt, such as loans and finance leases.

The Directors consider this approach as providing relevant and more useful information in assessing the Company's exposure to debt.

The capital structure and gearing ratio of the company at the reporting date was as follows:

	Note	2022 ZMW	2021 ZMW
Loans from group companies		6,590,422	19,149,277
Trade and other payables	12	1,740,426	7,645,621
Total borrowings		**8,330,848**	**26,794,898**
Cash and cash equivalents	9	(12,998,668)	(37,388,331)
Net borrowings		**(4,667,820)**	**(10,593,433)**
Equity		332,752,568	287,884,525
Gearing ratio		(1)%	(4)%

Notes to the Financial Statements

	2022	2021
	ZMW	ZMW

25. Financial instruments and risk management (continued)

Financial risk management

Overview

The Company has exposure to the following risks from its use of contractual arrangements that give rise to financial instruments (financial assets and financial liabilities):

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk Management Framework

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's management are responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on loans receivable, debt instruments at fair value through other comprehensive income, accounts receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and financial guarantees.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

Notes to the Financial Statements

	2022 ZMW	2021 ZMW

25. Financial instruments and risk management (continued)

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

		2022			2021		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Amounts Due From Related Parties	5	74,318,122	-	-	50,112,571	-	-
Trade and other receivables	8	05,292,133	(40,203,685)	65,088,448	137,114,867	(40,935,685)	96,179,182
Cash and cash equivalents	9	12,998,669	-	-	37,388,330	-	-
		92,608,924	**(40,203,685)**	**65,088,448**	**224,615,768**	**(40,935,685)**	**96,179,182**

Foreign currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Company.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by denominating recognised trade receivables in United States Dollar (USD) while foreign exchange risk on inter-company and foreign payables is managed by maintaining a bank account in foreign currency.

The Company is exposed to foreign currency risk on sales, purchases, borrowings and cash and cash equivalents that are denominated in a currency other than Zambian Kwacha (ZMW). The currencies giving rise to this risk are primarily US Dollars (USD).

Notes to the Financial Statements

		2022 ZMW	2021 ZMW

25. Financial instruments and risk management (continued)

Exposure in Zambian Kwacha

The net carrying amounts, in Zambian Kwacha, of the various exposures, are denominated in the following currencies. The amounts have been presented in Zambian Kwacha by converting the foreign currency amounts at the closing rate at the reporting date:

US Dollar exposure:

		2022 ZMW	2021 ZMW
Current assets:			
Trade and other receivables	8	125,732,871	167,519,711
Cash and cash equivalents	9	3,557,048	1,581,287
Net US Dollar exposure		**129,289,919**	**169,100,998**

26. Going concern

The 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.

27. 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.

Detailed Income Statement

	Note(s)	2022 ZMW	2021 ZMW
Revenue	14	**427,721,820**	**291,653,331**
Cost of sales	15	**(294,344,013)**	**(163,568,524)**
Gross profit		**133,377,807**	**128,084,807**
Other operating income			
Other income		984,659	343,037
Other operating gains (losses)			
Gains on disposal of assets		731,611	9,411
Foreign exchange (losses) gains		(32,776,835)	44,804,551
	17	**(32,045,224)**	**44,813,962**
Expenses (Refer to page 41)		**(45,933,905)**	**(75,685,160)**
Operating profit		**56,383,337**	**97,556,646**
Finance costs	18	(163,059)	(758,793)
Profit before taxation		**56,220,278**	**96,797,853**
Taxation	19	(11,352,237)	(31,053,833)
Profit for the year		**44,868,041**	**65,744,020**

Solar Explochem Zambia Limited

(Registration number L.C.O 79731)
Financial Statements for the year ended March 31, 2022

Detailed Income Statement

	Note(s)	2022 ZMW	2021 ZMW
Operating expenses			
Advertising		65,577	112,974
Audit Fees		414,659	385,708
Bank charges		269,940	269,467
Commission paid		3,368,041	2,205,815
Consultancy and professional fees		2,224,268	2,002,790
Consumables		509,909	513,095
Conveyance expenses		688,464	776,312
Depreciation		4,921,926	4,511,219
Donations		39,477	8,500
Duty & Freight Charges		13,614,691	8,673,093
Employee costs		6,483,721	6,582,313
Information technology expenses		393,932	414,057
Insurance		1,786,659	1,185,644
Legal fees		141,814	648,288
Management fees		-	48,001
Office expenses		75,113	146,152
Postage		11,033	18,031
Printing and stationery		294,479	207,917
Promotions		537,451	310,858
Expected credit loss allowance		(732,000)	29,605,654
Rates		414,366	6,229,183
Rent		4,525,558	4,120,995
Repairs and maintenance		3,190	-
Security		795,571	733,833
Staff welfare		592,274	335,227
Telephone		248,329	252,489
Training		4,344	26,290
Traveling expenses		4,158,665	5,302,227
Workers compensation		82,454	59,028
		45,933,905	**75,685,160**

The supplementary information presented does not form part of the financial statements and is unaudited