

Company Registration No. 02767001 (England and Wales)

**AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# **AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

## **COMPANY INFORMATION**

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | Miss J A Kirton (alternate director)<br>Mr J Human<br>Mr R Fernandes   |
| <b>Secretary</b>         | St James's Corporate Services Limited  |
| <b>Company number</b>    | 02767001   |
| <b>Registered office</b> | Suite 31 Second Floor<br>107 Cheapside<br>London<br>England<br>EC2V 6DN  |
| <b>Auditor</b>           | Bruton Charles<br>The Coach House<br>Greys Green Business Centre<br>Henley-on-Thames<br>Oxfordshire<br>RG9 4QG |

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# **AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

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# **AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their annual report and financial statements for the year ended 31 December 2019.

### **Principal activities**

The company is an investment holding company. The Directors have the present intention of maintaining the business in its current form for the foreseeable future. The Group is involved in the manufacture and sale of explosives and explosives accessories.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Miss J A Kirton (alternate director)

Mr J Human

Mr R Fernandes

### **Results and dividends**

Dividends declared to the shareholders during the year amounted to \$10,277,144 (2018: \$14,505,496).

### **Auditor**

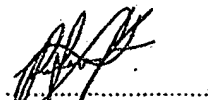
Bruton Charles were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr R Fernandes

Director

Date: 25-05-2020

# **AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

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#### **Opinion**

We have audited the financial statements of African Explosives International Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# **AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Jonathan Lawrence-Archer (Senior Statutory Auditor)**  
for and on behalf of Bruton Charles

28-05-2020

**Chartered Accountants**  
**Statutory Auditor**

The Coach House  
Greys Green Business Centre  
Henley-on-Thames  
Oxfordshire  
RG9 4QG

# **AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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|  |              | <b>2019</b>              | <b>2018</b>              |
|--|--------------|--------------------------|--------------------------|
|  | <b>Notes</b> | <b>\$</b>                | <b>\$</b>                |
| Administrative expenses                  |              | (231,780)                | (149,291)                |
| Income from shares in group undertakings | <b>4</b>     | <u>12,565,393</u>        | <u>11,908,068</u>        |
| <b>Profit before taxation</b>            |              | <b>12,333,613</b>        | <b>11,758,777</b>        |
| Tax on profit                            | <b>5</b>     | <u>(1,150,236)</u>       | <u>(1,200,815)</u>       |
| <b>Profit for the financial year</b>     |              | <u><b>11,183,377</b></u> | <u><b>10,557,962</b></u> |

The profit and loss account has been prepared on the basis that all operations are continuing operations.



# **AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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|  | <b>2019</b>              | <b>2018</b>              |
|--|--------------------------|--------------------------|
|  | <b>\$</b>                | <b>\$</b>                |
| <b>Profit for the year</b>                     | <b>11,183,377</b>        | <b>10,557,962</b>        |
| <b>Other comprehensive income</b>              | <b>-</b>                 | <b>-</b>                 |
| <b>Total comprehensive income for the year</b> | <b><u>11,183,377</u></b> | <b><u>10,557,962</u></b> |

# AFRICAN EXPLOSIVES INTERNATIONAL LIMITED

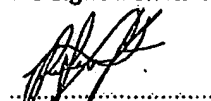
## BALANCE SHEET

AS AT 31 DECEMBER 2019

|   | Notes | 2019<br>\$          | \$                 | 2018<br>\$          | \$                 |
|---|-------|---------------------|--------------------|---------------------|--------------------|
| <b>Fixed assets</b>                                   |       |                     |                    |                     |                    |
| Investments   | 7     | 12,062,233          |                    | 9,615,218           |                    |
| <b>Current assets</b>                                 |       |                     |                    |                     |                    |
| Debtors   | 9     | 1,743,352           |                    | 3,285,324           |                    |
| <b>Creditors: amounts falling due within one year</b> | 10    | <u>(11,268,637)</u> |                    | <u>(11,269,827)</u> |                    |
| <b>Net current liabilities</b>                        |       |                     | <u>(9,525,285)</u> |                     | <u>(7,984,503)</u> |
| <b>Total assets less current liabilities</b>          |       |                     | <u>2,536,948</u>   |                     | <u>1,630,715</u>   |
| <b>Capital and reserves</b>                           |       |                     |                    |                     |                    |
| Called up share capital                               | 12    |                     | 151                |                     | 151                |
| Profit and loss reserves                              |       |                     | <u>2,536,797</u>   |                     | <u>1,630,564</u>   |
| <b>Total equity</b>                                   |       |                     | <u>2,536,948</u>   |                     | <u>1,630,715</u>   |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on .....25-05-2020..... and are signed on its behalf by:

  
.....  
Mr R Fernandes  
Director

Company Registration No. 02767001

# AFRICAN EXPLOSIVES INTERNATIONAL LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

|  | Notes | Share capital<br>\$ | Profit and loss<br>reserves<br>\$ | Total<br>\$  |
|--|-------|---------------------|-----------------------------------|--------------|
| <b>Balance at 1 January 2018</b>                   |       | 151                 | 5,578,098                         | 5,578,249    |
| <b>Year ended 31 December 2018:</b>                |       |                     |                                   |              |
| Profit and total comprehensive income for the year |       | -                   | 10,557,962                        | 10,557,962   |
| Dividends  | 6     | -                   | (14,505,496)                      | (14,505,496) |
| <b>Balance at 31 December 2018</b>                 |       | 151                 | 1,630,564                         | 1,630,715    |
| <b>Year ended 31 December 2019:</b>                |       |                     |                                   |              |
| Profit and total comprehensive income for the year |       | -                   | 11,183,377                        | 11,183,377   |
| Dividends  | 6     | -                   | (10,277,144)                      | (10,277,144) |
| <b>Balance at 31 December 2019</b>                 |       | 151                 | 2,536,797                         | 2,536,948    |

# **AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

African Explosives International Limited is a private company limited by shares incorporated in England and Wales. The registered office is Suite 31 Second Floor, 107 Cheapside, London, England, EC2V 6DN.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of AECI Limited which is incorporated in the Republic of South Africa. These consolidated financial statements are available from its registered office, AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton, South Africa.

# **AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **1.2 Going concern**

The effects of the outbreak of COVID-19 in China in January 2020 and its rapid spread thereafter was identified as a new and serious concern. The World Health Organization declared the novel coronavirus COVID-19 outbreak to be a pandemic and this outbreak has created global uncertainty. The duration and extent of the impact on the Company's financial position, and those of its subsidiaries is also uncertain.

Owing to this uncertainty, it is difficult at this time to predict or quantify the potential impact on the Company in 2020. The extent to which the coronavirus impacts the company's subsidiary and fellow group companies results will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the coronavirus and the actions to contain the spread of the coronavirus or treat its impact, among others.

National lockdowns commenced in March 2020 in line with the COVID-19 pandemic mitigation measures announced by the various governments. Businesses which have been determined by those governments as essential to support its response to the pandemic are exempted from the lockdown measures. This company, as an investment holding company, that does not trade is not directly affected by these measures but is indirectly affected by the impact on its subsidiary and fellow group companies. The Board will continue to monitor the impact of COVID-19 on the affects on this Company's financial position.

The financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The directors are of the opinion that the Company has adequate resources to continue as a going concern in the foreseeable future. This is especially the case as the Company is a wholly owned subsidiary of AECI Limited and can access support from AECI when required. The AECI Group has stress tested multiple solvency and liquidity scenarios with no loan covenants breached in any of those scenarios, has postponed its dividend payment which was due to be made on 6 April 2020 and has undrawn committed banking facilities of approximately ZAR 2.4 billion that will position AECI to remain well capitalised through these uncertain times.

#### **1.3 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

# AFRICAN EXPLOSIVES INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### 1.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### *Basic financial liabilities*

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### 1.6 Foreign exchange

Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# AFRICAN EXPLOSIVES INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

#### 1.7 Taxation

The tax charge disclosed in the financial statements represents the notional foreign withholding tax suffered on investment income received from overseas subsidiary companies which is in line with section 29.19 of FRS 102. There is no taxation in respect of trading as all income is derived from dividends from subsidiaries and associated undertakings.

### 2 Operating loss

|  | 2019    | 2018    |
|--|---------|---------|
| Operating loss for the year is stated after charging:  | \$      | \$      |
| Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss | 225,170 | 136,496 |

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| 2019   | 2018   |
|--------|--------|
| Number | Number |
| 2      | 2      |

The employees above represent the 2 directors who held office during the year.

### 4 Interest receivable and similar income

|  | 2019       | 2018       |
|--|------------|------------|
|  | \$         | \$         |
| Income from fixed asset investments              |            |            |
| Income from shares in group undertakings         | 12,565,393 | 11,908,068 |
| Investment income includes the following:        |            |            |
| AECI Ghana Limited - Dividend                    | 9,000,000  | 5,478,947  |
| AEL Zambia Plc - Dividend                        | 3,065,393  | 5,679,121  |
| African Explosives (Tanzania) Limited - Dividend | 500,000    | 750,000    |
| Total for the year                               | 12,565,393 | 11,908,068 |

**AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**5 Taxation**

|   | 2019<br>\$ | 2018<br>\$ |
|---|------------|------------|
| <b>Current tax</b>                                    |            |            |
| Foreign current tax on profits for the current period | 1,113,079  | 1,200,815  |
| <b>Deferred tax</b>                                   |            |            |
| Origination and reversal of timing differences        | 37,157     | -          |
| <b>Total tax charge</b>                               | 1,150,236  | 1,200,815  |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

|   | 2019<br>\$  | 2018<br>\$  |
|---|-------------|-------------|
| <b>Profit before taxation</b>   | 12,333,613  | 11,758,777  |
| <b>Expected tax charge based on the standard rate of corporation tax in South Africa of 28.00% (2018: 28.00%)</b> | 3,453,412   | 3,292,458   |
| Deferred tax adjustments in respect of prior years  | 37,157      | -           |
| Withholding tax paid  | 1,113,079   | 1,200,815   |
| Foreign dividends income not subject to UK tax  | (3,518,310) | (3,334,259) |
| Tax losses not recognised - management expenses   | 64,898      | 41,801      |
| <b>Taxation charge for the year</b>   | 1,150,236   | 1,200,815   |

African Explosives International Limited is a South African tax resident and the UK tax authorities has recognised this status and has confirmed that it is exempt from UK corporation tax.

**6 Dividends**

|                     | 2019<br>\$ | 2018<br>\$ |
|---------------------|------------|------------|
| <b>Interim paid</b> | 10,277,144 | 14,505,496 |

**7 Fixed asset investments**

|                             | Notes | 2019<br>\$ | 2018<br>\$ |
|-----------------------------|-------|------------|------------|
| Investments in subsidiaries | 8     | 9,615,218  | 9,615,218  |
| Loans to associates         |       | 2,447,015  | -          |
|                             |       | 12,062,233 | 9,615,218  |



**AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**7 Fixed asset investments**

**Fixed asset investments not carried at market value**

The investments in subsidiaries above are represented by the cost of shares in the following:

100% shareholding in AECI Ghana Limited. Ordinary shares, company is incorporated in Ghana.

75% shareholding in AEL Zambia PLC. Ordinary shares, company is incorporated in Zambia.

50% shareholding in African Explosives (Tanzania) Limited. Ordinary shares, company is incorporated in Tanzania.

The above loans to group companies represent an equity loan to AECI Mauritius Ltd, a fellow group subsidiary company, which was interest free, unsecured and is effectively repayable on demand. During the previous year this was disclosed as an inter-group loan repayable within one year.

**Movements in fixed asset investments**

|                          | Shares in<br>group<br>undertakings<br>and<br>participating<br>interests<br>\$ | Loans to<br>group<br>undertakings<br>and<br>participating<br>interests<br>\$ | Total<br>\$ |
|--------------------------|---|--|-------------|
| <b>Cost or valuation</b> |   |  |             |
| At 1 January 2019        | 9,615,218   | -  | 9,615,218   |
| Re-classification        | -   | 2,447,015  | 2,447,015   |
| At 31 December 2019      | 9,615,218   | 2,447,015  | 12,062,233  |
| <b>Carrying amount</b>   |   |  |             |
| At 31 December 2019      | 9,615,218   | 2,447,015  | 12,062,233  |
| At 31 December 2018      | 9,615,218   | -  | 9,615,218   |

**8 Subsidiaries**

Details of the company's subsidiaries at 31 December 2019 are as follows:

| Name of undertaking | Registered office | Class of<br>shares held    | % Held<br>Direct |
|---------------------|-------------------|----------------------------|------------------|
| AECI Ghana limited  | Ghana             | Ordinary \$100<br>shares   | 100.00           |
| AEL Zambia Plc      | Zambia            | Ordinary ZMW0.01<br>shares | 75.00            |

**9 Debtors**

|   | 2019<br>\$ | 2018<br>\$ |
|---|------------|------------|
| <b>Amounts falling due within one year:</b> |            |            |
| Amounts owed by group undertakings          | 1,743,352  | 3,248,167  |

**AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**9 Debtors (continued)**

|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
|   | <b>\$</b>         | <b>\$</b>         |
| Amounts falling due after more than one year: |                   |                   |
| Deferred tax asset (note 11)                  | -                 | 37,157            |
|   | <u>          </u> | <u>          </u> |
| <b>Total debtors</b>                          | <b>1,743,352</b>  | <b>3,285,324</b>  |
|   | <u>          </u> | <u>          </u> |

**10 Creditors: amounts falling due within one year**

|                                    | <b>2019</b>       | <b>2018</b>       |
|------------------------------------|-------------------|-------------------|
|                                    | <b>\$</b>         | <b>\$</b>         |
| Amounts owed to group undertakings | 11,259,877        | 11,259,877        |
| Accruals and deferred income       | 8,760             | 9,950             |
|                                    | <u>          </u> | <u>          </u> |
|                                    | <b>11,268,637</b> | <b>11,269,827</b> |
|                                    | <u>          </u> | <u>          </u> |

**11 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

|                               | <b>Assets</b>     | <b>Assets</b>     |
|-------------------------------|-------------------|-------------------|
|                               | <b>2019</b>       | <b>2018</b>       |
|                               | <b>\$</b>         | <b>\$</b>         |
| <b>Balances:</b>              |                   |                   |
| Tax losses                    | -                 | 37,157            |
|                               | <u>          </u> | <u>          </u> |
| <b>Movements in the year:</b> |                   | <b>2019</b>       |
|                               |                   | <b>\$</b>         |
| Asset at 1 January 2019       |                   | (37,157)          |
| Charge to profit or loss      |                   | 37,157            |
|                               |                   | <u>          </u> |
| Liability at 31 December 2019 |                   | -                 |
|                               |                   | <u>          </u> |

**12 Share capital**

|                                 | <b>2019</b>       | <b>2018</b>       |
|---------------------------------|-------------------|-------------------|
|                                 | <b>\$</b>         | <b>\$</b>         |
| <b>Ordinary share capital</b>   |                   |                   |
| <b>Issued and fully paid</b>    |                   |                   |
| 151 Ordinary shares of \$1 each | 151               | 151               |
|                                 | <u>          </u> | <u>          </u> |

# **AFRICAN EXPLOSIVES INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **13 Events after the reporting date**

No events after the reporting date occurred that may give rise to further disclosures on reported figures. The outbreak of COVID\_19 and subsequent declaration as a pandemic by the World Health organisation has created global uncertainty. These circumstances arose after 31 December 2019, and is a non-adjusting subsequent event, but is expected to impact the world economy. At this stage, the impact on the Company's future performance is uncertain and depending on the extent and severity of the pandemic, there may be an impact on the Company's accounting estimates in future periods.

### **14 Ultimate controlling party**

The immediate parent company is African Explosive Holdings (Proprietary) Limited, a company which is incorporated in the Republic of South Africa and which owns 100% of the issued share capital of the group headed by African Explosives International Limited. There are no group accounts for African Explosives Holdings (Proprietary) Limited because it is 100% held by AEL Mining Services, a company which is 100% held by AECI Mining Solutions.

The ultimate parent company is AECI Limited which is incorporated in the Republic of South Africa. Group accounts can be obtained from AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton, South Africa or from Companies House in Cardiff.