INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

ANNUAL REPORT 2020

No. 57 FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2020

Constituted as a body Corporate under the Industrial Development Act (Chapter 14:10)

Tabled in Parliament in terms of Section 19 (2) of the Industrial Development Act (Chapter 14:10) and Regulations

Contents

Group Profile	3
Corporate and Group Management	4
IDCZ Corporate Profile and Mission	6
Letter to Minister of Industry and Commerce	9
Notice to the Shareholder	10
Chairman's Statement	11
Group Financial Performance Summary	11
Board of Directors' Profile	13
Report of the Directors	16
Corporate Governance Report	17
Code of Conduct and Business Ethics Charter	20
Responsibility of Management and Those Charged with Governance	21
General Manager's Report on Operations	23
Report of the Independent Auditors	26
Group Statement of Profit or Loss and Other Comprehensive Income	31
Group Statement of Financial Position	33
Group Statement of Changes in Equity	35
Group Statement of Cashflows	39
Notes to the Financial Statements	42
Going Concern	139

INDUSTRIAL
DEVELOPMENT
CORPORATION
OF ZIMBABWE LIMITED

About this Report

We are pleased to present our 57th Annual Report.

It is our principal communication to all stakeholders on our ability to create sustainable value over time.

This annual report can be viewed at ***www.idc.co.zw***

Boundary and Scope

This annual report covers the performance of the Industrial Development Corporation of Zimbabwe Limited (IDCZ) for the year ended 31 December 2020.

This report informs you about our operational and financial performance against the previously stated plans, stakeholders, governance, material issues, risks and opportunities and how these influence our strategic objectives and future plans.

Reporting Principles and Assurance

This report is compiled and presented taking into consideration the requirements of the generally accepted corporate practices prescribed by the Public Entities Corporate Governance Act (Chapter 10:31), Public Finance Management Act (Chapter 22:19), International Financial Reporting Standards (IFRSs) and all relevant legislation and regulations.

The IDCZ receives external assurance from its auditor, HLB Chartered Accountants, on the fair presentation of the Annual Financial Statements. The External Auditor has issued a report, not only issued for the purposes of expressing an opinion, but to report on compliance with laws and regulations and internal control. The findings are included in the Independent Auditor’s Report.

We are committed to improving on this report and would appreciate your constructive feedback. Comments can be sent to pr@idc.co.zw, or submitted to the IDCZ Offices at 93 Park Lane, Harare, Zimbabwe.

Overview

Group Profile

Shareholding: 100 % owned by the Government of Zimbabwe

Board of Directors

Charles Nkululeko Msipa	Chairman
Elizabeth Zvaitwa Rabvukwa (Mrs)	Vice Chairman
Winston Makamure	
Joyce Aqualine Malaba Mrs.	
Marjorie Fadziso Mutemererwa (Ms)	
Spiwe Nyamatore (Ms)	
Edward Tome	
Benjamin Nkosentya Kumalo	(General Manager)

* Mr Charles Nkululeko Msipa resigned on 31 May, 2021
* Mr Winston Makamure was appointed Chairman on 9 June, 2021
* Mr Benjamin Nkosentya Kumalo retired 31 December, 2020

Registered Office
93 Park Lane
P.O. Box CY1431
Causeway
Harare
Telephone: 263 242 706971-5 or 250405
Email: administrator@idc.co.zw; www.idc.co.zw

Auditors
HLB Chartered Accountants (Zimbabwe)
14 Downie Avenue, Alexandra Park, **Harare**

Bankers
Agricultural Development Bank of Zimbabwe t/a Agribank
Hurudza House, 14-16 Nelson Mandela Avenue, **Harare**

ZB Bank Limited
Corner First Street/ Speke Avenue, **Harare**

Lawyers
Chitewe Law Practice
212A Sam Nujoma Street,Avondale,**Harare**

Chikwengo & Taongai Law Chambers
15 Orkney Road, Eastlea, **Harare**

Corporate and Group Management

BOARD COMMITTEES

Business Development Committee

J. A. Malaba (Mrs)	Chairman
W. Makamure	
M.F. Mutemererwa (Ms)	
B.N. Kumalo	

Finance & Audit Committee

E.Z. Rabvukwa (Mrs)	Chairman
J.A. Malaba (Mrs)	
E. Tome	
B.N. Kumalo	

Risk Management Committee

W. Makamure	Chairman
M.F. Mutemererwa (Ms)	
S. Nyamatore (Ms)	
B.N. Kumalo	

Human Resources & Nominations Committee

C.N. Msipa	Chairman
M. F. Mutemererwa (Ms)	
E. Z. Rabvukwa (Mrs)	
B.N. Kumalo	

Credit & Investments Committee

E. Tome	Chairman
J.A. Malaba (Mrs)	
S. Nyamatore (Ms)	
B.N. Kumalo	

Corporate Management

Benjamin Nkosentya Kumalo	General Manager
Collin Mutingwende	Corporate Services Executive
Tranos Ngwebu	Senior Manager: Development Finance & Investment Analysis
Ngonidzashe Musungwa	Finance Manager
Christopher Mutiti	Internal Audit Manager
Gilbert Tapfuma	Projects Manager: Agro Processing
Rindirai Shoko (Mrs)	Projects Manager: Chemicals, Knowledge & Market Research
Brian Mushohwe	Projects Manager: Minerals Beneficiation
Derek Sibanda	Public Relations and Administration Manager
Leni Koni	Corporate Secretary and Compliances Manager

Subsidiary Companies

Tapiwa Alvin Mashingaidze	Chief Executive Officer, Chemplex Corporation Limited
Machivei Tawandirwa (Ms)	Acting General Manager, Ginhole Investments (Private)
	Limited t/a Last Hope Estate
Engineer Dawson Mareya	Managing Director, Willowvale Motor Industries (Private)
	Limited (WMI)
Patrick Munyaradzi	Managing Director, Deven Engineering (Private) Limited
Gilbert Tapfuma	Acting General Manager, Sunway City (Private) Limited
Brian Mushohwe	Acting Managing Director, Motira (Private) Limited

Corporate and Group Management

Associated and Other Companies

Mohammed Abbasi	Chief Operating Officer, Modzone Enterprises (Private) Limited
Wang Yong	Managing Director, Sino-Zimbabwe Cement Company (Private) Limited
Sylvester Mangani	Managing Director, Surface Wilmar Investments & Olivine Holdings (Private) Limited
Cavin Nkiwane	General Manager, Zimbabwe Grain Bag (Private) Limited
Lucas Taruvinga	Managing Director, Amtec Motors (Private) Limited

IDCZ Corporate Profile and Mission

The Industrial Development Corporation of Zimbabwe Limited was incorporated through its enabling Act (Chapter 14:10) in 1963 to invest in industry as a state agency. The Industrial Development Corporation Act was amended in 1984 to allow the Corporation to promote investment and economic co-operation across borders. The Corporation identifies and develops industrial project opportunities into commercially viable ventures in partnership with local, regional and international investors and technology and market access partners.

Having been in business for the last 57 years, the Corporation has transformed and built an investment portfolio, with the core being in the sectors of motor and transport, fertiliser and chemicals, cement, base mineral processing and agro-processing. It also has investments in textiles, packaging, insurance and real estate.

The main objectives of the Corporation are:
"with the approval of the Minister to establish and conduct industrial undertakings; to facilitate , promote, guide and assist in the financing of new industries and industrial undertakings, expansion schemes, better organisation and modernisation of existing industries; to undertake the development of management and technical expertise in the carrying out of the operations in industry and industrial undertakings, including the development of expertise in project analysis, evaluation of investment opportunities and provision of consultancy services, and to take such measures as may be necessary or expedient to enable the Corporation to exercise control over enterprises in which it has made an investment."

It is a legal requirement for the IDC that:
"the economic requirements of Zimbabwe may be met and industrial development within Zimbabwe may be planned, expedited and conducted on sound business principles"
"every application or proposal dealt with by it is considered strictly on its economic merits, irrespective of all other considerations whatsoever";

and that

"so far as may be practicable, the Corporation shall not be required to provide an unduly large proportion of the capital which is necessary for such establishment or development."

In broad and aspirational terms, the IDCZ has the following Vision, Mission and Values:

VISION
To be an **innovative** and **responsive** development finance institution for the **sustainable** provision of market competitive **value- added** goods and services for the local and export markets.

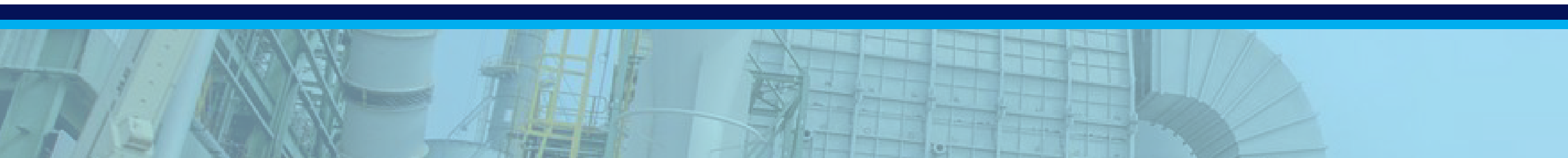
MISSION
- Identifying, facilitating, developing and implementing bankable value adding projects.
- Provide medium to long-term financing for viable greenfield and existing manufacturing/ value-adding projects.
- Decentralisation of industrial development
- Equitable employment and empowerment opportunities for Zimbabwean people

VALUE STATEMENTS
1. **Transparency:** open to public scrutiny.
2. **Professionalism:** adherence to all professional standards
3. **Innovation:** exploring new possibilities and ***"burning the box"***
4. **Dynamism:** Responsive and adaptive to changing environment
5. **Gender Equality:** equal employment and empowerment opportunities
6. **Environmental Protection:** promoting environmentally sustainable growth.

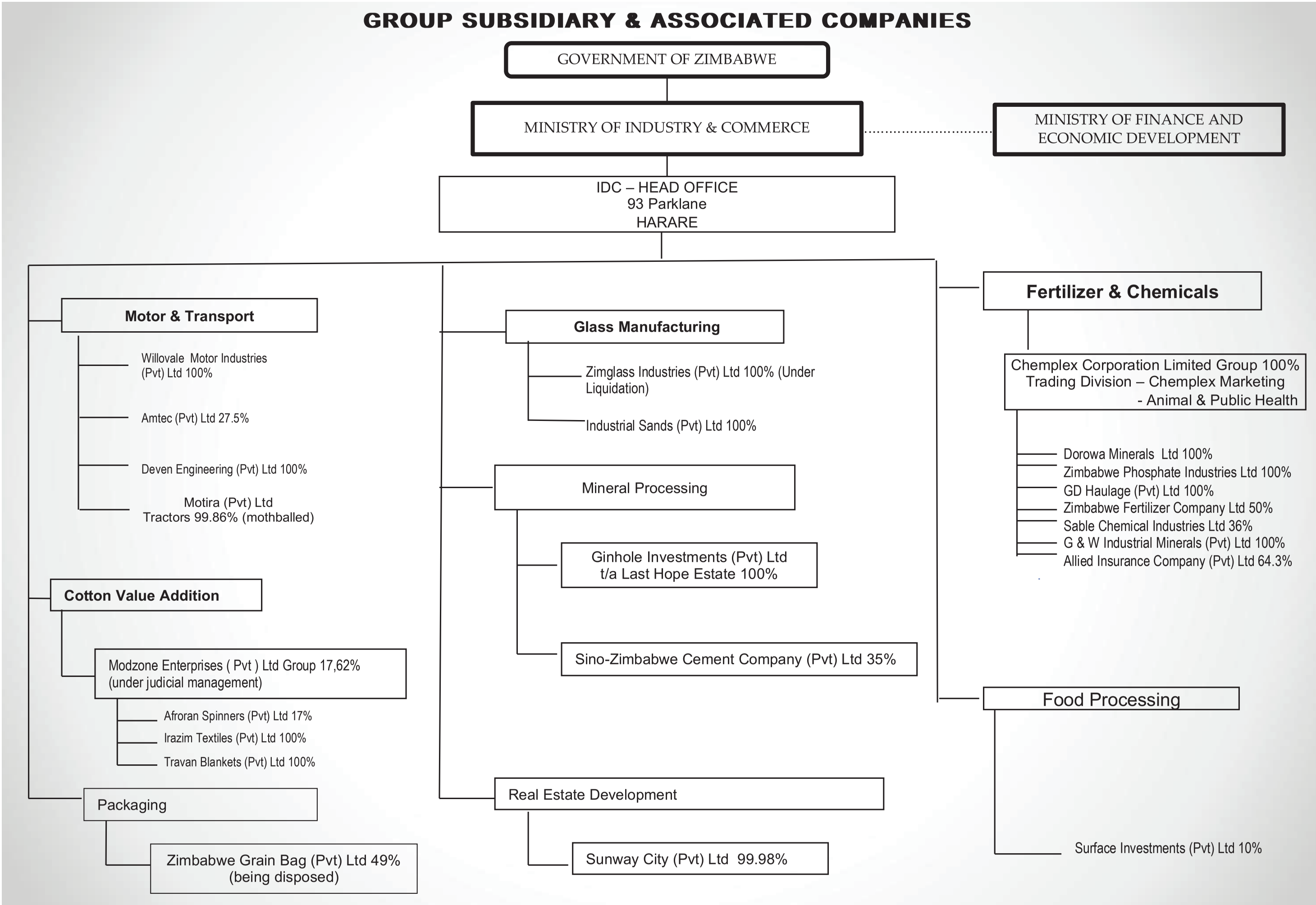
STRATEGIC PILLARS

Our Strategy Resides on Four Pillars:

1. Project identification, development and implementation.
2. Industrial project financing (along prioritized value chains).
3. Joint venture partnerships.
4. Innovation and technology for efficiency, value addition and beneficiation.



Group Investment and Shareholding, Structure and Sector Composition



Shareholder Information

Letter to Minister of Industry and Commerce

Hon. Dr. S. Nzenza (MP)
Minister of Industry and Commerce

The Honourable Dr Sekai Nzenza
Minister of Industry and Commerce
P.O. Box 8434
Causeway
Harare

Dear Hon Dr S. Nzenza

Industrial Development Corporation of Zimbabwe Limited Annual Report No 57

I have the honour, on behalf of the Industrial Development Corporation of Zimbabwe Limited, to submit the Corporation's Annual Report and Accounts for the twelve months ended 31 December 2020 in terms of Section 19(1) of the Corporation's Act (Chapter 14:10).

Yours faithfully,

W. Makamure
Chairman
15th November 2021

Notice to the Shareholder

Notice is hereby given that the 57th Annual General Meeting of the Shareholder of Industrial Development Corporation of Zimbabwe Limited will be held on Tuesday the 14th of December, 2021 at 09:30 hours **through virtual** meeting for transacting the following:-

1. Tabling of Proxies, Quorum and Constitution of the meeting.
2. To receive, consider and adopt the financial statements and the reports of the directors and auditor for the financial year ended 31 December 2020.
3. To increase authorised share capital from 100 million ordinary shares of Z$2 each (Z$200 million) to 2.5 billion ordinary shares of Z$2 each (Z$5 billion) as provided for in Section 13(7)(a) and (b) of the IDC Act (Chapter 14:10).
4. To approve the remuneration of the Auditors for the year ended 31 December 2020.
5. To appoint Auditors for the ensuing year.
6. To approve the remuneration of the Directors for the year ended 31 December 2020.
7. Appointment, Resignations and Retirement of Directors
8. To consider the declaration of dividend plan as recommended by the Directors.
9. To transact all such other business as may be transacted at an Annual General Meeting.

Proxies: Members are entitled to appoint one or more proxies to act on their behalf and to attend and vote and speak in their place. A proxy need not be a member of the company.

By Order of the Board

Collin Mutingwende
Corporate Secretary
15th November 2021

Chairman's Statement

Mr. W. Makamure

Dear Shareholder
It is my distinct honour to present to you the 57th annual report and financial performance of the Industrial Development Corporation of Zimbabwe Limited (IDCZ) for the year ended 31 December 2020.

Operating Environment
The operating environment remained difficult in 2020 and was exacerbated by the novel coronavirus (COVID-19) pandemic. The world-wide restrictions to social and economic activity implemented by authorities in response to the advent of the coronavirus included restrictive lockdown measures which had negative consequences on the economy and business in general.

Effects of coronavirus (COVID-19) on the business
The World Health Organisation (WHO) declared COVID-19 as a pandemic on 11 March 2020. The pandemic has significantly impacted global, domestic, and human economic activity as governments implement measures to mitigate the transmission of the virus. Business performance improved as the restrictions were relaxed, following the declining infection rates.

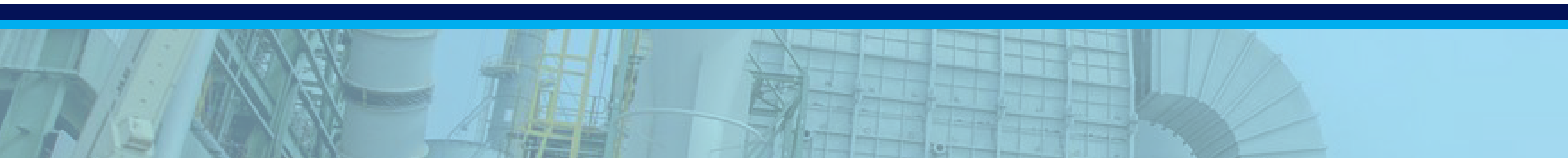
To help ease the COVID-19 induced pressure, the Government announced a Z$18 billion stimulus package for industry on 1 May 2020.

The IDCZ Group will continue to adjust its operating model, business continuity plans and response to the COVID-19 pandemic based on the Government guidelines and protocols in order to avoid or reduce transmission of the virus through its activities. The Group unfortunately lost 3 staff members due to the virus.

Group Financial Performance Summary
The Group's turnover for 2020 was ZWL$6 020 662 669 against a 2019 turnover of ZWL$5 181 774 915. The Gross Profit decreased from ZWL$3 021 824 473 to ZWL$2 850 593 523 whilst the after-tax profit increased from ZWL$915 641 672 to ZWL$4 095 630 068 mainly due to monetary gain of ZWL$2 384 104 800.

Corporate Governance
The Board of Directors and Management remain committed to best practice in corporate governance. All the Board Committees met regularly throughout the period under review to assess operations, evaluate risk, and to monitor and develop systems and procedures to safeguard the Corporation's assets.

Strategy
We continue to deliver against the strategic objectives laid out in our strategic plan which is anchored on four strategic pillars which are:
1) Project identification, development and implementation
2) Industrial project financing (along prioritized value chains).
3) Joint Venture Partnerships and
4) Innovation and technology for efficiency, value addition and beneficiation.



Chairman's Statement (continued)

Directorate

The Board advises of the resignation of Mr Charles Msipa as the Chairman of the Board with effect from 31 May, 2021. The Board extends its profound gratitude to Mr Msipa for his sterling efforts during his tenure.

Dividend

Given the challenges and uncertainties in the macro-economic environment, the Board has found it prudent not to declare a dividend.

Outlook

The economy continues to suffer from the effects of the Covid-19 pandemic and this has negatively impacted the rate of economic recovery. The economic stability registered from the second half of 2020, coupled with the good rains received this season and pfumvudza, give hope of a better outturn.

Appreciation

I would like to thank all stakeholders whose efforts contributed to the achievement of the Corporation's mandate. My gratitude also goes to the Government of Zimbabwe through the Minister of Industry and Commerce. The support received from valued clients, suppliers, bankers and other stakeholders is invaluable, and we are committed to continue working together towards achieving Vision 2030. I am also grateful to my fellow Non-Executive Directors, and the entire Management and Staff who are enduring the challenging operating environment to deliver the Corporation's mandate.

W. Makamure
Chairman
15th November 2021

Corporate Governance

Board of Directors' Profile

Chairman
Mr. W. Makamure
*Appointed 9 June, 2021

An established professional in the ICT industry spanning a period of over 30 years, having started as an infantry, logistics army officer, rising through the profession to an established ICT Consultant. The professional journey has taken him through the banking and financial services, telecommunication, transport, security and public sectors. He attained experience in business management, software application development, project and change management, business systems analysis and re-engineering and finally ICT operations management in industries spanning from military, government, financial, security, telecommunication and various industry sectors.

Mrs. E.Z. Rabvukwa

Elizabeth qualified as a Chartered Accountant. She trained with PricewaterhouseCoopers after completing a BComm Accounting degree with Rhodes University in South Africa. She also acquired a Master's in Business Leadership with UNISA School of Business Leadership and another Executive Leadership course with GIBS in South Africa.

Elizabeth has more than 15 years' experience at Executive level with most of the experience within the financial services sector.

Her current role is Executive Director at Zimnat Financial Cluster. She has exposure as a non-executive Director within the following industries;

- Health
- Financial services and
- Parastatals

where she also Chaired the Audit and Risk Committees.

Elizabeth is a married woman and a mother. She enjoys nurturing young ladies into strong professionals or entrepreneurs.

Board of Directors' Profile (continued)

Mr E. Tome

Mr Edward Tome is a seasoned financial consultant and projects' director. He is an accomplished strategy consultant and financial advisor for structured trade finance, structured project finance as well as structured infrastructure finance. He is also an expert in structured Sovereign financial facilities. Mr Tome brings with him a wealth of knowledge in banking and finance. He has worked with various corporate bodies and sovereigns across Africa. He has held directorship for various corporates in several economic sectors across the continent such as banking, mining, agriculture, manufacturing and power. He has a Masters in Banking and Finance.

Ms. M.F. Mutemererwa

Marjorie Fadziso Mutemererwa is currently the Senior Manager PR and Special Programs at Seed Co Limited. She has held various positions since joining the company in 2005 as the Public Relations Manager.

Marjorie has over 20 years of significant working experience having worked with various Multinational Corporations and NGOs managing public relations, marketing, fundraising and sales management portfolios. A holder of a Masters in Leadership and Management from the African Leadership Management Academy affiliated with the University of Zimbabwe.

She has vast experience in designing and implementing Corporate Communication Strategies, Image and Reputation Management, Media Management and Stakeholder Engagement. Marjorie correspondingly holds a Bachelor of Arts in English and Communication.

To compliment these attainments, she has various diplomas in Public Relations from notable institutions such as the London Chamber of Commerce and Industry (LCCI) and the Zimbabwe Institute of Public Relations (ZIPR).

Her greatest attribute is being an excellent, vibrant and energetic communicator; gained through vast experience in building sustainable alliances and strategic partnerships with notable organisations.
At Seed Co she is responsible for developing, nurturing and maintaining relationships with various stakeholders to ensure regular strategic positioning of Seed Co Limited as the Seed House of First Choice.
Her vast experience has landed Marjorie a seat on various boards including Zimbabwe Prison and Correctional Services (ZPCS) and Zimbabwe National Parks.

Board of Directors' Profile (continued)

Ms S. Nyamatore

Spiwe Nyamatore is a Deputy Director in the Industry Department, Ministry of Industry and Commerce. She holds an Honours Degree in Economics and a Master Honours Degree in Economics from the University of Zimbabwe and a Masters degree in Public Sector Management from Africa University. Has been with the Ministry of Industry and Commerce where she has held different portfolios. Involved in the crafting and implementation of industrialisation policies and strategies for Zimbabwe and the region.

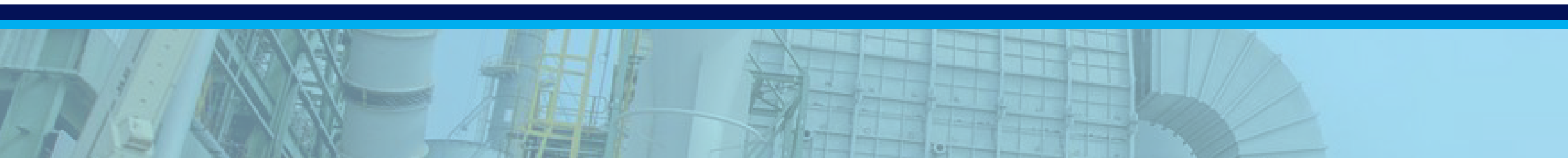
Mrs. J. Malaba

Joyce is a Consultant in Development Economics and Statistics. She has worked on several global, regional, and national economic development and statistics assignments as a researcher /statistician for over 30 years. Joyce has authored co-authored several books, research papers, and statistics articles in development economics and statistics.

She is an Economist/Statistician who holds an MSc Economics and a BSc Economics, both from the University of Zimbabwe. Joyce is the chairperson of the Industrial Development Corporation Business Development Committee and has served on some State Enterprise Board as an Economist before.

Mr. B.N. Kumalo
General Manager

Benjamin Nkosentya Kumalo (Ben) is the General Manager and Executive Director of the Corporation. He is chairman of Chemplex Corporation Limited, Willowvale Motor Industries, FBC Building Society and ZimRe Holdings Limited. Ben has extensive experience in the tourism and automotive industries. He is a holder of a Bachelor of Accountancy (Hons) degree and is a Chartered Accountant.



Report of the Directors

For the year ended 31 December 2020

The directors have pleasure in submitting their report, together with the audited financial statements of Industrial DevelopmentCorporation of Zimbabwe Limited, for the year ended 31 December 2020.

SHARE CAPITAL

The authorised share capital remained at 50 000 000 shares of ZWL$2 each with a value of ZWL$100 000 000 as per section 13(1)

During the year, the shareholder injected ZWL$7 482 457 fresh capital to kick start the lending function. The issued share capital increased from ZWL$92 517 543 to ZWL$100 000 000. The shares were issued to the Ministry of Industry and Commerce.

GROUP INCOME AND APPROPRIATIONS

	Inflation Adjusted		Historical Cost	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
Profit from operations	**2 001 448 634**	**2 166 110 265**	**1 246 721 539**	**248 302 087**
Net finance charges	(57 388 643)	(72 514 977)	(17 896 475)	(5 929 577)
Fair value gain: Investment property	130 860 648	275 701 077	269 435 540	70 348 081
Share of profit/(loss): associated companies	331 360 390	181 992 681	172 596 418	31 268 952
Impairments of assets and investments				
Profit/(loss) on disposal of investment	-	-	-	-
Monetary gains	2 384 104 800	1 151 426 686	-	-
Exchange gains/(loss)	(641 855 563)	(1 924 932 236)	(670 276 675)	(148 292 677)
Profit before taxation	**3 774 024 779**	**1 777 783 496**	**921 030 784**	**195 696 866**
Income tax	(86 674 047)	(1 274 300 839)	(159 976 495)	(109 294 987)
Loss from discontinued operations	199 402	(3 671 711)	642 155	(5 494 112)
Profit after tax	**3 687 550 134**	**499 810 946**	**761 696 444**	**80 907 767**
Other Comprehensive Income	408 079 934	415 830 726	5 149 496 936	1 517 030 609
Total Comprehensive Income for the year	**4 095 630 068**	**915 641 672**	**5 911 193 380**	**1 597 938 376**
Attributable to:-				
Equity holders of the parent	3 752 601 732	495 296 933	5 565 520 144	1 518 907 904
Non-controlling interest	343 028 336	420 344 739	345 673 236	79 030 472
	4 095 630 068	**915 641 672**	**5 911 193 380**	**1 597 938 376**
CORPORATION				
Revenue	247 501 861	61 679 260	42 630 155	6 636 667
Operating profit/ (loss)	357 674 788	127 714 261	93 895 068	12 100 824
Profit before taxation	2 062 581 981	4 886 331 254	(670 249 680)	1 429 038 206
Profit after taxation	2 184 076 899	4 697 858 466	(584 754 762)	1 387 062 084
Total comprehensive income	2 184 076 899	4 697 858 466	(500 286 459)	1 451 312 739

The Board comprising Mrs G. Zvaravanhu, MrI.W.Teasdale,Dr J.P. Muchineripi, Mr M.S. Charamba, Mrs V.S. Hove, Ms B.J. Muzamba, Ms S. Nyamatore and Mr S.B. Mangwana was dissolved on 7 February 2020. A new board comprising Mr. C. N.Msipa, Mrs.E. Rabvukwa, Mrs.J. Malaba, Ms M.F.Mutemererwa, Ms S. Nyamatore, Mr E. Tome and Mr W. Makamure was in place on 28 of May 2020.

Dividend

The directors do not propose to declare a dividend for this year ended 31 December 2020.

Auditors

At the 57th Annual General Meeting scheduled on 31 August 2021, the directors will fix the remuneration of the auditors for the past audit, and appoint auditors for the ensuing year.

For and on behalf of the Board

Collin T. Mutingwende
Corporate Secretary
15 November 2021

Corporate Governance Report

The Industrial Development Corporation of Zimbabwe Limited is a registered limited liability entity, subject to the provisions of the IDC Act (Chapter 14:10) of 1963 as amended.

None of the provisions of the Companies Act (Chapter 24.03), or of any other law relating to companies shall apply to the Corporation except in respect of specific provisions as may be enacted by Presidential Proclamation.

For its role in catalyzing industrialization, the IDCZ is classified as a Development Finance Institution (DFI) and shall not be wound up except by or under the authority of an Act of Parliament.

Board of Directors
The Board is committed to the principles of openness, integrity and accountability. It recognises the developing nature of corporate governance and assess its compliance with the Public Entities Corporate Governance Act (Chapter 10:13), all relevant legislation and other international best practices on an ongoing basis through its various committees. Guidelines issued by the Government from time to time are strictly adhered to and compliance check lists are continuously reviewed.

The Board of Directors is appointed by the Minister of Industry and Commerce. The IDC Act determines the constitution, rights, powers and obligations of the board. The Board comprises nine directors. Of the nine directors led by a non-executive chairman, seven are from the private sector, one from parent ministry and all are non-executive with the General Manager being the only executive director.

The Board is held responsible by the shareholder for setting the policy direction of the Group through the establishment of strategies, objectives and key policies. The Board meets at least quarterly. Meeting agenda and Board materials are sent to all Directors prior to all Board and committee meetings. These are send sufficiently in advance to enable the directors to obtain further details and explanations where necessary. The Board take independent professional advice as and when necessary to enable it to discharge their responsibilities effectively.

The five existing Board Committees meet ahead of the normal board meetings. All board committees are chaired by non-executive directors. The board has reserved certain items for its review including approval of performance results; Greenfield and expansion projects development (i.e. structuring joint ventures and appropriate financing thereof) and related material agreements; disposals of investments; budgets and long-range plans, and senior executive appointments and remuneration. The Board thus retains full control by approving strategic plan, key result areas and monitoring performance through key performance indicators at least quarterly.

The Board's assessment of the IDC's position is presented in its Annual Report which addresses matters of concern and interest to stakeholders, including non-financial matters, reports on both positive and negative aspects of IDC's activities.

The Annual Report and the external auditor's opinion is adopted at the AGM before being tabled in Parliament by the Minister of Industry and Commerce and is available to the public.

Board Committees
To assist the Directors in the discharge of their oversight role, five Board Committees have been constituted with clear terms of reference, which are reviewed periodically. These are Business Development, Finance & Audit, Human Resources, Nominations and Strategy Committee, Risk Management and Credit & Investments Committee. All Board Committees are chaired by a non-executive Director. These five existing committees meet ahead of the normal scheduled Board Meetings.

Corporate Governance Report (continued)

Business Development Committee
The Committee oversees the active search for and identification of Greenfield and expansion investment opportunities for implementation by the Corporation, through new or special purpose implementation vehicles, or through existing investment vehicles. All commercial projects identified for implementation must pass the hurdle of a return above the Corporation's cost of capital.

Finance & Audit Committee
The Committee met only once during the year as the number of directors were reduced to four after normal retirement of other directors. The Committee deals with accounting matters, financial reporting and internal controls. The Committee monitors proposed changes to accounting policy, reviews internal control and reporting matters, reviews Internal Audit and Independent External Auditors' reports.

The Committee has access to both the External Audit Partner and the Internal Audit Manager, who also attend its meetings. All significant findings during the audit are brought to the attention of the Board. The Internal Audit Department is required to cover each Corporation investment at least four times per annum.

The Corporation obtained the agreement of partners in associated companies for the Internal Audit Department to conduct audits at those investments since 2001.

Nominations Committee
The committee recommends to the Board names of qualified persons, from a database built for the purpose, for appointment as non-executive directors in Corporation investments, with a view to achieving a skill, gender, and geographical mix on these boards. The Committee is chaired by a non-executive director and it met only once during the year.

Remuneration & Human Resources Committee
The committee is responsible for review of executive management remuneration in line with the Remuneration Policy approved by the Board. The Remuneration Policy was put in place in terms of Sections 12 and 23 of the IDC Act (Chapter 14:10), after considering the practices of commercialized and privatized Government owned companies, IDCZ Subsidiaries and other holding companies of a size and standing similar to the Corporation. The policy is aimed at ensuring that the remuneration practices at the Corporation are competitive to enable the Corporation to attract and retain high calibre executives while protecting the interests of the shareholder.

*The Nominations and Remuneration and Human Resources Committees were merged to constitute the Human Resources, Nominations and Strategy Committee (HRNS).

Risk Management Committee
It identifies risks faced by the Corporation and its investments and proactively seeks solutions and measures to manage the risk which are recommended to both the Corporation and its investments. The Committee met only once during the year under review and it has oversight on the following matters:
- To review the adequacy and effectiveness of the Group's external market and internal risk management policies and systems
- To review major non-compliances with risk policies
- To review and recommend risk limits and related matters

The most important risks that the Group is exposed to are listed below:
- Credit risk,
- Market risk,
- Liquidity risk,
- Reputational risk,
- Strategic risk,
- Operational and compliance risk.

Corporate Governance Report (continued)

Credit & Investments Committee
The Committee reviews credit strategy, credit risk management policy and programme, trends in portfolio quality as well as adequacy of provision for credit losses.

The Committee periodically reviews the lending environment and recommend to the Board any appropriate changes to the Corporation's credit policy. It review and makes recommendations from time to time to the Board on priority sectors the Corporation should consider for lending in line with Government policy.

ATTENDANCE REGISTER

The record of attendance by the directors was as follows: -

2020	BOARD	FINANCE & AUDIT	RISK	HUMAN RESOURCES, NOMINATIONS & STRATEGY	CREDIT & INV	BUS. DEVELOP	BOARD TRANS
No. of Meetings	3	2	2	5	2	2	2
Mr. C. Msipa	3	NM	NM	5	NM	NM	NM
Mrs. E. Rabvukwa	3	2	NM	5	NM	NM	2
Mrs. J. Malaba	3	2	NM	NM	2	2	2
Ms. M. Mutemererwa	3	NM	2	5	NM	2	NM
Ms. S. Nyamatore	3	NM	1	NM	2	NM	NM
Mr. E. Tome	3	1	NM	NM	2	NM	2
Mr. W. Makamure	3	NM	2	NM	NM	2	1
Mr. B.N. Kumalo	3	2	2	5	2	2	NM

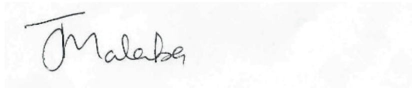
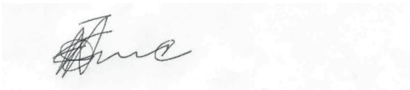
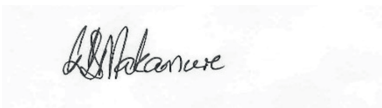
Key/Notes

- NM – Not Member of Committee
- The Human Resources and Nomination Committee was renamed the Human Resources, Nominations and Strategy Committee.
- The Board Chaired by Mrs. G. Zvaravanhu which had the following non –executive directors, Dr. J.P. Muchineripi, Mr. M.S. Charamba, Mr. I.W. Teasdale, Mrs. V.S. Hove, Ms. B.J. Muzamba, Ms. S. Nyamatore and Mr. S.R. Mangwana was dissolved by The Honourable Minister of Industry and Commerce on the 7th of February 2020.
- A new Board Chaired by Mr. C. Msipa which had the following members, Mrs. E. Rabvukwa, Ms. M. Mutemererwa, Mrs. J. Malaba, Ms. S. Nyamatore, Mr. W. Makamure and Mr. E. Tome was appointed by the Honourable Minister of Industry and Commerce on 28 May 2020.

Corporate Governance Report (continued)

Code of Conduct and Business Ethics Charter

The IDCZ Code of Conduct and Business Ethics Charter form an integral component of the contracts of service of employees, and provides guidance regarding the behaviour expected from employees.

M. F. Mutemererwa	E.Z. Rabvukwa (Mrs)	J. Malaba (Mrs)
Acting Chairman and Human Resources, Nominations and Strategy Committee Chairman	**Finance and Audit Committee Chairman**	**Business Development Committee Chairman**
		
E. Tome	W. Makamure	
Credit & Investments Committee Chairman	**Risk Management Committee Chairman**	
		

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

For the year ended 31 December 2020

To the members of Industrial Development Corporation of Zimbabwe Limited

The Directors of the Corporation are required by the Industrial Development Corporation Act (Chapter 14:10) and the Public Finance Management Act (Chapter 22:19) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is the Directors' responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended in conformity with International Financial Reporting Standards.

The consolidated financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards (IFRSs). The inflation adjusted financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions.

The IFRS Conceptual Framework requires that in applying fair presentation of financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgements, where applicable, regarding appropriate exchange rates between currencies where exchange ability through a legal and market exchange mechanism is not achievable.

In the opinion of the Directors, the requirement to comply with Statutory Instrument (S.I) 33 of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework. This has resulted in the adoption of accounting treatment in the current year's financial statements, which deviates from that which would have been applied if the Group had been able to fully comply with IFRSs.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable them to meet these responsibilities, the Directors set 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 Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and other 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 consolidated financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material measurement or loss.

In light of the current financial position, the Directors are satisfied that the Group is a going concern and have concluded to adopt the going concern basis in preparing the consolidated financial statements.

The consolidated financial statements and the related notes set out on pages 35 to 184, which have been prepared on the going concern basis, were approved by the Board of Directors at its meeting held on 30 September 2021 and were signed on their behalf by the Chairman of the Board, Mr W. Makamure, and the

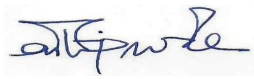
Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Acting General Manager, Mr C. Mutingwende.

These financial statements were prepared under the supervision of Ngonidzashe Musungwa, Finance Manager. Registered Public Accountant (PAAB Number 03702).

W. Makamure
Chairman



C. Mutingwende
Acting General Manager

15th November 2021

General Manager's Report on Operations

Mr. B.N. Kumalo

1.0 ZIDERA SANCTIONS

Of the $4.2 million group funds intercepted by the Office of Foreign Assets Control (OFAC), US$455 366.00 was still outstanding as at 31 December 2020 and efforts to recover the full amount will be made in the coming year.

2.0 RECAPITALISATION

Government disbursed an additional ZW$60 million in the 2020 national budget towards recapitalisation of the Corporation to make the total disbursements to end of December to ZW$124 million. These funds helped the Corporation to assist in the revival of the manufacturing and value adding sector.

3.0 LITIGATION

3.1 Romsit Claim

The Romsit claim remained outstanding as at year end and stood at US$11 957 743.39 inclusive of the cumulative interest charges. IDCZ will continue to engage the International Court of Arbitration in Paris and any other avenues that can assist in recovery of the amount.

3.2 Zimbabwe Glass Industries (Zimglass)

The Zimglass liquidation was concluded during the year and the IDCZ as the guarantor of a Zimglass bank consortium debt of US$15.3m was able to retire the syndicated debt in full.

3.3 Interfin/CFX Curator Claim on Guarantee

An out of court arrangement was agreed to by both parties during the year involving ZAR 909 969.02. The Interfin/CFX lawyers are yet to present an invoice to the Corporation to facilitate full settlement of the debt.

4.0 PERFORMANCE REPORTS BY SECTOR

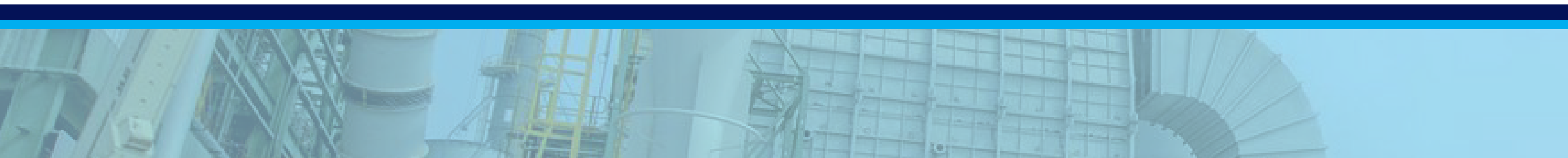
Group companies' average capacity utilization remained below 50% during the period under review, due mainly to Covid-19 induced challenges and inadequate foreign currency for the importation of raw materials and for plant rehabilitation.

4.1 Agro-Processing

4.1.1 Fertiliser & Chemicals

The privatisation transaction for Chemplex Corporation could not be finalized during the year as initially envisaged. The Corporation however awaits further guidance from its shareholder on how to proceed with the transaction.

The expectation is to see finality on this in one way or the other during the ensuing year and eliminate any uncertainties that may arise.



General Manager's Report on Operations (continued)

For the year ended 31 December 2020

4.1.2 Food Processing

After the rationalization of operations between Surface - Wilmar and Olivine Industries in 2018 given their common shareholding, the envisaged business turn around has been evident since 2019 to date due to production and marketing efficiencies hence most of its household brands were on the shelves throughout the year.

The plan going forward is to consolidate feedstock availability through backward integration wherein the company grows some of its raw material requirements.

4.2 Mineral Processing

4.2.1 Cement

The US$15 million shale brick and tile diversification project which was started in 2018 by Sino Zimbabwe Cement Company with a capacity to produce 100 million bricks was completed and commissioned last year.

The production and supply of cement remained on course during the year to consolidate the midlands market using the company's locational advantage.

4.2.2 Ceramic Products & Tourism

Ginhole Investments continued to produce limited specialized ceramic bricks and tiles during the year due to antiquated and old technology while off-take volumes also remained subdued due to reduced economic activity in Matabeleland North region.

The hotel side also remained constrained during the year as a result of Covid-19 induced off take challenges. The Corporation will in the ensuing year pursue turn around through joint venture partnerships on both the hotel and brick & tile businesses.

4.2.3 Glass/Silica Sand

Industrial Sands (Private) Limited was disposed by the liquidator during the year since it was treated as a subsidiary of Zimglass which was in liquidation.

4.3 Motor & Transport

The motor and transport sector continued to face shortages of foreign currency and Covid-19 supply bottlenecks during the year and this negatively affected production and also inhibited remittances to external suppliers thereby constraining the sector's performance.

4.3.3 Motor Assembly

The search for potential suitors through competitive bidding during the year could not be concluded for both Willowvale Motor Industry (WMI) and Deven Engineering. The Corporation will seek further guidance from the shareholder on how to proceed on these two transactions in the ensuing year.

4.3.4 Tractors

The voluntary wind down of Motira's operations was concluded during the course of the year.

4.4 Textiles

Modzone subsidiaries, Irazim Textiles and Travan Blankets remained under judicial management. The Judicial Manager continues to search for viable suitors to revive these two investments.

4.5 Polypropylene Packaging

While IDCZ did not actively seek buyers for its 49% stake in Zimbabwe Grain Bag during the year, it will however consider any market based offers made for its shares.

General Manager's Report on Operations (continued)

For the year ended 31 December 2020

4.6 Real Estate

Sunway City was granted an SEZ licence and continues to search for potential partners with whom to co-develop on a joint venture basis the various projects planned for the SEZ designated area.

5.0 Capacity Building

The Corporation staff continued to benefit from the Southern African Development Community Development Finance Resource Centre (SADC DFRC) tailor made virtual capacity building workshops during the year.

6.0 ZITF

Due to the Covid-19 pandemic, there were no exhibitions at ZITF during the year.

7.0 Acknowledgement

I would like to extend my appreciation to the shareholder for continued support, the IDCZ Board of Directors for its wise counsel and group management and staff for their continued commitment to the business despite a challenging operating environment.

C. Mutingwende
Acting General Manager
15th November 2021

Report of the Independent Auditors

To the members of Industrial Development Corporation of Zimbabwe Limited

Qualified Opinion
We have audited the accompanying consolidated and separate inflation adjusted financial statements (the Group and the Corporation) of the Industrial Development Corporation of Zimbabwe Limited set out on pages 32 to 154, which comprise the consolidated and separate statement of inflation adjusted financial position as at 31 December 2020, the inflation adjusted income statement, inflation adjusted statement of changes in equity and inflation adjusted statement of cash flows for the year ended, and notes to the inflation adjusted financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, except for effects of matters described in the Basis for Qualified Opinion section of our report, the accompanying inflation adjusted financial statements do present fairly the inflation adjusted financial position of Industrial Development Corporation of Zimbabwe Limited as at 31 December 2020, and its inflation adjusted financial performance and cash flows for the year ended in accordance with the International Financial Reporting Standards.

Basis for Qualified Opinion
None compliance with IAS 21 (The effects of changes in foreign exchange rates) and IAS 8 (Accounting policies, changes in accounting estimates and errors)
In order to comply with regulatory authorities and country's laws the group and corporate changed its functional currency from United States Dollars to Zimbabwe Dollars (sometimes referred as RTGS) as from 22 February 2019. This was in order to comply with government issued directive through Statutory Instrument 33 of 2019 (SI 33). The result of complying with SI 33 meant that all prior year balances had to be converted to Zimbabwe dollars from United States Dollars at the prescribe rate of one US$ is equal to one ZWL and your company agreed that this was at variance with reality on the ground. This meant the prior year (2019) Financial statements were accordingly issued with an Adverse Opinion on the basis that the opening balances were materially misstated. The lingering effects of the 2018 opening balance are considered to have a material and pervasive effect into current year balance sheet and comparatives. We were not able to perform any other procedures to establish the actual effect coming from these lingering effects of opening balances into the inflation adjusted current financial statements

Hyperinflation reporting in accordance with IAS 29
In accordance with International Accounting Standard (IAS 29), Zimbabwe was classified as one of the countries experiencing hyperinflation from 22 July 2019 and as a result IAS 29 had to be applied for current year and prior year. This meant the opening balances with these lingering effects were then used to inflate not only the comparatives but also balances coming into current year. We also were not able to establish the amounts affecting the inflation adjusted financial statements as a result of using these lingering effects of opening balances.

It must be noted that the qualification of this audit report is not as a result of the company's performance or lack thereof but its related to the economic environment and the having to meet regulatory authorities' requirements. We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 (IESBA) Code together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Report of the Independent Auditors (continued)

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate 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. In addition to the matters described in the Basis for Qualified Opinion, we have determined the matters described below to be key audit matters to be communicated in our report.

Valuation of Land and Buildings and Investment Property

Refer to Significant accounting policies in 2.6, 2.7 and disclosures in notes 8 and 9 to the financial statements

The key audit matter	How we addressed the matter in our audit
As at 31 December 2020 the Group held land and buildings and investment property with fair values amounting to $ 1 609 million (2019-1488 million). These assets are measured at fair values as permitted by IAS 16 Property, Plant and Equipment (for land and buildings) and IAS 40 Investment property. Land and buildings and investment property were revalued at year end by an independent valuation specialist using the Investment and the Direct comparison method. This method takes into account unobservable inputs and therefore requires significant judgement. In addition, the economy remained subdued for the first three quarters of the year while price increase waves were experienced in the last quarter of the year and there is no readily available market information on properties. This has led to significant amount of judgements being made in determining property values. Given the fact that significant valuation judgements are applied and that Land and buildings and investment property are significant to the consolidated financial statements, this has resulted in this area being considered as a key audit matter.	Our audit approach included: We evaluated the competence, capabilities and objectivity, of the independent valuation specialist including inquiries regarding interests and relationships that may create a threat to the independent valuation specialist objectivity and inspecting the independent valuation specialist's qualifications, experience with similar valuations and the reputation within market. We critically evaluated the methodology and assumptions used by the independent valuation specialist into valuations performed. We evaluated the relevance and reasonableness of the independent valuation specialist conclusions against information obtained from notable real estate practitioners and our understanding of the property market and macro-economic environment. We evaluated whether the application of IFRS 13 Fair Value Measurement principles were complied with. We verified that disclosures made were in line with IAS 16, IAS 40 and IFS 13.

Report of the Independent Auditors (continued)

Valuation of trade receivables and loans receivables
Refer to Significant accounting policies in 2.9 and disclosures in notes 13 and 18 to the financial statements

The key audit matter	How we addressed the matter in our audit
The Group sells its products and services on credit as part of its operations, resulting in trade receivables amounting to $205 million (2019-154 million) in the consolidated financial statements at year end. Moreover, the Corporation advances loans to third party clients earning interest and other administration. At year end Group loan receivables balance amounted to $13 million in the separate financial statements. Impairment of these receivables require significant amount of judgement. The Expected Credit Loss (ECL) allowance is determined in reference to IFRS 9 under the Expected Credit loss Model. Significant judgements are made in identifying the risk of default that is expected over the life time of receivables. Due to the significant management judgement required in determining the allowance for credit losses, significant audit effort was directed in assessing the appropriateness of the provision. Accordingly, valuation of trade and loan receivables were considered a key audit matter, due to significant judgement required by management and the work effort by the audit team.	Our audit procedures included: Tests of controls over the receivables' collection processes; Tested the accuracy and completeness of the receivables aging analysis; Testing the adequacy of the Group's allowance for credit losses by challenging the appropriateness and reasonableness of relevant assumptions (the chosen expected credit loss model, assessment of 12 months ECL and lifetime ECL) on different receivables categories (past due, past due not impaired and past due and impaired), considering our own knowledge of recent collection challenges in this industry and historical data from the Group's collections experience used in determining the default rate for each category of debtors; We evaluated the disclosures as provided by IFRS 9 and IFRS 13 on trade and other receivables including transition disclosures. .

Other Information

The directors are responsible for the other information. The other information comprises the information contained in the annual report but 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 Management and Those Charged with Governance for the Consolidated and Separate Financial Statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as directors determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Report of the Independent Auditors (continued)

In preparing the financial statements, directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate 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 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 internal controls of Industrial Development Corporation of Zimbabwe Limited.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Industrial Development Corporation of Zimbabwe Limited'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 Industrial Development Corporation of Zimbabwe Limited 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.
- Obtain sufficient audit evidence regarding the financial information of Industrial Development Corporation of Zimbabwe Limited or business activities of Industrial Development Corporation of Zimbabwe Limited to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of Industrial Development Corporation of Zimbabwe Limited. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were

Report of the Independent Auditors (continued)

of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion the financial statements have been prepared in accordance with the disclosure requirements of the Companies Act (Chapter 24:03) and the Industrial Development Corporation Act (Chapter 14; 10).

The Engagement Partner on the audit resulting in the independent auditor's report is Joyce Shumba.

HLB ZIMBABWE

HLB Zimbabwe (Chartered Accountants)
Engagement Partner: Joyce Shumba
PAAB Practicing certificate number: (0419)

Harare
15th November 2021

Annual Financial Statements

Group Statement Of Profit Or Loss And Other Comprehensive Income

for the year ended 31 December 2020

		GROUP				CORPORATION			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	Note	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Continuing operations									
Revenue from contracts with customers	5.1	6 020 662 669	5 181 774 915	**4 327 627 217**	**630 101 475**	**247 501 861**	**61 679 260**	**42 630 155**	**6 636 667**
Cost of sales		(3 170 069 146)	(2 159 950 442)	(2 252 726 520)	(235 832 545)	-	-	-	-
Gross profit		**2 850 593 523**	**3 021 824 473**	**2 074 900 697**	**394 268 930**	**247 501 861**	**61 679 260**	**42 630 155**	**6 636 667**
Other income	5.2	636 661 187	101 533 843	125 512 260	11 628 044	658 909 733	148 941 746	126 273 325	12 753 449
Selling and distribution expenses		(180 956 730)	(164 440 009)	(123 703 804)	(24 568 240)	-	-	-	-
Administration expenses	5.3	(1 304 849 346)	(792 808 042)	(829 987 614)	(133 026 647)	(548 736 806)	(82 906 745)	(75 008 412)	(7 289 292)
Net finance costs	5.4	(57 388 643)	(72 514 977)	(17 896 475)	(5 929 577)	(36 400 254)	(12 544 530)	(7 314 897)	(863 299)
Investment property fair value gain	9	130 860 648	275 701 077	269 435 540	70 348 081	-	-	-	-
Share of profit/(loss) of equity-accounted investees net of tax	10.2	331 360 390	181 992 681	172 596 418	31 268 952	-	-	-	-
Impairment of assets		(12 917 235)	-	(79 549 563)	-	(361 588 252)	-	(79 549 563)	-
Impairment of investments	5.7	(361 588 252)	-	-	-	-	7 041 550 390	-	1 568 275 512
Other operating expenses	5.5	-	-	-	-	-	-	-	-
Monetary Gain		2 384 104 800	1 151 426 686	-	-	2 780 175 987	(326 625 517)	-	-
Exchange (loss)/gain		(641 855 563)	(1 924 932 236)	(670 276 675)	(148 292 677)	(677 280 288)	(1 943 763 350)	(677 280 288)	(150 474 831)
Profit from continuing operations		**3 774 024 779**	**1 777 783 495**	**921 030 784**	**195 696 866**	**2 062 581 981**	**4 886 331 254**	**(670 249 680)**	**1 429 038 206**
Income tax	6	(86 674 047)	(1 274 300 839)	(159 976 495)	(109 294 987)	121 494 918	(188 472 788)	121 494 918	(41 976 122)
Profit after tax		**3 687 350 732**	**503 482 657**	**761 054 289**	**86 401 879**	**2 184 076 899**	**4 697 858 466**	**(548 754 762)**	**1 387 062 084**
Discontinued operations									
Loss from discontinued operations, net of tax	10.3	199 402	(3 671 711)	642 155	(5 494 112)	-	-	-	-
Profit after tax		**3 687 550 134**	**499 810 946**	**761 696 444**	**80 907 767**	**2 184 076 899**	**4 697 858 466**	**(548 754 762)**	**1 387 062 084**
Attributable to:									
Equity holders' of the parent		3 344 521 799	79 466 207	418 335 372	2 547 362	2 184 076 899	4 697 858 466	(548 754 762)	1 387 062 084
Non - controlling interest		343 028 336	420 344 739	343 361 072	78 360 405	-	-	-	-
		3 687 550 134	**499 810 946**	**761 696 444**	**80 907 767**	**2 184 076 899**	**4 697 858 466**	**(548 754 762)**	**1 387 062 084**

Statement of Profit or Loss and Other Comprehensive Income (continued)
for the year ended 31 December 2020

		GROUP				CORPORATION			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	Note	2020	2019	2020	2019	2020	2019	2020	2019
		ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Profit after tax		**3 687 550 134**	**499 810 946**	**761 696 444**	**80 907 767**	**2 184 076 899**	**4 697 858 466**	**(548 754 762)**	**1 387 062 084**
Other comprehensive income		51 504 612	415 830 727	387 943 008	92 612 634	-	-	-	-
Items that will not be reclassified to profit or loss									
Revaluation of property, plant and equipment - net of tax		356 575 321	-	4750 271 786	1 371 086 925	-	-	37 186 161	10 919 605
Items that are or may be reclassified to profit or loss									
Fair Value through other comprehensive income		-	-	11 282 142	53 331 050	-	-	11 282 142	53 331 050
Loss on revaluation of construction inventories		-	-	-	-	-	-	-	-
Other comprehensive income for the year net of tax		**408 079 933**	**415 830 727**	**5 149 496 936**	**1 517 030 609**	**-**	**-**	**48 468 303**	**64 250 655**
Total profit for the year net of tax		**4 095 630 067**	**915 641 672**	**5 911 193 380**	**1 597 938 376**	**2 184 076 899**	**4 697 858 466**	**(500 286 459)**	**1 451 312 739**
Attributable to:									
Equity holders of the parent		3 752 601 732	495 296 933	5 565 520 144	1 518 907 904	2 184 076 899	4 697 858 466	(500 286 459)	1 451 312 739
Non - controlling interests		343 028 336	420 344 739	345 673 237	79 030 472	-	-	-	-
		4 095 630 067	**915 641 672**	**5 911 193 380**	**1 597 938 376**	**2 184 076 899**	**4 697 858 466**	**(500 286 459)**	**1 451 312 739**

Statement of Financial Position

As at 31 December 2020

		GROUP				CORPORATION			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	Note	2020	2019	2020	2019	2020	2019	2020	2019
		ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
ASSETS									
Non-current assets									
Property plant and equipment	8	7 354 851 059	7 225 363 995	7 122 192 294	1 601 078 392	125 431 937	67 552 059	125 431 937	15 045 002
Investment properties	9	343 574 490	332 883 890	343 574 490	74 138 950	-	-	-	-
Intangible assets	8.1	1 822 263	1 427 905	250 977	56 399	-	-	-	-
Non-current portion of land held for sale	12	99 452 458	215 615 359	22 663 611	8 561 767	-	-	-	-
Investment in subsidiaries	10.1	-	-	-	-	8 560 381 268	7 778 022 510	1 479 506 756	1 479 506 756
Investment in associates	10.2	1 804 000 579	1 885 710 609	967 130 305	273 476 915	884 242 479	1 115 530 317	130 331 677	130 331 678
Non-current financial assets		-	-	-	-	-	-	-	-
Fair Value through other comprehensive income (FVTOCI)	10.4	259 331 431	288 523 902	68 037 117	54 757 168	255 827 840	285 431 451	65 874 603	54 592 461
Right of Use Asset		13 188 482	4 808 759	13 188 482	714 758	13 188 482	4 808 759	13 188 482	714 758
Deferred Tax		-	-	-	-	60 917 957	-	60 917 957	-
Loans receivable		-	1 630 431	-	363 126	-	1 630 431	-	363 125
		9 876 220 762	9 955 964 849	8 537 037 276	2 013 147 475	9 899 989 963	9 252 975 526	1 875 251 412	1 680 553 780
Current assets									
Inventories	11	2 663 943 077	2 162 265 796	432 303 611	202 268 255	-	-	-	-
Trade and other receivables	13	1 376 651 826	922 790 332	1 353 367 836	190 583 257	2 053 429	653 183	2 053 427	145 476
Group balances receivables	13.1	-	-	-	-	42 575 633	9 536 580	42 575 633	2 123 960
Loans receivable	18	59 749 665	55 883 887	59 749 665	12 446 300	93 507 184	57 260 844	93 507 184	12 752 972
Non -current assets held for sale	10.5	196 878 391	363 522 352	44 187 616	80 962 598	174 608 377	172 892 640	38 506 095	38 506 095
Right of Use Asset		-	799 660	-	178 098	-	799 660	-	178 098
Cash and cash equivalents	14	980 178 356	942 639 486	980 178 356	209 941 978	71 012 236	245 399 729	71 012 236	54 654 728
		5 277 401 315	4 447 901 513	2 869 787 083	696 380 486	383 756 859	486 542 637	247 654 575	108 361 329
TOTAL ASSETS		**15 153 622 077**	**14 403 866 362**	**11 406 824 359**	**2 709 527 961**	**10 283 746 822**	**9 739 518 163**	**2 122 905 987**	**1 788 915 109**

Statement of Financial Position (continued)

As at 31 December 2020

		GROUP				CORPORATION			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	Note	2020	2019		2019		2019		2019
EQUITY AND LIABILITIES		ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Capital and reserves									
Issued capital	15©	1 608 615 590	1 590 662 678	100 000 000	92 517 542	1 608 615 590	1 590 662 678	100 000 000	92 517 542
Foreign currency translation reserve	15(d)(ii)	-	-	0	-	-	-	-	-
Revaluation reserve	15(d)(iii)	376 003 586	-	5 986 697 783	1 341 082 851	-	-	48 105 766	10 919 605
Mark to market reserve		-	-	64 861 979	53 579 837	-	-	64 861 979	53 579 837
Accumulated profits		7 652 636 449	7 484 871 124	653 725 729	155 476 719	7 613 833 484	7 101 069 444	849 783 443	1 398 538 205
Equity attributable to owners of the parent		**9 637 255 625**	**9 075 533 802**	**6 805 285 491**	**1 642 656 949**	**9 222 449 074**	**8 691 732 122**	**1 062 751 188**	**1 555 555 189**
Non - controlling interests	10.7	1 739 581 369	1 517 209 816	982 065 380	228 947 343	-	-	-	-
Total equity		**11 376 836 993**	**10 592 743 618**	**7 787 350 871**	**1 871 604 292**	**9 222 449 074**	**8 691 732 122**	**1 062 751 188**	**1 555 555 189**
Non-current liabilities									
Loans and borrowings	16.1	312 130 512	27 850 635	312 130 512	6 202 814	299 927 823	-	299 927 823	-
Finance Lease Liability		11 972 144	72 543 372	11 972 144	16 156 653	3 268 772	3 209 263	3 268 772	714 758
Deferred tax liability	7	852 311 274	1 030 817 994	877 963 339	261 878 308	-	221 912 561	-	49 423 733
		1 176 413 930	1 131 212 001	1 202 065 995	284 237 775	303 196 595	225 121 825	303 196 595	50 138 491
Current liabilities									
Trade and other payables	17	1 494 092 653	1 425 617 022	1 328 366 425	285 365 249	156 653 839	33 038 628	155 510 890	7 358 269
Liabilities held for sale	10.5	22 587 433	26 889 173	5 350 000	5 988 739	-	-	-	-
Group balances payables		-	-	-	-	493 668	60 920 419	493 668	13 568 022
Loans and borrowings	16.2	716 940 872	791 337 037	716 940 872	176 244 329	593 184 974	727 905 510	593 184 974	162 117 040
Bank overdrafts	14	295 969	10 252 695	295 969	2 283 451	-	-	-	-
Finance Lease Liability		12 051 822	8 979 627	12 051 822	1 999 917	7 768 672	799 660	7 768 672	178 098
Current tax liability		354 402 405	416 835 189	354 402 405	81 804 209	-	-	-	-
		2 600 371 154	2 679 910 744	2 417 407 493	553 685 894	758 101 153	822 664 216	756 958 204	183 221 429
Total liabilities		**3 776 785 084**	**3 811 122 745**	**3 619 473 488**	**837 923 669**	**1 061 297 748**	**1 047 786 041**	**1 060 154 799**	**233 359 920**
TOTAL EQUITY AND LIABILITIES		**15 153 622 077**	**14 403 866 362**	**11 406 824 359**	**2 709 527 961**	**10 283 746 822**	**9 739 518 163**	**2 122 905 987**	**1 788 915 109**

W. Makamure
Chairman
15 November 2021

C. Mutingwende
Acting General Manager
15 November 2021

Statement of Changes in Equity
For the year ended 31 December 2020

INFLATION ADJUSTED - GROUP	Attributable to the equity holders of the parent						
For the year ended 31 December 2020	**Issued capital**	**Foreign currency translation reserve**	**Revaluation reserve**	**Accumulated losses**	**Total**	**Non controlling interests**	**Total equity**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
Balance as at 1 January 2020	**1 589 194 459**	**-**	**-**	**7 484 871 124**	**9 074 065 583**	**1 517 209 816**	**10 591 275 399**
Profit for the period	-	-	-	3 344 521 799	3 344 521 799	343 028 336	3 687 550 134
Other comprehensive income	-	-	356 575 321	51 504 612	408 079 933	-	408 079 933
Revaluation adjustment	-	-	19 428 265	(3 228 261 086)	(3 208 832 821)	(25 014 085)	(3 233 846 906)
Issue of new shares	19 421 131				19 421 131	-	19 421 131
Dividends Paid	-	-	-	-	-	(95 642 698)	(95 642 698)
Balance at 31 December 2020	**1 608 615 590**	**-**	**376 003 586**	**7 652 636 449**	**9 637 255 625**	**1 739 581 369**	**11 376 836 993**

	Attributable to the equity holders of the parent						
For the year ended 31 December 2019	**Issued capital**	**Foreign currency translation reserve**	**Mark to Market reserve**	**Accumulated loss**	**Total**	**Non controlling interests**	**Total equity**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
Balance as at 1 January 2019	**1 126 509 678**	**-**	**-**	**2 516 513 210**	**3 643 022 887**	**1 110 362 304**	**4 753 385 192**
Profit for the period	-	-	-	79 466 207	79 466 207	420 344 739	499 810 946
Other comprehensive income	-	-	-	415 830 727	415 830 727	-	415 830 727
Revaluation adjustment	-	-	-	4 473 060 981	4 473 060 981	17 795 383	4 490 856 365
Issue of new shares	464 153 000	-	-	-	464 153 000	-	464 153 000
Dividend paid	-	-	-	-	-	(31 292 610)	(31 292 610)
Balance at 31 December 2019	**1 590 662 678**	**-**	**-**	**7 484 871 124**	**9 075 533 802**	**1 517 209 816**	**10 592 743 618**

Statement of Changes in Equity (continued)
For the year ended 31 December 2020

HISTORICAL COST - GROUP	---Attributable to the equity holders of the parent---							
For the year ended 31 December 2020	Issued capital ZWL$	Foreign currency translation reserve ZWL$	Revaluation reserve ZWL$	Mark to Market reserve ZWL$	Accumu-lated losses ZWL$	Total ZWL$	Non controlling interests ZWL$	Total equity ZWL$
Balance as at 1 January 2020	**92 517 543**	**-**	**1 341 082 850**	**53 579 837**	**155 476 719**	**1 642 656 949**	**228 947 343**	**1 871 604 292**
Profit for the period	-	-	-	-	418 335 372	418 335 372	343 361 072	761 696 444
Other comprehensive income	-	-	4 685 739 121	11 282 142	-	4 697 021 263	452 475 673	5 149 496 936
Revaluation Adjustment	-	-	(40 124 187)	-	79 913 638	39 789 450	(11 349 484)	28 439 966
Dividends Paid	-	-	-	-	-	-	(31 369 224)	(31 369 224)
Issue of new shares	7 482 457	-	-	-	-	7 482 457	-	7 482 457
Balance at 31 December 2020	**100 000 000**	**-**	**5 986 697 783**	**64 861 979**	**653 725 729**	**6 805 285 491**	**982 065 380**	**7 787 350 871**

	---Attributable to the equity holders of the parent---							
For the year ended 31 December 2019	Issued capital ZWL$	Foreign currency translation reserve ZWL$	Revaluation reserve ZWL$	Mark to Market reserve ZWL$	Accumu-lated loss ZWL$	Total ZWL$	Non controlling interests ZWL$	Total equity ZWL$
Balance as at 1 January 2019	**28 517 543**	**94 409 305**	**21 776 945**	**248 787**	**(93 876 794)**	**51 075 786**	**11 235 520**	**62 311 306**
Profit for the period	-	-	-	-	2 547 362	2 547 362	78 360 405	80 907 767
Other comprehensive income	-	-	1 310 964 368	53 331 050	-	1 364 295 418	152 735 191	1 517 030 609
Transfer (from)/to Revenue Reserves	-	(94 409 305)	-	-	94 409 305	-	-	-
Revaluation Adjustment	-	-	8 341 537	-	152 396 846	160 738 383	(8 810 435)	151 927 948
Dividend paid	-	-	-	-	-	-	(4 573 338)	(4 573 338)
Issue of new shares	64 000 000	-	-	-	-	64 000 000	-	64 000 000
Balance at 31 December 2019	**92 517 543**	**-**	**1 341 082 850**	**53 579 837**	**155 476 719**	**1 642 656 949**	**228 947 343**	**1 871 604 292**

Statement of Changes in Equity (continued)
For the year ended 31 December 2020

INFLATION ADJUSTED - CORPORATION	Issued capital	Foreign currency translation reserve	Mark to Market reserve	Accumulated loss	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Balance as at 1 January 2020	**1 589 194 459**	**-**	**-**	**5 429 756 585**	**7 018 951 044**
Profit for the period	-	-	-	2 184 076 899	2 184 076 899
Other comprehensive income	-	-	-	-	-
Issue of new shares	19 421 131	-	-	-	19 421 131
At 31 December 2020	**1 608 615 590**	**-**	**-**	**7 613 833 484**	**9 222 449 074**

For the year ended 31 December 2019	Issued capital	Foreign currency translation reserve	Mark to Market reserve	Accumulated loss	Total
	ZWL$	ZWL$	ZWL$	ZWL$	US$
Balance as at 1 January 2019	**1 126 509 673**	**-**	**-**	**2 403 210 978**	**3 529 720 651**
Profit for the period	-	-	-	4 697 858 466	4 697 858 466
Other comprehensive income	-	-	-	-	-
Issue of new shares	464 153 005	-	-	-	464 153 005
Transfer to Revenue Reserve	-	-	-	-	-
At 31 December 2019	**1 590 662 678**	**-**	**-**	**7 101 069 444**	**8 691 732 122**

Statement of Changes in Equity (continued)

For the year ended 31 December 2020

HISTORICAL - CORPORATION	Issued capital ZWL$	Foreign currency translation reserve ZWL$	Asset Revaluation ZWL$	Accumulated loss ZWL$	Mark to Market reserve ZWL$	Total ZWL$
Balance as at 1 January 2020	**92 517 543**	**-**	**10 919 605**	**1 398 538 205**	**53 579 837**	**1 555 555 190**
Profit for the period	-	-	-	(548 754 762)		(548 754 762)
Other comprehensive income	-	-	37 186 162	-	11 282 142	48 468 304
Transfer to Revenue Reserve	-	-	-	-	-	-
Issue of new shares	7 482 457	-	-	-	-	7 482 457
At 31 December 2020	**100 000 000**	**-**	**48 105 767**	**849 783 443**	**64 861 979**	**1 062 751 188**

For the year ended 31 December 2019	Issued capital ZWL$	Foreign currency translation reserve ZWL$	Asset Revaluation ZWL$	Accumulated loss ZWL$	Mark to Market reserve ZWL$	Total ZWL$
Balance as at 1 January 2019	**28 517 543**	**98 770 578**	**-**	**(87 294 457)**	**248 787**	**40 242 451**
Profit for the period	-	-	-	1 387 062 084	-	1 387 062 084
Other comprehensive income	-	-	10 919 605	-	53 331 050	64 250 655
Transfer to Revenue Reserve	-	(98 770 578)	-	98 770 578	-	-
Issue of new shares	64 000 000	-	-	-	-	64 000 000
At 31 December 2019	**92 517 543**	**-**	**10 919 605**	**1 398 538 205**	**53 579 837**	**1 555 555 190**

Statement of Cash Flows
For the year ended 31 December 2020

		GROUP				CORPORATION			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
		2020	2019	2020	2019	2020	2019	2020	2019
	Note	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
CASH FLOWS FROM OPERATING ACTIVITIES									
Profit before tax		3 774 224 181	1 774 111 784	921 672 939	190 202 754	2 062 581 981	4 886 331 254	(670 249 680)	1 429 038 206
-'from continuing operations		3 774 024 779	1 777 783 495	921 030 784	195 696 866	-	-	-	-
-'from discontinued operations		199 402	(3 671 711)	642 155	(5 494 112)	-	-	-	-
Adjustments for:									
-Exchange loss/(gain)		641 855 563	1 924 932 236	670 276 675	148 292 677	677 280 288	1 943 763 350	677 280 288	150 474 831
-Write off of inventory to net realisable value		-	-	-	-	-	-	-	-
-Depreciation on property, plant and equipment		122 159 495	717 761 616	90 873 477	77 242 467	-	-	3 840 295	73 070
-Impairment losses/Other Expenses		12 917 235	-	79 549 563	-	361 588 252	(7 051 467 866)	79 549 563	(1 568 319 656)
-Amortisation of intangible assets		-	400 553	43 508	300	-	-	-	-
-Dividend received		(428 936 402)	-	(41 044 891)	-	(530 443 737)	(145 673 614)	(103 010 282)	(12 170 184)
-Net Finance Costs		57 388 643	72 514 977	17 896 475	5 929 577	(137 545 137)	(12 544 530)	7 314 897	863 299
- (Profit)/loss on disposal of plant & equipment /Other		(556 618)	2 742 685	369 850	(109 471)	(490 786)	-	(111 746)	(1 483)
-Provision for credit losses: External	13	49 619 892	43 179 450	49 619 892	9 616 804	-	-	-	-
: Intercompany balances		-	-	-	-	-	-	-	-
-Intercompany balances written off		-	-	-	-	-	-	-	-
-Monetary (loss)/gain		(2 384 104 800)	(1 151 426 686)	-	-	(2 780 175 987)	326 625 517	-	-
-Gain on loss of control		-	-	-	-	-	-	-	-
- Share of (loss)/profit of associates	10.2	(331 360 390)	(181 992 681)	(172 596 418)	(31 268 952)	-	-	-	-
- Fair value adjustment on financial assets at fair value through profit and loss		-	-	-	-	-	-	-	-
-Fair value adjustment on investment property		230 727 604	(275 701 077)	(269 435 540)	(70 348 082)	-	-	-	-
Operating gain/(deficit) before working capital changes		**1 743 934 403**	**2 926 522 858**	**1 347 225 530**	**329 558 074**	**(347 205 126)**	**(52 965 890)**	**(5 386 665)**	**(41 917)**

Statement of Cash Flows (continued)
For the year ended 31 December 2020

		GROUP				CORPORATION			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
		2020	2019	2020	2019	2020	2019	2020	2019
	Note	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Working capital adjustments									
(Increase)/decrease in inventories		(501 677 281)	(1 404 884 339)	(230 035 356)	(175 090 553)	-	-	-	-
(Increase)/decrease in trade and other receivables		(453 861 494)	(231 605 326)	(1 212 404 471)	(175 991 348)	41 160 271	67 450 612	(123 113 836)	(11 880 103)
Decrease in financial assets through profit and loss		-	-	-	-	-	-	-	-
Increase/(decrease) in Right of Use Asset		-	-	(178 098)	178 098	-	-	-	-
(Decrease)/Increase in trade and other payables		68 475 631	(894 487 293)	1 043 001 176	207 718 227	(237 942 548)	16 246 724	148 152 621	(15 665 005)
Cash from operating activities		**856 871 259**	**395 545 899**	**947 608 781**	**186 372 498**	**(543 987 403)**	**30 731 446**	**19 652 120**	**(27 587 025)**
Taxation paid		(464 488 327)	(516 229 542)	(227 954 503)	(79 797 464)	(1 057 743)	(814 037)	(1 057 743)	(181 300)
Net cash flows (used)/generated in operating activities		**392 382 932**	**(120 683 643)**	**719 654 278**	**106 575 034**	**(545 045 146)**	**29 917 409**	**18 594 377**	**(27 768 325)**
INVESTING ACTIVITIES									
Purchases of property, plant and equipment		(148 071 770)	(71 927 914)	(131 895 350)	(10 214 230)	(72 651 734)	(274 406)	(68 516 811)	(61 115)
(Loans)/proceeds from/to associates		(2 235 347)	(55 437 253)	(46 940 239)	(12 809 425)	-	-	-	-
Sale/(purchases) of investments		-	63 025 210	(269 435 540)	(70 396 950)	-	(8 444 761)	-	(1 880 793)
Purchases of investment property		-	-	-	-	-	-	-	-
Decrease/(increase) in non-current portion of land held for sale		116 162 901	119 986 598	(14 101 844)	3 470 382	-	-	-	-
(Increase)/Decrease in non-current assets held for sale		166 643 961	(134 904 214)	36 774 982	(77 377 349)	-	-	-	-
(Increase)/Decrease in Right of use Asset		(7 580 063)	(5 608 419)	(12 473 724)	(714 758)	-	-	-	-
Increase/(Decrease) in liabilities held for sale		(4 301 740)	3 496 852	(638 739)	5 526 903	-	-	-	-
Increase/(Decrease) in finance lease liability		(57 499 033)	81 522 999	10 051 905	1 999 917	-	-	-	-
Purchase of intangible assets		-	(1 750 310)	(497 197)	(389 824)	-	-	-	-
Proceeds on disposal of property, plant and equipment		16 466 352	16 385 577	117 602 128	(438 180)	-	-	-	-
Proceeds on investment property		-	-	-	-	-	-	-	-
Dividend received		428 936 402	-	41 044 891	-	530 443 737	145 673 614	103 010 282	12 170 184
Increase in non current financial assets @ FVTOCI		29 192 471	(58 487 611)	-	-	-	-	-	-
Additions : available for sale financial assets		(1 997 807)	-	(1 997 807)	-	-	-	-	-
Net finance costs	5.4	(57 388 643)	(72 514 977)	(17 896 475)	(5 929 577)	137 545 137	12 544 530	(7 314 897)	(863 299)
Net cash (outflows)/inflows from investing activities		**478 327 684**	**(116 213 462)**	**(290 403 008)**	**(167 273 091)**	**595 337 140**	**149 498 977**	**27 178 574**	**9 364 977**

Statement of Cash Flows (continued)
For the year ended 31 December 2020

		GROUP				CORPORATION			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
		2020	2019	2020	2019	2020	2019	2020	2019
	Note	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Net cash (outflows)/inflows before financing		**870 710 616**	**(236 897 106)**	**429 251 270**	**(60 698 057)**	**50 291 994**	**179 416 386**	**45 772 951**	**(18 403 348)**
FINANCING ACTIVITIES									
Interest bearing borrowings:									
-Proceeds		-	59 667 965	854 106 699	188 911 354	(1 354 421)	51 778 599	-	11 531 981
-Repayments		(841 235 020)	(784 497 964)	(518 683 654)	-	(242 519 686)	(451 269 713)	(36 897 901)	(2 521 283)
Issue of ordinary shares		17 952 912	1 462 618 910	7 482 457	64 000 000	19 421 131	-	7 482 458	64 000 000
New Capital : Motec		-	-	-	-	-	464 153 005	-	-
Net cash inflow/(outflow) from financing activities		**(823 282 108)**	**737 788 911**	**342 905 502**	**252 911 354**	**(224 452 976)**	**64 661 891**	**(29 415 443)**	**73 010 698**
Net Increase/(decrease) in cash and cash equivalents		**47 428 508**	**500 891 806**	**772 156 772**	**192 213 297**	**(174 160 982)**	**244 078 277**	**16 357 508**	**54 607 350**
Cash and cash equivalents at 1 January		**932 386 791**	**431 471 130**	**207 658 527**	**15 273 145**	**245 173 218**	**1 321 452**	**54 654 728**	**47 378**
Held for sale : cash & overdraft		67 088	23 855	67 088	172 085	-	-	-	-
Cash and cash equivalents at end of year		**979 882 387**	**932 386 791**	**979 882 387**	**207 658 527**	**71 012 236**	**245 399 729**	**71 012 236**	**54 654 728**
Made up of the following									
-Bank overdrafts		(295 969)	(10 252 695)	(295 969)	(2 283 451)	-	-	-	-
-Cash at bank		980 178 356	942 639 486	980 178 356	209 941 978	71 012 236	245 399 729	71 012 236	54 654 728
Cash and cash equivalents		**979 882 387**	**932 386 791**	**979 882 387**	**207 658 527**	**71 012 236**	**245 399 729**	**71 012 236**	**54 654 728**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1.0 Corporate information

Industrial Development Corporation of Zimbabwe Limited is a statutory company incorporated and domiciled in Zimbabwe. It has investments in the following sectors; motor and transport, fertiliser and chemicals, cement, and base mineral processing. The Group also has investments in textiles, packaging and real estate.

The consolidated and separate financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 30 September 2021.

- **Significant accounting policies**

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

2.0. Basis of preparation

The consolidated and separate 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 Industrial Development Corporation Act (Chapter 14:10) and the Public Finance Management Act (Chapter 22:19).
The consolidated and separate 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.

The Group’s functional and reporting currency changed from United States Dollar (“USD$”) to Zimbabwean dollar (“ZWL$”) following the re-introduction of a local currency on 22 February 2019 and the establishment of an interbank currency market in Zimbabwe through Statutory Instruments (“SI”) 32 and 33 of 2019 and Exchange Control Directive RU28 of 2019.

The local currency started to trade officially against other international currencies on 22 February, 2019 at a reference rate of US$1: ZWL$2.5.

In terms of S.I.33 all assets and liabilities that were, expressed in US$ were deemed for accounting purposes, on and after the effective date, to be valued in the local currency at par with the US$. As a result, no adjustment has been made Historical to prior period figures, which were previously expressed in US$ and have been reckoned to have, assumed the same values in ZWL$. The convertibility of monetary balances as at the end of the prior year into other international currencies at the presumed rate of US$1: ZWL$1 was however significantly impaired resulting in various exchange rate scenarios being adopted by the market, substantially at variance with the exchange parity maintained at policy level.

These accounting policies are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out in note 4.

2.1. IAS 29 Financial Reporting in Hyperinflationary Economies

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement on the application of IAS 29 after classifying Zimbabwe as a hyperinflationary economy. The pronouncement requires that the entities operating in Zimbabwe with financial periods ending on or after 1 July 2019, prepare and present financial statements in-line with the requirements of IAS 29.

The Group concurs with this classification, supported by the following factors:

- There was a rapid increase in official inflation rates,
- There was significant deterioration in the interbank Zimbabwe Dollar (ZWL) exchange rate during the period,
- Access to foreign currency to settle foreign currency denominated liabilities remains constrained.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Hyper inflationary accounting requires transactions and balances of each reporting period to be presented in terms of the measuring unit at the end of the reporting period in order to account for the effect of the loss of purchasing power during the period. The Group has elected to use the Zimbabwe Consumer Price Index (CPI) as the general price index to restate amounts as it provides an official observable indication of the change in the price of goods and services.

The carrying amounts of non-monetary assets and liabilities carried at historic cost have been stated to reflect the change in the general price index from the date of acquisition to the end of the period. No adjustment has been made for those monetary assets and liabilities measured at fair value. An impairment is recognised in profit and loss if the remeasured amount of a non-monetary asset exceeds the recoverable amount.

All items recognised in the statement of profit or loss and other comprehensive income are restated by applying the change in average monthly general price index when the items of income and expenses were initially earned or incurred.

Gains or losses on the net monetary position have been recognised as part of profit or loss before tax in the statement of profit or loss and other comprehensive income.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Comparative amounts in the group financial results are expressed in terms of the general price index at the end of the reporting period.

The Group made the appropriate adjustments to reflect the changes in the general purchasing power on the Zimbabwe dollar and for the purposes of fair presentation in accordance with IAS 29, these changes have been made on the historical cost financial information.

The source of the price indices used was the Reserve Bank of Zimbabwe website.
The following indices and conversion factors were applied:

Date	Index	Conversion factor
CPI as at 31 December 2019	551.6	4.49
CPI as at 31 December 2020	2 474.51	1.00
Average CPI 2019		3.28
Average CPI 2020		2.04

2.2. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the General Manager that makes strategic decisions.

The group has four reportable segments; Chemicals and Fertilisers, Engineering, Motor and Transport, Real Estate and Corporate and other which offer different products and services and are managed separately.

2.3. Consolidation

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The group re-assesses whether or not it controls a subsidiary if fact and circumstances indicate that there are changes to the elements of control.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intercompany transactions, balances, and unrealised gains and dividend from transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Noncontrolling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to noncontrolling interests are allocated to the noncontrolling interest even if this results in a debit balance being recognised for noncontrolling interest.

Transactions with noncontrolling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in noncontrolling interest for such transactions is recognised in equity attributable to the owners of the Group.

Where a subsidiary is disposed of and a noncontrolling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

b) Investments in subsidiaries in the separate financial statements

In the Group's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations.

c) Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not effected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for noncurrent assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Noncurrent assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions, and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition by acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available for sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

2.4 Investments in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post acquisition changes in the group's share of net assets of the associate, less any impairment losses.

The Group's share of post acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

to the carrying amount of the investment. Losses in an associate in excess of the group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment, however, as a gain on acquisition is recognised immediately in profit or loss.
Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Investments in associates in the separate financial statements
In the Group's separate financial statements, investments in associates are accounted for at cost. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations.

2.5. 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.

a) Critical judgments in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

i. Lease classification

The Group is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred. Refer to Note 2.10 and 3.3

ii. Revenue recognition

The Group is involved in the assembly of motor vehicles, and manufacture of bus and truck bodies and trailers and distribution of commercial vehicles. Defects would be identified by the customers shortly afterwards.

The accounting policy for revenue recognition from these products is on delivery. However, management will be required to consider whether it would be appropriate to recognise the revenue from these transactions in line with the Group policy of recognising revenue for the sale of goods when those goods are delivered to the customer, or whether it would be more appropriate to defer recognition until the rectification work is complete.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

In making this judgement, management consider the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer. Following the detailed quantification of the Group liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management will be satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

iii. Expected manner of realisation for deferred tax

Management have reviewed the investment property portfolio of the Group in order to determine the appropriate rate at which to measure deferred tax. Investment property is measured at fair value. The manner of recovery of the carrying amount, i.e. through use or sale, affects the determination of the deferred tax assets or liabilities. IFRS assumes that the carrying amount of investment property is recovered through sale rather than through continued use. Management considered the business model of the portfolio and concluded that the assumption is not rebutted and that the deferred taxation should be measured on the sale basis.

b) Key sources of estimation uncertainty

i. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

ii. Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

iii. Fair value estimation

Several assets and liabilities of the Group are either measured at fair value or disclosure is made of their fair values.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

iv. Impairment testing

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

v. Useful lives of property, plant and equipment

Management assesses the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of freehold buildings, plant and equipment, motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount, are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

vi. Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Provisions are recognized when the Group has a present obligation (legal or constructive) 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 reliable estimate can be made of the amount of the obligation.

The provision for mine rehabilitation at Dorowa Minerals Limited and G & W Industrial Minerals Limited is recorded as the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailing dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.
Management estimates the provision of claims incurred but not reported annually. As at 31 December 2020 the provision was calculated at 5% of the net written premium.

vii. Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs for the estimates of the ore reserves and mineral resources.

Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision of rehabilitation, recognition of deferred tax assets and depreciation and amortisation charges.

viii. Bulk raw material measurement

Bulk raw materials and manufactured goods are measured using the tachometric and the tape methods. The tape method is used when the density of raw materials and manufactured goods is low. The acceptable rate of error for the tachometric is +/-0.5% whilst for the tape method is +/-10%.

c) Determination of functional and presentation currency

The Group operates in an economy which is experiencing a shortage of foreign currency and consequently has exchange control regulations that impact the timing of payment of foreign payables among other matters. Given the context of the environment, management has assessed in terms of IAS 21, if there has been a change in the functional currency used by the Group. The assessment included consideration of whether the various modes of settlement may represent different forms of currency. It is observed that whether cash, bond notes, electronic money transfers or point of sale the unit of measure across all these payment modes has changed from US Dollars to Zimbabwean dollar.

The Group and its subsidiaries changed its functional currency and presentation currency from US$ to the Zimbabwe dollar (ZWL$) from 1 January 2018, with the exchange rate of 1US$ to ZWL$1 up to 31 December 2018. This followed the issuance of the Monetary policy Statement (MPS) by the country 's central bank, the Reserve Bank of Zimbabwe (RBZ) and Statutory Instrument(SI) 33 of 2019 which was promulgated after, giving effect and guidelines to the new currency. The Group has adopted the Zimbabwean dollar as its presentation currency.

d) Estimation of liabilities under insurance contracts IFRS 4

The valuation of insurance liabilities under insurance contract requires the application of judgement which includes:

- The assessment of past claims patterns to determine the possibility of claims pending intimation

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

- The requirement for complex actuarial computations to estimate the value of promises under long term risk or investment return on underlying assets, expense growth rate and market discount rate

2.6. 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.

Fair value

Subsequent to initial measurement investment property is measured at fair value.
A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

2.6.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group 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 Group, 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.

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 Group 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.

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 Group. 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:

Item	Useful life
Freehold land	Not depreciated
Freehold buildings	40 years
Plant and equipment	10 - 15 years
Motor vehicle	5 years
Office equipment	5 years
Office furniture	10 years

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

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.

The Group policy is to perform revaluations every three years to ensure that fair value of a revalued asset does not differ materially from its carrying amount. Refer to note 3.4.

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.

2.6.2. Leasehold property

When the Group holds property under a long-term prepaid lease agreement, the lease is classified as a finance lease or an operating lease in accordance with the provisions of IFRS 16 Leases. When these leases are classified as finance leases, the property is classified as Right-of-use Asset, and is depreciated over the lease term. Refer to note 2.11.

2.6.3. Site restoration and dismantling cost

The Group has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period
- if a decrease in the liability exceeds the carrying amount of the asset; the excess is recognised immediately in profit or loss.
- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in profit or loss.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
- a decrease in the liability is credited in other comprehensive income and accumulated in the revaluation reserve in equity, except that it is recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

- an increase in the liability is recognised in profit or loss, except that it is debited to other comprehensive income as a decrease to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- ➢ in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in profit or loss.
- ➢ a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to profit or loss and to other comprehensive income under (a). If a revaluation is necessary, all assets of that class are revalued.

Mine rehabilitation
At Dorowa Minerals Limited and G&W Industrial Minerals Limited the nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailing dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location.

2.6.4. Exploration and evaluation assets
Exploration and evaluation assets are measured at cost. These include acquisition of rights to explore, topographical, geological, 'geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities in relation to evaluating the technical 'feasibility and commercial viability of extracting a mineral resource. After recognition, the mine is carried at cost. However, the group resolved that all exploration and evaluation expenditure when incurred shall be written off over 15 years.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that their carrying amount exceed its recoverable amount.

2.6.5. Mining claims
Mining claims not expensed, are not depreciated until a claim is explored and a mine is operational. Depreciation is based on the units of production method. Mining claims are the right to extract minerals from a tract of public land.

2.6.6. Mining assets
Upon completion of mine construction, the exploration and development assets are transferred into mining assets. Items of mining assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any cost directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within mining assets where applicable.

When a mining construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserves.

Accumulated mine development costs are depreciated/amortised on a unit-of-production bases over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Other plant and equipment such as mobile equipment is generally depreciated on a straight-line basis over their estimated useful lives as indicated in the property, plant and equipment note.

2.7. 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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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.

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	Useful life
Automate License	10 years
Dimension X3D software	5 years

2.8. Financial instruments

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

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.

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).

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 Group are presented below:

(a) Loans receivable at amortised cost

Classification

Loans to group companies, loans to shareholders, loans to directors, managers and employees, and loans receivable are classified as financial assets subsequently measured at amortised cost.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans 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 loan 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.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit impaired, then a credit adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit impaired.
- If a loan was not purchased or originally credit impaired, but it has subsequently become credit impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Loans denominated in foreign currencies

When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the ZWL Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains / (losses).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management disclosures.

Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the Group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Group considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The Group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty among other characteristics.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Credit risk
Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management.

Derecognition
Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost.

(b) Debt instruments at fair value through other comprehensive income
Classification
The Group holds certain investments in bonds and debentures which are classified as subsequently measured at fair value through other comprehensive income.

They have been classified in this manner because the contractual terms of these debt instruments give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the objectives of the Group's business model is achieved by both collecting the contractual cash flows on these instruments and by selling them.

Recognition and measurement
These debt instruments are recognised when the Group becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.
They are subsequently measured at fair value.

Even though they are measured at fair value, the Group determines the amortised cost of each instrument as if they were measured at amortised cost. The difference, at reporting date, between the amortised cost and the fair value of the debt instruments, is recognised in other comprehensive income and accumulated in equity in the reserve for valuation of investments.

The amortised cost is the amount recognised on the loan 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.

Application of the effective interest method
Interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on debt instruments at fair value

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

through other comprehensive income is dependent on the credit risk of the instrument as follows:

- The effective interest rate is applied to the gross carrying amount of the instrument provided the instrument is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a debt instrument is a purchased or originated as credit impaired, then a credit adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the instrument, even if it is no longer credit impaired.
- If a debt instrument was not purchased or originally credit impaired, but it has subsequently become credit impaired, then the effective interest rate is applied to the amortised cost of the instrument in the determination of interest. If, in subsequent periods, the instrument is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Debt instruments denominated in foreign currencies

When a debt instrument measured at fair value through other comprehensive income is denominated in a foreign currency, the amortised cost and the fair value (carrying amount) of the investment is determined in the foreign currency. The amortised cost and fair value is then translated to the ZWL Dollar equivalent using the spot rate at the end of each reporting period. Any foreign exchange gains or losses arising on the amortised cost of the instrument are recognised in profit or loss in the other operating gains (losses). The remaining foreign exchange gains or losses relate to the valuation adjustment and are included in other comprehensive income and are accumulated in equity in the reserve for valuation of investments.

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management note.

Impairment

The Group recognises a loss allowance for expected credit losses on all debt instruments measured at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instruments.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a debt instrument has not increased significantly since initial recognition, then the loss allowance for that instrument is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a debt instrument being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a debt investment has increased significantly since initial recognition, the Group compares the risk of a default occurring on the instrument as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think tanks

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a debt instrument is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a debt instrument is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the instrument has not increased significantly since initial recognition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the Group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account). Irrespective of the above analysis, the Group considers that default has occurred when an instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group writes off a debt instrument when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Instruments written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the instrument at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Debt instruments are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the instrument, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a debt instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

An impairment gain or loss is recognised for these debt instruments in profit or loss. However, there is no loss allowance account. Instead, the loss allowance is recognised in other comprehensive income and accumulated in equity in the reserve for valuation of investments, and does not reduce the carrying amount of the instrument.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

The impairment loss is included in other operating expenses in profit or loss as a movement in credit losses.

Credit risk

Details of credit risk related to debt instruments at fair value through other comprehensive income are included in the specific notes and the financial instruments and risk management.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

On derecognition of a debt instrument at fair value through other comprehensive income, the cumulative gain or loss on that instrument which was previously accumulated in equity in the reserve for valuation of investments is reclassified to profit or loss.

(c) Trade and other receivables

Classification

Trade and other 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 Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group 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.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit impaired, then a credit adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit impaired.
- If a receivable was not purchased or originally credit impaired, but it has subsequently become credit impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the ZWL Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

recognised in profit or loss in other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the notes to the financials.

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

The Group measures the loss allowance for trade and other 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 Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other 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.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

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

Write off policy
The Group writes off a receivable when there is information indicating that the counter-party is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counter-party has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk
Details of credit risk are included in the trade and other receivables note and the financial instruments and risk management note (note).

Derecognition
Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

(d) Investments in equity instruments
Classification
Investments in equity instruments are presented in note. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the Group may make an irrevocable election, on an instrument-by-instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Recognition and measurement

Investments in equity instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments), depending on their classification. Details of the valuation policies and processes are presented in the notes.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in the accounts.

Dividends received on equity investments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income.

Investments denominated in foreign currencies

When an investment in an equity instrument is denominated in a foreign currency, the fair value of the investment is determined in the foreign currency. The fair value is then translated to the ZWL Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss as part of the fair value adjustment for investments which are classified as at fair value through profit or loss. Foreign exchange gains or losses arising on investments at fair value through other comprehensive income are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of investments.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note.

Impairment

Investments in equity instruments are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

The gains or losses which accumulated in equity in the reserve for valuation of investments for equity investments at fair value through other comprehensive income are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

(e) Investments in debt instruments at fair value through profit or loss

Classification

Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, or the objectives of the Group business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

The Group hold investments in debentures and corporate bonds (note) which are mandatorily at fair value through profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

The Group has designated certain investments in debt instruments as at fair value through profit or loss. The reason for the designation is to reduce or eliminate an accounting mismatch which would occur if the instruments were not classified as such.

Recognition and measurement

Investments in debt instruments at fair value through profit or loss are recognised when the Group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Investments denominated in foreign currencies

When an investment in a debt instrument at fair value through profit or loss is denominated in a foreign currency, the fair value of the investment is determined in the foreign currency. The fair value is then translated to the ZWL Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in profit or loss.

Impairment

Investments in debt instruments at fair value through profit or loss are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

(f) Nonhedging derivatives

Classification

Nonhedging derivatives are classified as mandatorily at fair value through profit or loss.

The Group enters into a variety of derivative financial instruments in order to manage its exposure to foreign exchange risk and cash flow interest rate risk. Derivatives held by the Group which are not in designated hedging relationships, include forward exchange contracts and interests' rate swaps.

Recognition and measurement

Derivatives are recognised when the Group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

(g) Borrowings and loans from related parties

Classification

Loans from group companies, loans from shareholders and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the Group becomes a party to the contractual provisions of the loan. The loans 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

Borrowings expose the Group to liquidity risk and interest rate risk.

Loans denominated in foreign currencies
When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the US Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management.

Derecognition
Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

(h) Trade and other payables
Classification
Trade and other 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 Group 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 Group to liquidity risk and possibly to interest rate risk.

Trade and other payables denominated in foreign currencies
When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the US Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Derecognition
Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

(i) Financial liabilities at fair value through profit or loss
Classification
Financial liabilities which are held for trading are classified as financial liabilities mandatorily at fair value through profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

When a financial liability is contingent consideration in a business combination, the Group classifies it as a financial liability at fair value through profit or loss.

The Group, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss.

Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the Group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the Group's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Financial liabilities denominated in foreign currencies

When a financial liability at fair value through profit or loss is denominated in a foreign currency, the fair value of the instrument is determined in the foreign currency. The fair value is then translated to the ZWL Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in profit or loss. To the extent that the foreign exchange gain or loss relates to the portion of the fair value adjustment recognised in other comprehensive income, that portion of foreign exchange gain or loss is included in the fair value adjustment recognised in other comprehensive income.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

The changes in fair value attributable to changes in own credit risk which accumulated in equity for financial liabilities which were designated at fair value through profit or loss are not reclassified to profit or loss. Instead, they are transferred directly to retained earnings on derecognition.

(j) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

(k) Commitments to provide a loan at a below market interest rate

Commitments to provide a loan at a below market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:
the amount of the loss allowance determined in accordance with IFRS 9; and
the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

(l) Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

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

Derecognition

Financial asset

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The Group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

2.9. Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of value added tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Intermediary Money transfer tax

The intermediated money transfer tax as gazetted by the Government, is chargeable in terms of section 36G of the Taxes Act and is calculated at the rate of zero comma zero two United States dollars on every dollar transacted for each transaction on which the tax is payable. The tax is charged provided that if a single transaction on which the tax is payable is equivalent to or exceeds five hundred thousand United States dollars, a flat intermediated money transfer tax of ten thousand United States dollars is chargeable on such transaction.

2.10. Leases

Finance Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. In respect to assets formerly held under a finance lease, IFRS 16 requires that the Group recognise as part of its lease liability only the amount expected to be payable under a residual value guarantee by the

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

lessee to the lessor. On initial application the Group will present equipment previously included in property, plant and equipment within the line item for the right-of-use asset and the lease liability, previously presented within borrowings, will be presented in a separate line for liabilities.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. IFRS 16 will change how the Group accounts for lease previously classified as operating lease under IAS 17, which were off-balance sheet. On initial application of IFRS 16, for all leases (except as noted below), the Group will:

a) recognise right of use assets and lease liabilities in the statement of financial position initially measured at the present value of the future lease payments
b) recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit and loss;
c) separate the total amount of cash paid into a principal portion (presents with financing activities) and interest (presented within operating activities) in the cash flow statement
d) lease incentives (eg rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets, replacing the previous requirement of a provision for onerous contracts. For short term leases (lease term of 12 months or less) and leases of low-value assets (eg personal computers and office furniture), the Group will opt to recognise a lease expense on a straight line basis as permitted by IFRS 16.

Finance leases – lessor accounting

IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17.

The Group recognises finance lease receivables in the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Finance leases – lessee accounting

Finance leases are recognised as right-of-use assets and lease liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a lease obligation.

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

Operating leases – lessor

Operating lease income is recognised as an income on a straightline basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee accounting

Until the 2018 financial year, leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. The difference between the amounts recognised as an expense and

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

the contractual payments were recognised as an operating lease asset. This liability was not discounted. Any contingent rents are expensed in the period they are incurred.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the lease term on a straight line basis.
The application of IFRS 16 allows the selection of either a full retrospective or modified retrospective approach.

2.11. Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.
When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories include a “right to returned goods asset” which represents the Group right to recover products from customers where customers exercise their right of return under the Group returns policy. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

2.12. Noncurrent assets (disposal groups) held for sale or distribution to owners

Noncurrent assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Noncurrent assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Noncurrent assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

carrying amount and fair value less costs to sell (distribute).
A noncurrent asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as such.
Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

2.13. Impairment of assets

The Group 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 Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group 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.

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.

2.14. Share capital and equity

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

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the Group in which they are declared.

2.15. Employee benefits

Shortterm employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered,

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

All eligible employees are members of a defined contribution state run pension fund National Social Security Authority (NSSA) and the self-administered Old Mutual Pension Fund.

2.16. Provisions and contingencies

General
Provisions are recognised when:

- ➢ the Group 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.

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.

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.

Contingent assets and contingent liabilities are not recognised.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2.17. Government grants

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to expenses are recognised as income on a systematic basis over the periods that the related costs, for which it is to compensate, are expensed.

Loans or similar assistance provided by the government or related institution, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as government grant.

Repayment of a grant related to income is applied first against any unamortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

2.18. Revenue from contracts with customers

The Group recognises revenue by following the principles of the five-step model in terms of the IFRS 15 – Revenue from contracts with customers and the model is illustrated below:

Step 1 Identification of the contract (s) with customers
Step 2 Identification of separate performance obligations in the contract
Step 3 Determination of the transaction price
Step 4 Allocation of the transaction price to separate performance obligation in the contract
Step 5 Recognition of the revenue when (or as) the Group satisfies a performance obligation

Revenue comprises of revenue from consignment arrangements, bill and hold arrangements, delivery sales, customer collection sales, tolling fees and other income. The Group recognises revenue when it transfers control over a good or service to a customer.
The Group recognises revenue from the following major sources:

- Sales of fertiliser and Chemicals
- Sales of animal and health products
- Sales of motor vehicles, trucks and automotive parts
- Provision of general engineering services and coach building
- Development and sale of residential stands
- Provision of management services

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

(a) Point in time

Sale of –fertiliser and chemicals

For sales of fertiliser and chemicals, revenue is recognised when control of the goods has transferred, being when the customer takes possession of the product. This usually occurs when the customer signs the contract which stipulates the terms and conditions including the performance obligations and contract prices. Delivery occurs when the products have been transported to the specific location and the risks of obsolescence and loss have been transferred to the customer. Therefore, revenue is recognised when control is passed to the customer at a point in time. For fertilisers, the customer pays in full at the point of sale. For chemicals, customers pay monthly in equal instalments over a period of 24 months. A receivable is recognised when the performance obligations have been fulfilled as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Bill and hold arrangement –Gypsum- Revenue is recognised at a point in time when control is transferred to the customer, when the customer pays for the Gypsum and request for the bill and holds arrangement. The arrangement has two distinct performance obligations being Gypsum sales and loading. Transaction price is allocated to the performance obligations based on their stand-alone selling prices.
Revenue received in advance –Gypsum and phosphate rock. Deferred revenue is recognised upon advance payment by the customer and revenue is recognised when control is transferred to the customer upon collection of the product. No element of financing is deemed present as the sales are made within 30 days, which is consistent with market practice.

Sale of –Animal and Health products

The Group manufactures and sells animal and health products with limited shelf life

Due to the nature of the products being pharmaceuticals, under the Group standard contract terms, customers have a right of return within 3 months before expiry date. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return, and consequently a right to returned goods asset (included in inventories) is recognised, with a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal will not occur given the consistent level of returns over previous years.

Sale of motor vehicles, trucks and automotive parts

The Group operates a motor vehicle and truck dealership and selling of automotive parts. The group recognises revenue when the customer takes possession of the products. Customers pay in full on point of sale.

Sales related warranties associated with sport goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Land development and resale

The Group develops and sells residential and commercial stands. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

Provision of management services
The corporate generate revenue from rendering management services through promoting investments and economic co-operation across borders. Revenue is recognised progressively based on the cost-to-cost method. Payment terms of the contract with fellow subsidiaries are usually based on equal instalments over the duration of the contract based on the percentage of turnover. If the group has recognised revenue and not issued a bill then the entitlement to the consideration is recognised as a contract asset. The contract asset is then transferred to receivables when the entitlement to payment becomes unconditional

(b) Over time:
Provision of general engineering services and coach building
The Engineering segment generates revenue from coach building and general engineering services under short term contracts. Since such items are either customised or sold together with significant services, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the combined product is unique to each customer and the group has an enforceable right to payment for the work completed to date.

Revenue for these performance obligations is recognised over time as the customisation or integration work is performed using the cost-to-cost method to estimate progress towards completion.

Payment terms to fellow subsidiaries are usually based on equal instalments over the duration of the contract.

2.18. Turnover
Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

2.19. Other income
Interest income
Interest income is recognised in profit and loss using the effective interest method.

Dividend income
Dividend income is recognised when the group's right to receive payment is established which is generally when the shareholders approve the dividend.

Rental income
Rental income is recognised on a straight line basis over the lease term

Premiums
Revenue is recognised on the date on which the policy is effective.

Fees and commission
Fees and commission are recognised as revenue over the period in which the related services are rendered. If the fees are for services provided in future periods then they are deferred and recognised over future periods.

2.20. Acquisition costs
Acquisition costs, which represent commissions and other related expenses, are deferred over the period in which the related premiums are earned and are recognised in full through the profit and loss for the period they relate to

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2.21. Claims

Claims represent the ultimate cost (net of salvage recoveries) of settling all claims arising from events that have occurred up to the reporting date.

Claims incurred comprise the settlement and handling costs paid and outstanding claims arising from events occurring during the financial year together with adjustments to prior year claims and provision.

Claims outstanding comprise provisions for the entity's estimate of the ultimate cost of settling all claims incurred but unpaid at the statement of financial position date whether reported or not, and related internal claims handling expenses and an appropriate prudential margin.

Claims outstanding are assessed by reviewing individual claims and making allowances for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Provisions for claims outstanding are not discounted.

2.22. Insurance contract

Insurance contracts are those contracts when the company (the insurer) has accepted significant insurance risk from another party(the policy holder) by agreeing to compensate the policy holders if a specified uncertain future event(the insured event) adversely affects the policy holders. As a general guideline the entity determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as insurance contract it remains as insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

2.23. Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the Group right to recover products from customers where customers exercise their right of return under the Group returns policy.

2.24. 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

- ➢ 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;
- ➢ 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.

2.25. Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in US Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
foreign currency monetary items are translated using the closing rate;
- ➢ non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- ➢ non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.
When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in ZWL Dollars by applying to the foreign currency amount the exchange rate between the ZWL Dollar and the foreign currency at the date of the cash flow.

3.0. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

3.1 Application of IFRS 9 Financial Instruments

As at 1 January 2018, the Group applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Group's financial statements are described below.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 January 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 01 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income.

All other debt investments and equity investments are subsequently measured at fair value through profit or loss, unless specifically designated otherwise.

The Group may, on initial recognition, irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income.

The Group may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

The directors reviewed and assessed the Group's existing financial assets as at 01 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards to their classification and measurement:

Redeemable notes

The Group's redeemable notes that were classified as available for sale financial assets under IAS 39 have been classified as financial assets at fair value through other comprehensive income, as they are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The change in fair value on these redeemable notes continues to be accumulated in equity until they are derecognised or reclassified.

Investments in equity instruments
The Group's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available for sale financial assets and were measured at fair value at each reporting date under IAS 39 have been designated as at fair value through other comprehensive income. The change in fair value on these equity instruments continues to be accumulated in equity. However, the cumulative amount in equity is no longer reclassified to profit or loss on derecognition of the equity investments.

Debt instruments
Debt instruments classified as held to maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Debt instruments designated as at fair value through profit or loss
In the current year, the Group has not designated any debt investments that meet the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss. In addition, there were no such instruments which were measured at fair value through profit or loss under IAS 39 which have been de-designated either voluntarily or because they no longer meet the designation criteria.

Impairment of financial assets
In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at 01 January 2018, the Group reviewed and assessed the Group's existing financial assets, amounts due from customers and financial guarantee contracts for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 01 January 2017 and 01 January 2018.The result of the assessment is as follows:

The additional loss allowance is charged against the respective asset or provision for financial guarantee, except for the investments at fair value through other comprehensive income, the loss allowance for which is recognised against the reserve in equity. The application of the IFRS 9 impairment requirements has resulted

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

in additional loss allowance of $ to be recognised in the current year (2018: $653 810.

Classification and measurement of financial liabilities

One major change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss accounting for changes in the fair value of redeemable cumulative preference shares that were designated on initial recognition as financial liabilities at fair value through profit or loss. Apart from the above, the application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

3.2 Application of IFRS 15 Revenue from contracts with customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC31 Revenue Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5 step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Group financial statements are described below. Refer to the revenue accounting policy for additional details.

The Group has applied IFRS 15 with an initial date of application of 01 January 2018 in accordance with the cumulative effect method, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 01 January 2018. The comparative information has therefore not been restated.

The Group has applied IFRS 15 without using the practical expedients for completed contracts in IFRS 15.C5 (a), and (b), or for modified contracts in IFRS 15.C5(c) but using the expedient in IFRS 15.C5 (d) allowing both non disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application.

The main changes are explained below:

Land development and sale

For land development and sale the deposit increased from 25% to 50% and that is when revenue is recognised and the contracts are signed by both parties the seller and purchaser. The balance of the 50% of the purchase price is paid over a period of 18 months. An adjustment to revenue has therefore been made to reflect the change in accounting.

Provision of engineering services

The amounts allocated to the engineering service increase as a result of the allocation method required under IFRS 15 (i.e. an allocation based on stand alone selling price of the combined product). Revenue is recognised over time as the customisation is performed using the cost-to-cost method to estimate progress towards

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

completion. There has been no adjustment to revenue and as the engineering segment has been idle during the year ended 31 December 2020.

Right of return- Animal and Health products

Under the Group standard contract terms for the sale of animal and health products, customers have a right of return within 3 months before expiry of the product. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product from customers when they exercise their right of return, and so it consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. No adjustments were previously made for this, as the impact was not considered to be material.

3.3 Application of IFRS 16 Leases.

As of 1 January 2019, the Group has applied IFRS 16 Leases which provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supercede the following lease Standard and interpretations upon its effective date:

- IAS 17 Leases
- IFRIC 4 Determining whether an Arrangement contains a Lease.
- SIC – 15 Operating Leases – Incentives;
- SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Identification of a Lease

IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer.

Control is considered to exist if the customer has:
The right to obtain substantially all the economic benefits from the use of an identified asset; and
The right to direct the use of the asset.
The detailed guidance to determine whether those conditions are met, including instances where the supplier has substantive substitution rights, and where the relevant decisions about how and for what purpose the asset is used are predetermined as outlined in Note 2.10 Leases.

3.4 Revaluation of Property, Plant and Equipment (PPE)

The Group policy is to perform a Revaluation exercise every three years on Revalued assets as follows:

- Freehold Buildings are recognised at revalued amounts being the fair value at the date of revaluation, lease any subsequent accumulated depreciation and accumulated impairment losses (IFRS 13: Fair Value Measurement).
- Investment Property is recognised at revalued amounts being the fair value at the date of revaluation. (IFRS 13: Fair Value Measurement).
- Plant and Equipment is initially recognised at cost less accumulated depreciation and impairment losses (IAS 16: Property, Plant and Equipment). IAS 29: Financial Reporting in Hyperinflationary Economies requires the restatement of PPE from the date of purchase. The Group noted that detailed records of the acquisition dates might be impractical to obtain or estimate, hence the use of an independent professional valuations of PPE as basis of restatement in the first period of standard application. The Group therefore has changed its accounting policy from recognising all PPE items using the Cost Model to Revaluation Model with effect from 31 December 2019.
- The Group has adopted a prospective application in changing the policy due to the impracticability in determining the period-specific or cumulative effects of the change and non-availability of comparative information in accordance with IAS 8: Accounting Policies, changes in Accounting Estimates and Errors provisions in par 23-25.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

4 New Standards and Interpretations

4.1. Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
➢ IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments(amendments) and IAS 39 Financial Instruments: Recognition and Measurement Executive Summary *Interest Rate Benchmark Reform resulted in amendments to IFRS9, IAS 39 and IFRS 7 requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.*	1 January 2020 with earlier application permitted.	Unlikely there will be a material impact.
➢ Amendment to IAS 1, Presentation of financial statements and IAS 8, Accounting policies, changes in accounting estimates and errors on the definition of material. Executive Summary These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: ● use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; ● clarify the explanation of the definition of material; and incorporate some of the guidance in IAS 1 about immaterial information ● The amendment definition: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about specific reporting entity."	1 January 2020	Likely there will be a material impact.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

➢ IFRS 3 Business Combinations Executive Summary *This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying a business combinations. More acquisitions are likely to be accounted for as asset acquisitions.* To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. *The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.*	1 January 2020	Unlikely there will be a material impact.
➢ Amendment to IFRS 16: Initial application of COVID-19 – Related Rent Concessions Executive Summary *In May 2020, the IASB issued Covid-19-Related Rent Concessions that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession applying IFRS 16 as if the change were not a lease modification* *The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all the following conditions are met:* ● *The change in lease payments in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately preceding the change.* ● *Any reduction in lease payments affects only payments originally due on or before 20 June 2021(a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and* ● *There is no substantive change to other terms and conditions of the lease.*	1 June 2020	No material impact.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

➢ Amendments to IFRS 9, IAS 39 and IFRS 7 *These amendments provide a certain relief in connection with interest rate benchmark reform (IBOR). The relief relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the Income Statement.*	1 January 2020	unlikely there will be a material impact.

4.2. Standards, amendments and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 January 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
➢ IFRS 17 Insurance Contracts Executive Summary *IFRS 17 establishes the principles of the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.* *The objective of IFRS 17 is to ensure that an entity provides relevant information faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cashflows.* *IFRS 17 was issued in May 2017 and applies to the annual reporting periods beginning on or after 1 January 2021.*	01 January 2021(proposed deferral to 1 January 2023) with earlier application permitted.	Likely there will be a material impact.
➢ Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *The phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.*	1 January 2021	Unlikely there will be a material impact
➢ Amendments to IFRS 3 *The IASB has updated IFRS 3, Business combinations to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or liability in a business combination.* *In addition, the IASB added the new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21, Levies, rather than the 2018 Conceptual Framework. The IASB has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date*	1 January 2022	Unlikely there will be a material impact

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

➢ Amendments to IFRS 10: Consolidated Financial Statements and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Executive Summary *The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.* *IAS 28 and IFRS 10 are amended as follows:* ***IAS 28 now reflects the following***: ● *Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of related investors' interests in the associate or joint venture; and* ● *Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.* *IFRS 10 now reflects the following:* ● *Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in transaction with an associate or joint venture that is accounted for using the equity method, are recognised in the parent's profit and loss only to the extent of the unrelated investor's interests in that associate or joint venture; and* ● *Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture.* ● *In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.* ● *Earlier application of these amendments is still permitted.*	Postponed to a date to be advised (initially 1 January 2016)	Unlikely there will be a material impact
➢ Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use Executive Summary *The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before the asset is available for use ie proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss.*	1 January 2022 with early adoption permitted	Unlikely to have a material impact

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

➢ Amendments to IAS 37 Onerous Contracts: Cost of fulfilling a contract Executive Summary *The amendments specify that the 'cost of fulfilling' a contract comprises the cost that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental cost of fulfilling that contract and an allocation of other cots that relate directly to fulfilling contracts* *The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of the initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.*	1 January 2022 with early adoption permitted	Unlikely to have a material impact
➢ Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Non-current Executive Summary *The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expense, or the information disclosed about those items.* *The amendments* **clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period,* **specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability,* **explain that rights are inexistence if covenants are complied with at the end of the reporting period, and* **introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the documentary of cash, equity instruments, other assets or services.*	1 January 2022, applied retrospectively with early adoption permitted	Unlikely to have a material impact

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

		GROUP				CORPORATION			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
		2020	2019	2020	2019	2020	2019	2020	2019
		ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
5	**Loss before taxation is stated after accounting for the following items:**								
5.1	**Revenue**								
	Revenue consists of the following principal categories								
	Sale of goods and services	6 020 662 669	5 181 774 915	4327 627 217	636 499 999	-	-	-	-
	Management fees	-	-	-	-	247 501 861	61 679 260	42 630 155	6 636 667
		6 020 662 669	5 181 774 915	4 327 627 217	636 499 999	247 501 861	61 679 260	42 630 155	6 636 667
5.2	**Other operating income**								
	Profit on disposal of items of property and equipment	556 618	1 178 616	173 778	134 572	490 786	-	111 746	1 483
	Profit on disposal of investment in shares	-	-	-	-	-	-	-	-
	Fees and commission	6 296 795	23 830 087	4 306 891	3 204 673	-	-	-	-
	Cost of cancelled sales	-	-	-	-	-	-	-	-
	Rent received	41 147 448	32 489 056	29 006 514	3 343 521	-	-	-	-
	Sundry income	19 328 627	9 780 967	4 485 515	981 487	2 262 717	432 046	297 613	45 229
	Guarantee fees	13 367 914	1 223 072	2 252 277	243 006	13 367 914	1 223 072	2 252 277	243 006
	Assembly Fees	-	-	1 175 081	-	-	-	-	
	Interest on DFI Loans	101 144 883	-	18 775 174	-	101 144 883	-	18 775 174	-
	Directors' fees	12 097 580	1 927 759	3 174 160	338 978	11 199 696	1 613 015	2 326 233	293 546
	Bad debts recovered	-	-	-	-	-	-	-	-
	Scrap sales	3 433 748	10 901 823	14 027 579	1 343 398	-	-	-	-
	Dividends	428 936 402	8 956 104	41 044 891	888 783	530 443 737	145 673 614	102 510 282	12 170 184
	Exchange Gain	10 351 172	11 243 243	7 090 400	1 149 109	-	-	-	
	Export Incentive	-	3 116	-	518	-	-	-	
		636 661 187	101 533 843	125 512 260	11 628 044	658 909 733	148 941 746	126 273 325	12 753 447

Sundry income comprises of scrap sales, reversal of impairment, management fees and other receivables interest.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

	GROUP				CORPORATION			
	Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
5.3 Administration Expenses								
Included in the administration expenses are the following items:								
Loss on disposal of items of property and equipment	-	3 921 301	543 628	25 101	-	-	-	-
Audit fees	17 036 406	930 130	4 621 962	1 519 631	285 105	1 447 836	285 105	272 590
Depreciation	122 159 495	717 761 616	90 873 477	77 242 467	3 840 294	308 270	3 840 295	73 071
Amortisation of intangible assets	-	400 553	43 508	300	-	-	-	-
Directors' emoluments:								
-for services as directors	17 036 406	1 160 665	10 214 701	1 137 985	5 234 294	535 971	1 155 406	107 302
-for managerial services	265 191 222	16 433 804	8 243 603	3 381 926	41 483 616	9 281 661	6 443 196	1 007 502
Employee benefits expense:								
-Salaries and wages	673 782 382	27 685 744	392 532 762	56 398 059	204 784 538	29 308 744	38 119 971	3 181 393
-National Social Security Authority	32 470 850	553 105	21 596 783	445 500	1 631 480	411 818	285 271	38 112
- Pension costs	15 900 818	590 660	5 832 621	362 726	8 738 752	1 605 786	1 621 419	164 981
- Medical aid	48 531 503	1 363 389	27 447 922	809 854	10 585 133	2 978 733	1 478 090	284 387
5.4 Net finance costs								
Finance costs:								
Interest on debts and borrowings	(72 178 258)	(97 388 962)	(26 180 924)	(8 928 073)	36 400 254	(19 694 536)	(7 314 897)	(1 840 193)
Finance income:								
Interest income on loans receivable	-	-	-	-	-	7 150 006	-	976 895
Interest on accounts receivable	14 789 615	24 873 985	8 284 449	2 998 496	-	-	-	-
	(57 388 643)	(72 514 977)	(17 896 475)	(5 929 577)	36 400 254	(12 544 530)	(7 314 897)	(863 298)
5.5 Other operating expenses	-	-	-	-		-	-	-
	-	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

	GROUP				CORPORATION			
	Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
5.6 Appreciation/(Impairment) of Subsidiaries and Associates								
Motira (Private) Limited	-	-	-	-	-	-	-	-
Sunway City (Private) Limited	-	-	-	-	1 897 394 354	2 235 088 684	-	497 792 580
Ginhole Investments (Private) Limited	-	-	-	-	136 102 223	163 231 220	-	36 354 391
Zimbabwe Grain Bag (Private) Limited	-	-	-	-	77 791 966	166 031 970	-	36 978 167
Chemplex Corporation Limited	-	-	-	-	4 212 965 868	3 349 605 702	-	746 014 633
Willowvale Motor Industries (Private) Limited	-	-	-	-	502 865 326	-	-	122 596 195
Deven Engineering (Private) Limited	-	-	-	-	214 856 520	-	-	55 644 450
Sino Zimbabwe Cement Company	-	-	-	-	342 727 325	-	-	47 632 206
Other	-	-	-	-	221 715 657	1 129 158 217	-	78 941 097
	-	-	-	-	7 606 419 239	7 043 115 793	-	1 621 953 719

	GROUP				CORPORATION			
	Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019	2020	2019	2020	2019
6 Taxation	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Income tax								
Current tax expenses								
Current year	(464 488 327)	(516 229 542)	(227 954 503)	(90 720 516)	(1 057 743)	(814 037)	121 494 918	(181 300)
	(464 488 327)	(516 229 542)	(227 954 503)	(90 720 516)	(1 057 743)	(814 037)	121 494 918	(181 300)
Deferred tax expense								
Origination and reversal of temporary differences	377 814 280	(758 071 296)	67 978 008	(18 574 472)	122 552 661	(187 658 751)	-	(41 794 822)
Income (credit)/tax reported in the income statement								-
	(86 674 047)	**(1 274 300 839)**	**(159 976 495)**	**(109 294 988)**	**121 494 918**	**(188 472 788)**	**121 494 918**	**(41 976 122)**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

	GROUP				CORPORATION			
	Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019	2020	2019	2020	2019
6 Taxation	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Amounts recognised in other comprehensive income								
Revaluation of property, plant and equipment	61 136 127	-	750 589 572	216 113 504	-	17 003 334	(12 210 972)	(3 786 934)
Income tax charged directly to other comprehensive income	61 136 127	-	750 589 572	216 113 504	-	17 003 334	(12 210 972)	(3 786 934)
Reconciliation of effective tax charge								
Profit/(loss) before tax	3 774 024 779		921 030 784	210 346 478	2 062 581 981	4 886 331 254	(670 249 680)	1 429 038 206
	%	%	%	%	%	%	%	%
Standard rates	(25.75)	(25.75)	(25.75)	(25.75)	(25.75)	(25.75)	(25.75)	(25.75)
Unutilised assessed losses	-	-	-	-	-	-	-	-
Interest subject to lower rates of tax	(7.26)	(7.26)	(7.26)	(7.26)	0.08	0.08	0.08	0.08
Tax incentive subject to lower rates	21.77	20.69	21.42	21.42	0.09	0.09	0.05	0.05
Permanent differences-associated companies	35.06	35.40	35.77	35.38	-	-	-	-
Gain on loss of control	-	0.55	-	-	-	-	-	-
Disallowable expenses	(23.80)	(24.35)	(24.35)	(24.35)	25.52	25.54	25.44	25.59
Other (non-taxable)/non-deductible items	-	-	-	-	-			
Total	**0.02**	**(0.72)**	**(0.17)**	**(0.56)**	**(0.06)**	**(0.04)**	**(0.18)**	**(0.03)**

7 Deferred taxation								
Net deferred tax analysed as follows								
Deferred tax liabilities	1 099 325 702	1 139 482 469	1 109 941 914	266 485 027	107 193 457	224 430 733	107 193 457	49 984 573
Deferred tax asset	(247 014 428)	(100 284 931)	(231 978 575)	(3 987 229)	(168 111 414)	-	(168 111 414)	-
	852 311 274	**1 039 197 537**	**877 963 339**	**262 497 798**	**(60 917 957)**	**224 430 733**	**(60 917 957)**	**49 984 573**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Deferred tax comprises of the tax effect on temporary differences arising from:								
Property, plant and equipment	935 149 220	897 805 138	810 872 790	166 915 206	21 673 699	16 955 089	21 673 699	3 776 189
Receivables	2 064 404	1 220 184	2 064 404	271 756	-	-	-	-
Investments	128 771 789	420 969 922	128 771 789	93 757 221	85 519 758	381 450 882	85 519 758	84 955 651
Inventory	(3 191 112)	(8 379 543)	(2 640 627)	(619 490)	-	-	-	-
Revaluations	27 759 908	366 631	162 812 841	44 013 122	-	-	-	-
Prepayments	5 580 381	(6 904 183)	5 420 090	274 989	-	-	-	-
Provisions	(53 881 644)	(31 524 752)	(43 276 989)	(10 196 620)	(687 726)	(2 518 172)	(687 726)	(560 840)
Assessed loss	(83 062 410)	(68 760 179)	(17 963 738)	6 209 391	-	-	-	-
Unrealised exchange loss	(106 879 262)	(173 975 224)	(168 097 221)	(38 747 267)	(167 423 688)	(173 975 238)	(167 423 688)	(38 747 267)
	852 311 274	**1 030 817 994**	**877 963 339**	**261 878 308**	**(60 917 957)**	**221 912 561**	**(60 917 957)**	**49 423 733**

The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and deferred tax assets, and deferred tax liabilities relate to income taxes levied by the same authority.
The group did not recognise deferred tax assets in respect of the assessed tax losses because it is not probable that future taxable profits will be available against which the Group can use the benefits therefrom. The tax losses amount to $17 963 738 (2019: $6 209 391)

8 Property, plant and equipment

INFLATION ADJUSTED - GROUP

	Land, buildings & permanent works ZWL$	Plant & equipment ZWL$	Motor vehicles ZWL$	Office furniture & Equipment ZWL$	Mining assets ZWL$	Capital work in progress ZWL$	Total ZWL$
Cost or valuation							
At 1 January 2019	4 298 449 542	1 038 351 563	333 598 572	75 597 016	3 838 582	67 040 509	5 816 875 784
Additions	6 400 845	7 059 551	12 258 912	6 635 524	-	39 573 086	71 927 919
Transfers	(534 472)	1 150 046	2 446 242	1 202 054	-	(4 916 608)	(652 738)
Revaluation	2 375 231 377	181 791 969	4 180 760	4 950 086	104 582 975	(16 228 746)	2 654 508 421
Disposals	-	(792 225)	(936 407)	(121 392)	-	-	(1 850 024)
As 31 December 2019	**6 679 547 292**	**1 227 560 904**	**351 548 079**	**88 263 289**	**108 421 557**	**85 468 241**	**8 540 809 361**
Additions	67 655 362	15 288 736	28 761 104	10 121 699	-	26 244 869	148 071 770
Transfers	-	-	(1 315 996)	(940 429)	-	(1 240 000)	(3 496 425)
Revaluation	181 881 310	(51 318 215)	6 520 488	(8 542 643)	-	(27 084 592)	101 456 348
Disposals	(1 413 038)	(2 976 001)	(12 450 000)	(483 733)	(108 421 557)	-	(125 744 329)
At 31 December 2020	**6 927 670 926**	**1 188 555 424**	**373 063 675**	**88 418 183**	**-**	**83 388 518**	**8 661 096 726**
						939 532	

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Accumulated depreciation							
At 1 January 2019	76 955 304	82 147 231	30 264 872	14 814 593	3 838 582	5 252 460	213 273 042
Charge for the year	349 962 144	220 450 702	123 748 580	23 600 190	-	-	717 761 616
Impairment loss recognised in Profit or loss	203 732 578	107 484 996	-	-	90 289 361	(1 664 600)	399 842 335
Disposals	-	(578 191)	(9 076 387)	(123 026)	(94 127 942)	-	(103 905 546)
As 31 December 2019	**630 650 026**	**409 504 739**	**144 937 065**	**38 291 757**	**-**	**3 587 860**	**1 226 971 448**
Charge for the year	18 690 316	56 970 213	35 341 332	11 157 634	-	-	122 159 495
Impairment loss recognised in Profit or loss	(44 565 842)	47 596 098	(31 229 613)	(10 981 178)	-	-	(39 180 535)
Disposals	(1 560 726)	(819 297)	(1 259 616)	(65 102)	-	-	(3 704 741)
At 31 December 2020	**603 213 774**	**513 251 753**	**147 789 168**	**38 403 111**	**-**	**3 587 860**	**1 306 245 667**
Net book value							
As 31 December 2020	**6 324 457 152**	**675 303 671**	**225 274 507**	**50 015 071**	**-**	**79 800 658**	**7 354 851 059**
As 31 December 2019	**6 048 897 266**	**818 056 165**	**206 611 014**	**49 971 531**	**108 421 557**	**81 880 381**	**7 313 837 914**

HISTORICAL COST - GROUP

Cost or valuation	**Land, buildings & permanent works ZWL$**	**Plant & equipment ZWL$**	**Motor vehicles ZWL$**	**Office furniture & Equipment ZWL$**	**Mining assets ZWL$**	**Capital work in progress ZWL$**	**Total ZWL$**
At 1 January 2019							
Additions	112 750	991 133	2 182 289	1 197 713	-	5 730 345	10 214 230
Transfers	(119 039)	99 440	338 239	13 020	-	29 501	361 161
Revaluation	1 380 302 778	219 776 157	47 365 979	11 006 940	23 292 422	29 501	1 681 773 777
Reclassification to Investment property	-	-	(106 389)	-	-	-	(106 389)
Disposals	-	(27 616)	(108 108)	(22 597)	-	(204 532)	(362 853)
Assets held for sale	(40 428 431)	(1 043 198)	-	(290 531)	-	-	(41 762 160)
As 31 December 2019	**1 457 566 634**	**250 295 479**	**54 667 778**	**13 383 652**	**23 663 049**	**11 027 874**	**1 810 604 466**
Additions	62 933 878	17 151 011	23 386 184	6 989 380	-	21 434 897	131 895 350
Transfers	-	-	(54 699)	(226 359)	-	(535 000)	(816 058)
Revaluation	4 737 847 771	517 190 259	162 107 296	34 138 512	-	-	5 451 283 838
Disposals	(51 233 560)	(33 335 470)	(10 296 980)	(992 070)	(23 663 049)	-	(119 521 129)
At 31 December 2020	**6 207 114 723**	**751 301 279**	**229 809 579**	**53 293 115**	**-**	**31 927 771**	**7 273 446 467**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Accumulated depreciation							
At 1 January 2019	24 670 596	20 850 443	3 532 126	1 257 441	370 627	178 393	50 859 626
Charge for the year	36 595 227	24 496 127	13 574 808	2 576 305	-	-	77 242 467
Impairment loss recognised in Profit or loss	41 707 512	21 166 678	(1 259 522)	(163 564)	20 108 990	-	81 560 094
Disposals	-	(20 017)	(95 681)	(20 415)	-	-	(136 113)
As 31 December 2019	**102 973 335**	**66 493 231**	**15 751 731**	**3 649 767**	**20 479 617**	**178 393**	**209 526 074**
Charge for the year	42 175 064	28 337 145	15 063 549	5 297 719	-	-	90 873 477
Impairment loss recognised in Profit or loss	(23 481 427)	(18 788 764)	(11 215 485)	(4 149 188)	-	-	(57 634 864)
Disposals	(42 515 000)	(26 839 009)	(1 247 032)	(429 857)	(20 479 617)	-	(91 510 515)
At 31 December 2020	**79 151 972**	**49 202 603**	**18 352 763**	**4 368 441**	**-**	**178 393**	**151 254 172**
Net book value							
As 31 December 2020	**6 127 962 751**	**702 098 676**	**211 456 816**	**48 924 674**	**-**	**31 749 378**	**7 122 192 295**
As 31 December 2019	**1 354 593 299**	**183 802 248**	**38 916 047**	**9 733 885**	**3 183 432**	**10 849 481**	**1 601 078 392**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

(a) Fair value measurement of the Group's freehold land and buildings

Sunway City: During the year land was revalued by an independent valuer, N. Manjeru Land Surveyors. The company engaged Green Plan (Private) Limited, an accredited independent valuer to assess the fair value of Investment property comprising of factory buildings to be leased out on completion in terms of an operating lease. The fair value factory buildings were revalued on the basis of observable prices on the active market as at 31 December 2020.

Chemplex Corporation

The Property, Plant and Equipment were revalued by Dawn Property Consultancy (Private) Limited (Dawn) on the basis of depreciated replacement values. The group engaged Dawn an accredited independent valuer to assess the fair value of its Property, Plant and Equipment. The Group determined fair value by reference to the market-based evidence. This means that valuations performed by the valuer are based on market prices, adjusted for any differences in the nature, location or condition of the specific property as at 31 December 2020. Revaluation adjustments relate to the accumulated depreciation as at the valuation date that was eliminated against the gross carrying amount of the valued assets.

Details of the Group's land and buildings and information about fair value hierarchy as at 31 December 2020 are as follows:

Group	Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	6 048 897 266	4 221 494 237	1 354 593 299	93 027 980
Additions	67 655 362	6 400 845	62 933 878	112 750
Reclassification to Investment property	-	(534 472)	-	(119 039)
Changes in fair values	181 881 310	2 375 231 377	4 737 847 771	1 380 302 778
Disposals	(1 413 038)	-	(51 233 560)	-
Assets held for sale	-	-	-	(40 428 431)
Depreciation	27 436 252	(553 694 722)	23 821 363	(78 302 739)
Balance at 31 December	**6 324 457 152**	**6 048 897 266**	**6 127 962 751**	**1 354 593 299**

	Level 1	Level 2	Level 3	Fair value as at 31 December 2020	
	ZWL$	ZWL$	ZWL$	ZWL$	
Land and buildings	-	-	6 324 457 152	6 324 457 152	**Inflation adjusted**
	-	-	6 127 962 751	6 127 962 751	**Historical cost**

There were no transfers between level 1, 2 and level 3

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of land and buildings, as well as the significant observable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The Investment Method was applied on all income producing properties. Market capitalisation rates were derived from market sales evidence and were determined in consultation with other investors and property brokers in the market.	**Average rentals per square metre -** US$2.50 to US$3.4 **Average investment yield -** 11% to 15% Expected market rental growth was lower due to constrained economic condition	The estimated fair value would increase (decrease) if: - expected market rental growth were higher (lower) - void period were shorter(longer) - occupancy rate higher(lower) and -yields were higher
The Direct Comparison Method was applied on all residential properties, after Green Plan (Private) Limited identified various properties that have been sold or which were on sale and situated in comparable areas using the Main Space Equivalent (MSE) principle. The total MSE of comparable areas was then used to determine the value per square metre of MSE.	**Estimated remaining life** 1 -20yrs **Offices** Average rentals per square metre were between USD5.50 - 6.00 for offices. Average yield was 10.50% Expected market rental growth was lower due to constrained economic condition	- yield rates were higher(lower) -building quality was higher -land values were higher -location of the property was better -main space was higher -the building size was big and in good location
The Depreciation Replacement Value was used on specialised properties whose values cannot be easily observable in the market. Gross replacement costs were applied per square metre of plinth areas of a building and then a depreciation factor was affected on the total GRC to give rise to a depreciated replacement cost which would then be added to the land value to give a depreciated replacement value.	**Specialised properties.** Building costs. Depreciation factors depended on the age and functional obsolesce of the building. Land values were observed from the market and differed from location to location.	Depreciated replacement value would increase if - The buildings were new and/or were well maintained -Land values were higher -Gross replacement costs per square metre were higher

(b) Impairment loss
During the year ended 31 December 2020, due to reduction in market value for some assets, the Group tested its assets for impairment and recognised an impairment loss of ZWL$12 917 235 (2019: $NIL).

(c) Ginhole Investments (Private) Limited
The Corporation was mandated by the Ministry of Industry and Commerce to manage Last Hope Estate in 2005. Last Hope Estate is a 594-hectare property in Hwange District and comprises of a bakery, tile factory, service station, game park and a hotel with a combined carrying amount of $37 773 674 which is now under Held for sale. The title of property is still under Zimbabwe Development Corporation (ZDC) and processes are underway to effect change of ownership to IDCZ. It is expected that the transfer of ownership would be completed by end 2021.

(d) The following items of property, plant and equipment have been pledged as security against borrowings:

1.0 RBZ Finance Leases
*The Group entered into a five-year finance lease issue with the Reserve Bank of Zimbabwe for the refurbishment of its plants. The carrying value of plant and machinery held under finance leases at 31 December 2020 was $68 226 747 (2019: $25 221 168)
The leased assets are pledged as security for the related finance lease.

The Group entered into long- and short-term loan agreements with other financial institutions to fund its operations. The carrying value of non-current assets pledged as security at 31 December 2020 was $25 221

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

169 (2019: $ 25 221 169)

2.0 Other Borrowings

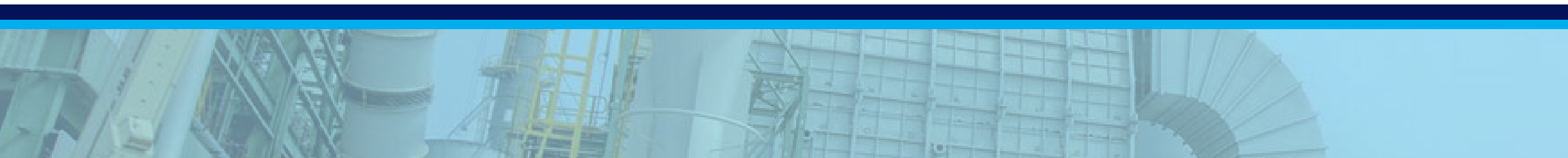
*The Group entered into long and short - term loan arrangements with other financial institutions to fund its operations as shown in note 16. the carrying value of non-current assets pledged as security at 31 December 2020 was ZWL863 666 449 (2019: ZWL10 400 000)

Corporation	**Inflation Adjusted**			
	Land, buildings & permanent works	**Motor vehicles**	**Office furniture & Equipment**	**Total**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Cost or valuation				
At 1 January 2019	2 883 671	11 868 803	4 606 260	19 358 734
Additions	-	-	274 406	274 406
Revaluation adjustment	40 759 129	2 945 503	4 214 289	47 918 921
Disposals	-	-	-	-
At 31 December 2019	**43 642 800**	**14 814 306**	**9 094 955**	**67 552 061**
Additions	67 594 959	4 137 553	919 222	72 651 734
Revaluation adjustment	(3 504 000)	2 123 824	(555 878)	
Disposals	-	(12 450 000)	(385 804)	(12 835 804)
At 31 December 2020	**107 733 759**	**8 625 683**	**9 072 495**	**125 431 937**
Accumulated depreciation				
At 1 January 2019	127 256	2 431 281	1 737 015	4 295 552
Charge for the year	39 548	880 273	346 933	1 266 755
Revaluation adjustment	(166 804)	(3 311 555)	(2 083 948)	(5 562 306)
Disposals	-	-	-	-
At 31 December 2019	**-**	**-**	**-**	**-**
Charge for the year	576 609	1 625 222	1 638 764	3 840 595
Revaluation adjustment	(576 609)	(1 625 222)	(1 638 764)	(3 840 595)
At 31 December 2020	**-**	**-**	**-**	**-**
Net book value				
At 31 December 2019	**107 733 759**	**8 625 683**	**9 072 495**	**125 431 937**
At 31 December 2018	**43 642 800**	**14 814 306**	**9 094 955**	**67 552 059**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Corporation	Historical Cost			
	Land, buildings & permanent works ZWL$	Motor vehicles ZWL$	Office furniture & Equipment ZWL$	Total ZWL$
Cost or valuation				
At 1 January 2019	73 000	314 517	117 911	505 428
Additions	-	-	61 115	61 115
Revaluation adjustment	9 647 000	3 034 883	1 847 578	14 529 461
Disposals	-	(50 000)	-	(50 000)
At 31 December 2019	**9 720 000**	**3 299 400**	**2 026 604**	**15 046 004**
Additions	62 873 475	3 275 109	237 805	66 386 389
Revaluation adjustment	35 100 000	10 888 578	7 248 850	53 237 428
Disposals	-	(8 851 078)	(385 804)	(9 236 882)
At 31 December 2020	**107 693 475**	**8 612 009**	**9 127 455**	**125 432 939**
Accumulated depreciation				
At 1 January 2019	4 562	87 168	63 279	155 009
Charge for the year	2 282	50 777	20 012	73 071
Revaluation adjustment	(6 844)	(87 945)	(82 289)	
Disposals	-	(50 000)	-	(50 000)
At 31 December 2019	**-**	**-**	**1 002**	**1 002**
Charge for the year	576 309	1 625 222	1 638 764	3 840 295
Revaluation adjustment	(576 309)	(1 625 222)	(1 638 764)	(3 840 295)
At 31 December 2020	**-**	**-**	**1 002**	**1 002**
Net book value				
At 31 December 2019	**107 693 475**	**8 612 009**	**9 126 453**	**125 431 937**
At 31 December 2018	**9 720 000**	**3 299 400**	**2 025 602**	**15 045 002**



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

8.1 Intangible assets	Inflation Adjusted			
Group	Patents and licences ZWL$	QS software ZWL$	Other ZWL$	Total ZWL$
Cost at 1 January 2019	1 750 310	331 609	117 108	2 199 027
Additions	-	1 372 180	-	1 372 180
Balance at 31 December 2019	**1 750 310**	**1 703 789**	**117 108**	**3 571 207**
Additions	-	497 197	-	497 197
Balance at 31 December 2020	**1 750 310**	**2 200 986**	**117 108**	**4 068 403**
Accumulated amortisation and impairment losses				
Balance at 1 January 2019	1 750 309	314 843	61 383	2 126 536
Amortisation	-	16 766	-	16 766
Balance at 31 December 2019	**1 750 309**	**331 609**	**61 383**	**2 143 301**
Amortisation	-	102 839	-	102 839
Balance at 31 December 2020	**1 750 309**	**434 448**	**61 383**	**2 246 140**
Carrying amounts				
At 31 December 2020	**-**	**1 766 538**	**55 725**	**1 822 263**
At 31 December 2019	**-**	**1 372 180**	**55 725**	**1 427 905**

8.1 Intangible assets	Historical Cost			
Group	Patents and licences ZWL$	QS software ZWL$	Other ZWL$	Total ZWL$
Cost at 1 January 2019	114 882	11 889	32 416	159 187
Additions	-	53 897	-	53 897
Balance at 31 December 2019	**114 882**	**65 786**	**32 416**	**213 084**
Additions	-	238 086	-	238 086
Balance at 31 December 2020	**114 882**	**303 872**	**32 416**	**451 170**
Accumulated amortisation and impairment losses				
Balance at 1 January 2019	114 882	11 288	30 215	156 385
Amortisation	-	300	-	300
Balance at 31 December 2019	**114 882**	**11 588**	**30 215**	**156 685**
Amortisation	-	43 508	-	43 508
Balance at 31 December 2020	**114 882**	**55 096**	**30 215**	**200 193**
Carrying amounts				
At 31 December 2020	-	**248 776**	**2 201**	**250 977**
At 31 December 2019	**-**	**54 198**	**2 201**	**56 399**

9 Investment properties

	Inflation Adjusted		Historical Cost	
Group	2020 ZWL $	2019 ZWL $	2020 ZWL$	2019 ZWL $
Balance at 1 January	332 582 987	103 576 214	74 138 950	3 742 000
Reclassification from property, plant and equipment	-	800 226	-	48 869
Disposals	-	-	-	-
Fair value gain	10 991 503	228 507 451	269 435 540	70 348 081
Balance at 31 December	**343 574 490**	**332 883 890**	**343 574 490**	**74 138 950**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Rental Income generated from investment property amounted to ZWL$29 006 514 (2019 : ZWL$3 343 521). There were no repairs and maintenance costs of investment property that generated investment income in 2019 and 2020.

9.1 Measurement of fair value

Investment property comprises factory buildings under construction to be leased out in terms of operating lease on completion, a vacant industrial stand and two commercial stands and an industrial property in Willowvale. The fair value of the Group's investment properties as at 31 December 2020 was determined by an independent property valuer, Green Plan (Private) Limited, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation which conforms to International Valuation Standards, was in terms of the policy as set out in the accounting policies section and was derived with reference to market information close to the date of the valuation.

The Group has no restrictions on the realisability of all investment properties and no contractual obligations to purchase, construct or develop the investment properties or for repairs, maintenance and enhancements.

The fair value measurement for investment property of $343 574 490 has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values

Balance at 1 January 2020	74 138 950
Acquisitions	-
Disposals	-
Change in fair value	269 435 540
Balance at 31 December 2020	**343 574 490**

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant observable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The Investment Method was applied on all income producing properties. Market capitalisation rates were derived from market sales evidence and were determined in consultation with other investors and property brokers in the market. The Direct Comparison Method was applied on all residential properties, after Green Plan (Private) Limited identified various properties that have been sold or which were on sale and situated in comparable areas using the Main Space Equivalent (MSE) principle. The total MSE of comparable areas was then used to determine the value per square metre of MSE.	**Average rentals per square metre -** US$2.50 to US$3.40 **Average investment yield -** 12% to 15% **Estimated remaining life** 1-20yrs	The estimated fair value would increase (decrease) if: - expected market rental growth was higher (lower) - void period were shorter(longer) - occupancy rate higher(lower) and - yield rates were higher(lower) - building quality was higher - land values were higher - location of the property was better

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

10 Investments

10.1 Investment in subsidiaries

Corporation

The Corporation uses the cost model to account for its investment in subsidiaries. At 31 December 2020, the amount of the investment in subsidiaries and the percentages of shareholding are as follows:

		Inflation Adjusted		Historical Cost	
		2020	2019	2020	2019
		ZWL$	ZWL$	ZWL$	ZWL$
Willowvale Motor Industries (Pvt) Limited	100%	627 818 428	561 038 530	122 596 195	122 596 195
Chemplex Corporation Limited	100%	5 147 331 021	4 195 299 537	765 684 208	765 684 208
Ginhole Investments (Pvt) Limited t/a Last Hope Estate	100%	-	-	-	-
Deven Engineering (Pvt) Limited	100%	279 212 538	288 958 521	55 644 450	55 644 450
Sunway City (Pvt) Limited	99.86%	2 506 019 281	2 732 725 922	535 581 903	535 581 903
		8 560 381 268	7 778 022 510	1 479 506 756	1 479 506 756

Please refer to Note 5.6 on the appreciation/(impairment) of investments which details the impairment of investments that lead to the movement in the balance of investments in subsidiaries.

10.2 Investment in associates

The Group has interests in a number of associate companies. The Group holds 27.5% to 49% shareholding in three associated companies. All the group's associate companies are private entities.

The following table illustrates summarised financial information of the Group's investment in all the associate entities.

Associate	Percentage Owned	Principal place of business	Nature and activities of each associate
Sino-Zimbabwe Cement Company (Pvt) Limited	35%	Zimbabwe	Cement manufacturer and distributor
Amtec Motors (Pvt) Limited	27.50%	Zimbabwe	Sales of brand-new vehicles and servicing of vehicles
Sable Chemicals Limited	36%	Zimbabwe	Producer of Ammonium Nitrate Fertilizer
Zimbabwe Grain Bag (Pvt) Limited	49%	Zimbabwe	Manufacturer of polypropylene packaging and various bags.

The carrying amounts of the investment in associate at cost net of accumulated impairment in the separate statement of financial position as ta 31 December 2020 was $1 064 046 214 (2019: $273 476 95)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Summarised associate's statement of financial position:	**Inflation Adjusted**				**Historical Cost**			
Group	**Sino - Zimbabwe**	**Amtec**	**Sable**	**Zimbabwe**	**Sino - Zimbabwe**	**Amtec**	**Sable**	**Zimbabwe**
2020	**Cement Company**	**Motors**	**Chemicals**	**Grain Bag (Private)**	**Cement Company**	**Motors**	**Chemicals**	**Grain Bag (Private)**
	(Private) Limited	**(Private) Limited**	**Limited**	**Limited**	**(Private) Limited**	**(Private) Limited**	**Limited**	**Limited**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
Current assets	666 069 000	401 315 127	530 115 882	79 181 263	627 542 000	257 588 622	491 020 863	79 181 263
Non-current assets	2 783 827 000	945 170 885	1 642 194 160	232 911 917	339 204 000	594 092 823	1 642 194 160	232 911 917
Current liabilities	(324 173 000)	(240 906 453)	(345 516 799)	(20 532 711)	(324 173 000)	(240 906 453)	(334 008 535)	(20 532 711)
Non-current liabilities	(671 511 000)	(175 954 420)	(414 249 353)	(53 680 947)	(64 612 000)	(93 426 595)	(393 617 099)	(53 680 947)
Equity	2 454 212 000	929 625 139	1 412 543 890	237 879 522	577 961 000	517 348 397	1 405 589 389	237 879 522
Additional information on associate companies								
Revenue	1 827 130 000	719 230 090	575 924 339	131 187 383	1 364 715 000	485 599 479	392 014 781	131 187 383
Cost of sales	(650 251 000)	(470 495 374)	(603 331 922)	(63 392 710)	(475 111 000)	(315 518 126)	(402 174 698)	(63 392 710)
Other income/(expenses)	(587 580 000)	564 909 317	675 739 066	123 560	(45 027 000)	38 896 783	246 670 972	123 560
Administration expenses	(438 061 000)	(236 021 153)	(272 752 805)	(12 814 962)	(286 026 000)	(151 490 447)	(130 081 373)	(12 814 962)
Net finance costs	737 000	(14 520 931)	(30 747 236)	(34 334)	269 000	(11 435 673)	(27 168 721)	(34 334)
Profit/(Loss) before tax	151 975 000	563 101 949	344 831 442	55 068 937	558 820 000	46 052 016	79 260 961	55 068 937
Tax	(138 272 000)	(68 960 425)	66 201 775	(17 831 154)	(159 015 000)	(12 972 181)	(65 062 736)	(17 831 154)
Profit	**13 703 000**	**494 141 524**	**411 033 217**	**37 237 783**	**399 805 000**	**33 079 835**	**14 198 225**	**37 237 783**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Summarised associate's statement of financial position:	Inflation Adjusted				Historical Cost			
Group 2019	Sino - Zimbabwe Cement Company (Private) Limited	Amtec Motors (Private) Limited	Sable Chemicals Limited	Zimbabwe Grain Bag (Private) Limited	Sino - Zimbabwe Cement Company (Private) Limited	Amtec Motors (Private) Limited	Sable Chemicals Limited	Zimbabwe Grain Bag (Private) Limited
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Current assets	963 525 331	262 269 067	3 222 836 829	62 290 910	129 427 244	41 660 077	133 421 588	13 873 254
Non-current assets	2 811 261 680	599 134 600	1 609 589 424	408 837 588	238 692 557	127 853 326	358 493 168	91 055 142
Current liabilities	(318 071 703)	(194 082 841)	(420 421 406)	(21 707 848)	(70 840 023)	(36 967 778)	(86 428 855)	(4 834 710)
Non-current liabilities	(695 537 252)	(113 315 953)	(400 089 483)	(94 170 148)	(55 793 205)	(19 774 055)	(89 106 789)	(20 973 307)
Equity	**2 761 178 055**	**554 004 873**	**4 011 915 365**	**355 250 502**	**241 486 573**	**112 771 570**	**316 379 112**	**79 120 379**
Additional information on associate companies								
Revenue	1 745 384 544	610 929 946	349 300 547	124 246 701	190 724 963	78 007 358	45 183 965	27 671 871
Cost of sales	(779 385 923)	(386 586 023)	(307 210 501)	(63 761 682)	(94 907 797)	(53 491 649)	(36 060 118)	(14 200 820)
Other income	476 556 437	116 515 976	286 858 929	3 877 416	22 662 845	4 078 220	20 716 126	-
Administration expenses	(365 637 084)	(175 277 190)	(146 105 696)	(22 839 952)	(37 554 572)	(18 070 266)	(8 820 779)	(5 086 849)
Net finance costs	(2 330 292)	(8 588 746)	(27 637 486)	(78 611)	(362 580)	(1 116 657)	(2 149 372)	846 059
(Loss)/Profit before tax	1 074 587 681	156 993 964	155 205 794	41 443 872	80 562 849	9 407 006	18 869 822	9 230 261
Tax	(260 398 955)	(58 629 257)	(31 655 308)	(13 751 658)	(18 162 419)	(1 408 717)	(7 050 180)	(3 082 730)
(Loss)/Profit	**814 188 726**	**98 364 706**	**123 550 486**	**27 692 214**	**62 400 430**	**7 998 289**	**11 819 642**	**6 147 531**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Group's share from associates – Inflation Adjusted

Group 2020	Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$	Amtec Motors (Private) Limited 27.5% ZWL$	Sable Chemicals (Private) Limited 36% ZWL$	Zimbabwe Grain Bag (Private) Limited 49% ZWL$	TOTAL ZWL$
Current assets	233 124 150	110 361 660	190 841 718	103 102 234	637 429 761
Non-current assets	974 339 450	259 921 993	591 189 898	114 126 839	1 939 578 180
Current liabilities	(113 460 550)	(66 249 275)	(124 386 048)	(10 061 028)	(314 156 901)
Non-current liabilities	(235 029 565)	(48 387 466)	(149 129 767)	(26 303 664)	(458 850 462)
Net equity	**858 973 485**	**255 646 913**	**508 515 800**	**180 864 381**	**1 804 000 579**
Carrying amount recognised	**858 973 485**	**255 646 913**	**508 515 800**	**180 864 381**	**1 804 000 579**

Group's share from associates – Historical Cost

Group 2020	Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$	Amtec Motors (Private) Limited 27.5% ZWL$	Sable Chemicals (Private) Limited 36% ZWL$	Zimbabwe Grain Bag (Private) Limited 49% ZWL$	TOTAL ZWL$
Current assets	219 639 700	70 836 871	176 767 511	38 798 819	506 042 901
Non-current assets	118 721 400	163 375 526	591 189 898	114 126 839	987 413 663
Current liabilities	(113 460 550)	(66 249 275)	(120 243 073)	(10 061 028)	(310 013 926)
Non-current liabilities	(22 614 200)	(25 692 314)	(141 702 156)	(26 303 664)	(216 312 333)
Net equity	**202 286 350**	**142 270 809**	**506 012 180**	**116 560 966**	**967 130 305**
Carrying amount recognised	**202 286 350**	**142 270 809**	**506 012 180**	**116 560 966**	

Share of associate's revenue and loss: – Inflation Adjusted

	Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$	Amtec Motors (Private) Limited 27.5% ZWL$	Sable Chemicals (Private) Limited 36% ZWL$	Zimbabwe Grain Bag Limted 49% ZWL$	TOTAL ZWL$
Revenue	639 495 500	66 769 928	207 332 762	64 281 818	913 598 190
Profit/(Loss)	29 253 000	135 888 919	147 971 958	18 246 513	313 113 877
Profit/(loss) of associate recognised	29 253 000	135 888 919	147 971 958	18 246 513	331 360 390
Profit/(Loss) of associate not recognised	-	-	-		-

Share of associate's revenue and loss: – Historical Cost

	Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$	Amtec Motors (Private) Limited 27.5% ZWL$	Sable Chemicals (Private) Limited 36% ZWL$	Zimbabwe Grain Bag (Private) Limited 49% ZWL$	TOTAL ZWL$
Revenue	477 650 250	133 539 857	141 125 321	64 281 818	816 597 246
Profit/(Loss)	139 932 100	9 306 444	5 111 361	18 246 514	172 596 418
Profit/(loss) of associate recognised	139 932 100	9 306 444	5 111 361	18 246 514	172 596 418
Profit/(Loss) of associate not recognised	-	-	-	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Group's share from associates	Inflation Adjusted					Historical Cost				
Group 2019	Sino - Zimbabwe Cement Company (Private) Limited	Amtec Motors (Private) Limited	Sable Chemicals (Private) Limited	Zimbabwe Grain Bag (Private) Limited	TOTAL	Sino - Zimbabwe Cement Company (Private) Limited	Amtec Motors (Private) Limited	Sable Chemicals (Private) Limited	Zimbabwe Grain Bag (Private) Limited	TOTAL
	35%	27.5%	36%	49%		35%	27.5%	36%	49%	
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Current assets	337 233 865	72 123 993	277 666 858	63 036 578	750 061 293	45 299 535	11 456 521	48 031 772	6 797 894	111 585 722
Non-current assets	983 941 586	164 762 014	579 468 355	200 330 415	1 928 502 370	83 542 395	35 159 665	129 057 540	44 617 020	292 376 620
Current liabilities	(111 325 096)	(53 372 783)	(151 351 708)	(10 800 201)	(326 849 788)	(19 509 541)	(10 171 639)	(31 114 388)	(2 369 008)	(63 164 576)
Non-current liabilities	(243 441 249)	(31 161 889)	(144 032 214)	(47 367 929)	(466 003 280)	(19 527 622)	(5 437 865)	(32 078 444)	(10 276 920)	(67 320 851)
Net equity	**966 409 106**	**152 351 335**	**561 751 291**	**205 198 864**	**1 885 710 595**	**89 804 767**	**31 006 682**	**113 896 480**	**38 768 986**	**273 476 915**
Carrying amount recognised	**966 409 106**	**152 351 335**	**561 751 291**	**205 198 864**	**1 885 710 595**	**89 804 767**	**31 006 682**	**113 896 480**	**38 768 986**	**273 476 915**

Share of associate's revenue and loss:	Sino - Zimbabwe Cement Company (Private) Limited	Amtec Motors (Private) Limited	Sable Chemicals (Private) Limited	Zimbabwe Grain Bag Limted	TOTAL	Sino - Zimbabwe Cement Company (Private) Limited	Amtec Motors (Private) Limited	Sable Chemicals (Private) Limited	Zimbabwe Grain Bag (Private) Limited	TOTAL
	35%	27.5%	36%	49%		35%	27.5%	36%	49%	
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Revenue	60 880 884	610 884 593	84 002 867	125 748 197	881 516 541	66 753 734	21 452 023	16 266 227	13 559 217	118 031 201
Profit/(Loss)	13 525 182	105 880 046	18 109 279	44 478 173	181 992 681	21 840 150	2 161 441	4 255 071	3 012 290	31 268 952
Profit/(loss) of associate recognised	13 525 182	105 880 046	18 109 279	44 478 173	181 992 681	21 840 150	2 161 441	4 255 071	3 012 290	31 268 952
Profit/(Loss) of associate not recognised	-	-	-	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Investments in associates	Inflation Adjusted		Historical Cost	
Group	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Opening balances	1 885 710 609	698 772 962	273 476 915	22 632 399
Additions/(Disposals)	-	-	-	(1 442 284)
Movement in reserves-associates	(81 710 030)	1 186 937 647	693 653 390	252 286 800
Carrying amount of interests in associates	**1 804 000 579**	**1 885 710 609**	**967 130 305**	**273 476 915**
Share of:				
Profit	331 360 390	181 992 681	172 596 418	31 268 952
Other comprehensive income	-	-	-	-
	331 360 390	**181 992 681**	**172 596 418**	**31 268 952**
Corporation				
	2020	**2019**	**2020**	**2019**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Sino - Zimbabwe Cement Company (Private) Limited	512 034 600	760 188 767	130 331 677	130 331 677
Amtec Motors Private Limited	255 646 913	152 351 339	-	-
Stone Holdings (Private) Limited	-	-		
Zimbabwe Grain Bag (Private) Limited	116 560 966	202 990 210	-	-
	884 242 479	**1 115 530 317**	**130 331 677**	**130 331 677**

The Group holds 10% interest in Surface Wilmar (Private) Limited as at 31 December 2020 classified as a financial asset with fair value through other comprehensive income (FVTOCI).

10.3 Discontinued operations

Ginhole Investments

(a) **Results of discontinued operation**	Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Revenue	1 832 736	2 522 307	1 265 538	272 586
Expenses	(1 633 334)	(6 194 018)	(623 383)	(5 766 586)
Profit/(loss) for the year from discontinued operation	**199 402**	**(3 671 711)**	**642 155**	**(5 494 000)**
Results from operating activities, net of tax	**199 402**	**(3 671 711)**	**642 155**	**(5 494 000)**
Impairment on derecognition of assets and liabilities	-	-	-	-
Profit/(loss) for the year from a discontinued operation	**199 402**	**(3 671 711)**	**642 155**	**(5 494 000)**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

		Inflation Adjusted		Historical Cost	
		2020	2019	2020	2019
		ZWL$	ZWL$	ZWL$	ZWL$
(b)	**Cash flows from (used in) discontinued operation**				
	Net cash used in operating activities	43 234	(635 124)	61 773	(7 141)
	Net cash from investing activities	-	102 049	-	-
	Net cash flow from financing activities	-	-	-	-
	Net cash flow for the year	**43 234**	**(533 075)**	**61 773**	**(7 141)**
(c)	**Effects of classification as held for sale on the financial position of the Group**				
	Property, plant and equipment	195 776 334	196 885 319	43 849 737	43 849 737
	Trade and other receivables	910 236	442 319	98 512	98 512
	Inventories	124 730	78 876	17 567	17 567
	Cash & cash equivalents	67 088	23 855	5 313	5 313
	Interest bearing loans	-	-	-	-
	Trade and other payables	(22 587 433)	(26 889 438)	(295 266)	(295 266)
	Bank overdraft	-	-	(5 693 473)	(5 693 473)
	Net assets and liabilities	**174 290 955**	**170 540 931**	**37 982 390**	**37 982 390**

10.4 Fair Value through other comprehensive income (FVTOCI)

	GROUP			
	Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	**286 933 516**	**285 431 451**	**54 757 168**	**1 472 813**
Additions	1 997 807	-	1 997 807	3 307
Reclassification of investment	-	-	-	-
Fair value adjustment	(259 739)	3 092 452	11 282 142	53 331 048
Disposals	(29 340 153)	-	-	(50 000)
Balance at 31 December	**259 331 431**	**288 523 902**	**68 037 117**	**54 757 168**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

	CORPORATION			
	Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	**285 167 992**	**143 566 878**	**54 592 461**	**1 261 412**
Additions	-	-	-	-
Reclassification of investment	-	141 864 571	11 282 142	53 331 049
Fair value adjustment	(29 340 152)	-	-	-
Disposals		-	-	-
Balance at 31 December	**255 827 840**	**285 431 450**	**65 874 603**	**54 592 461**

There was an appreciation in the values of available for sale investment.
The available for sale consists of IDCZ's 10% shareholding in Surface Wilmar Investments $61 619 287 (2019: $53 733 000) and 2.25% shareholding in Allied Insurance $4 255 313 (2019 : $859 459)

Fair value measurement

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of available for sale financial assets, as well as the significant observable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Net Assets Value : The valuation model determines the fair value of investment securities(non-listed entities) with reference to the net asset value, which was determined by the directors as a proxy valuation method derived from the market approach. The market approach as prescribed in IFRS 13- Fair value measurement requires the identification of a similar or identical quoted asset with a similar risk profile. A discounted cashflow technique or earnings may have been used to value such investments by identifying a risk-adjusted discount rate and maintainable earnings (earnings-multiple approach) The market and income approach may not be appropriate for valuing non-listed entities in the Zimbabwean environment considering lack of comparative quoted equity instruments as well as absence of market data relating to historical correlation of unquoted equity instruments in similar industries and market ability discounts.	The fair value of securities are based on net asset values which use the movements in the assets and liabilities of investee entities. The net asset values are not observable from market data, although verified by independent and experienced auditors.	The estimated fair value would increase(decrease) due to the following : -Increase or (decrease) in fair value or historical cost adjustments of underlying assets and liabilities held by investees. -(Decrease) as a result of economic obsolescence of underlying assets. -Financial performance of the investee.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

10.5 Non-current assets held for sale	**GROUP** Inflation Adjusted		Historical Cost	
	2020	**2019**	**2020**	**2019**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Balance at 1 January	363 522 352	228 618 138	80 962 598	3 585 249
Additions	-	–	-	41 870 268
Disposals	-	-	-	-
Fair value adjustments	(166 643 961)	134 904 214	(36 774 982)	35 507 081
Balance at 31 December	**196 878 391**	**363 522 352**	**44 187 616**	**80 962 598**
	-	-	-	-
Liabilities held for sale	**22 587 433**	**26 889 173**	**-**	**-**

Non-current assets held for sale	**CORPORATION** Inflation Adjusted		Historical Cost	
	2020	**2019**	**2020**	**2019**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Balance at 1 January	172 892 640	172 892 640	38 506 095	3 634 389
Additions	-	-	-	-
Disposals	-	-	-	-
Fair value adjustments	1 715 737	-	-	34 871 706
Balance at 31 December	**174 608 377**	**172 892 640**	**38 506 095**	**38 506 095**
	–	-	-	
Liabilities held for sale	**-**	**-**	**-**	**-**

In line with the IDCZ 4D strategy, Ginhole Investments Limited were earmarked for disposal. The IDCZ Board and management agreed that the title of Last Hope Estate on which the company's operations are located will be changed from Zimbabwe Development Company under Ministry of Finance and Economic Development to IDCZ. After the changeover of the title, the entity will be a 100% owned company.

Accordingly, the company had been presented as a disposal group held for sale. The above assets and liabilities held for sale include disposal group held for sale. At 31 December 2020 the disposal group comprised of the following assets and liabilities:

	Inflation Adjusted		Historical Cost	
	2020	**2019**	**2020**	**2019**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Asset held for sale				
Property, plant and equipment	195 776 334	196 885 324	43 849 737	43 849 737
Inventories	910 236	648 675	98 512	98 512
Trade and other receivables	124 730	1 301 624	17 567	17 567
Cash and cash equivalents	67 088	772 662	5 313	5 313
	196 878 388	199 608 284	43 971 129	43 971 129

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Liabilities held for sale				
Trade and other payables	420 189	1 515 873	295 266	295 266
Deferred Tax	22 167 244	21 671 151	5 693 473	5 693 473
Taxation	-	-	-	-
	22 587 433	23 187 025	5 988 739	5 988 739

10.6 Fair value measurement

The non-current assets held for sale and available for sale financial assets have been categorised as level 3.

Inflation Adjusted

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair value as at 31 December 2020 ZWL$
Non-current assets held for sale	-	-	196 878 391	**196 878 391**
Available for sale financial assets(FVTOCI)	-	-	259 331 431	**259 331 431**
			456 209 822	**456 209 822**

Historical Cost

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair value as at 31 December 2020 ZWL$
Non-current assets held for sale	-	-	44 187 616	**44 187 616**
Available for sale financial assets(FVTOCI)	-	-	68 037 117	**68 037 117**
			112 224 733	**112 224 733**

Inflation Adjusted

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair value as at 31 December 2019 ZWL$
Non-current assets held for sale	-	-	363 522 352	**363 522 352**
Available for sale financial assets(FVTOCI)	-	-	288 523 902	**288 523 902**
			652 046 255	**652 046 255**

Historical Cost

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair value as at 31 December 2019 ZWL$
Non-current assets held for sale	-	-	80 962 598	**80 962 598**
Available for sale financial assets (FVTOCI)	-	-	54 757 168	**54 757 168**
			135 719 766	**135 719 766**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

Inflation Adjusted

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair value as at 31 December 2019 ZWL$
Non-current assets held for sale	-	-	363 522 352	**363 522 352**
Available for sale financial assets (FVTOCI)	-	-	288 523 902	**288 523 902**
			652 046 255	**652 046 255**

Historical Cost

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair value as at 31 December 2019 ZWL$
Non-current assets held for sale	-	-	80 962 598	**80 962 598**
Available for sale financial assets (FVTOCI)	-	-	54 757 168	**54 757 168**
			135 719 766	**135 719 766**

Valuation techniques and significant unobservable inputs
The valuation technique used in measuring the non-current assets held for sale and available for sale financial assets, as well as the significant observable inputs used are highlighted in the table below.

The following table shows the valuation technique used in measuring the fair value of non-current assets held for sale and available for sale financial assets, as well as the significant observable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Net Assets Value : The valuation model determines the fair value of investment securities(non-listed entities) with reference to the net asset value, which was determined by the directors as a proxy valuation method derived from the market approach. The market approach as prescribed IFRS 13- Fair value measurement requires the identification of a similar or identical quoted asset with a similar risk profile. A discounted cashflow technique or earnings may have been used to value such investments by identifying a risk-adjusted discount rate and maintainable earnings (earnings-multiple approach) The market and income approach may not be appropriate for valuing non-listed entities in the Zimbabwean environment considering lack of comparative quoted equity instruments as well as absence of market data relating to historical correlation of unquoted equity instruments in similar industries and market ability discounts.	The fair value of securities are based on net asset values which use the movements in the assets and liabilities of investee entities. The net asset values are not observable from market data, although verified by independent and experienced auditors	The estimated fair value would increase(decrease) due to the following : -Increase or (decrease) in fair value or historical cost adjustments of underlying assets and liabilities held by investees. -(Decrease) as a result of economic obsolescence of underlying assets. -Financial performance of the investee.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

10.7 Non-Controlling Interest (NCI)

(a) The following table summarises the information relating to each of the group's subsidiaries that have material non-controlling interest (NCI).

31 December 2020	Inflation adjusted			Historical Cost		
	ZFC (Private) Limited in Chemplex Corporation	Intra-group eliminations	Total	ZFC (Private) Limited in Chemplex Corporation	Intra-group eliminations	Total
Principal place of business	Zimbabwe			Zimbabwe		
NCI percentages	50%			50%		
	ZWL$		ZWL$	ZWL$		ZWL$
Non-current assets	1 475 161 202			1 475 161 202		
Current assets	3 094 899 403			1 345 081 592		
Non-current liabilities	(287 528 353)			(287 528 353)		
Current liabilities	(955 474 256)			(797 252 057)		
Net assets	**3 327 057 997**			**1 735 462 385**		
Carrying amount of NCI	1 736 068 023	3 513 346	**1 739 581 369**	978 734 245	3 331 135	**982 065 380**
Revenue	3 449 811 271			2 514 637 063		
Profit	637 890 449			507 994 403		
OCI	-			-		
Total Comprehensive (loss)/ Income	**637 890 449**			**507 994 403**		
Profit allocated to NCI	343 017 103	11 233	**343 028 336**	343 036 408	324 664	**343 361 072**
OCI allocated to NCI	-			-		
Cash flows from operating activities	280 747 454			482 034 188		
Cash flows from investing activities	(20 079 529)			(17 140 104)		
Cash flows from financing activities	(100 479 376)			34 317 725		
Net increase (decrease) in cash and cash equivalents	**160 188 549**			**499 211 809**		

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

31 December 2019

	ZFC (Private) Limited in Chemplex Corporation	Intra-group eliminations	Total	ZFC (Private) Limited in Chemplex Corporation	Intra-group eliminations	Total
Principal place of business	Zimbabwe			Zimbabwe		
NCI percentages	1			1		
	ZWL$		ZWL$	ZWL$		ZWL$
Non-current assets	1 463 155 932			325 869 918		
Current assets	2 595 029 233			354 484 835		
Non-current liabilities	(284 465 391)			(63 355 321)		
Current liabilities	(955 178 794)			(212 734 698)		
Net assets	**2818 540 980**			**404 264 734**		
Carrying amount of NCI	1 457 896 674	59 313 142	**1 517 209 816**	216 059 224	12 888 119	**228 947 343**
Revenue	2 690 134 510			44 751 237		
Profit	665 074 416			2 988 200		
OCI	-			-		
Total Comprehensive Income/(loss)	**665 074 416**			**2 988 200**		
Profit allocated to NCI	367 940 714	52 404 025	**420 344 739**	78 019 591	340 814	**78 360 405**
OCI allocated to NCI						
Cash flows from operating activities	393 190 728			124 948 462		
Cash flows from investing activities	(16 877 174)			(2 428 789)		
Cash flows from financing activities	(72 018 927)			1 108 691		
Net increase (decrease) in cash and cash equivalents	**304 294 628**			**123 628 364**		

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

11 Inventories

Group	Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Raw materials	676 794 438	1 265 936 314	121 725 771	114 176 168
Finished goods	1 433 850 040	668 756 845	204 671 763	71 199 719
Land held for trading	-	-	-	-
Stores	314 392 475	158 373 516	74 360 692	11 516 363
Work in progress	2 270 402	20 822 860	517 386	826 845
Consumables	236 635 722	48 376 261	31 027 999	4 549 161
Total inventories at lower of cost and net realisable value	**2 663 943 077**	**2 162 265 796**	**432 303 611**	**202 268 256**

12 Non-current portion of land held for sale

	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	38 408 434	335 601 956	8 561 767	12 032 149
Additions/(Disposals)	61 044 024	(119 986 598)	14 101 844	(3 470 382)
Balance at 31 December	**99 452 458**	**215 615 359**	**22 663 611**	**8 561 767**

Measurement of fair value

The non-current assets held for sale relates to stands that are available for sale but are more likely to be sold after more than twelve months.

Valuation techniques and significant unobservable inputs

For valuation techniques and significant inputs refer to note 10.6.

13 Trade and other receivables

GROUP

	Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Trade receivables	866 150 062	878 485 566	865 219 347	148 641 815
Other receivables	515 401 637	44 304 765	493 048 362	44 059 333
Expected credit losses	(4 899 873)	-	(4 899 873)	(2 117 891)
Total	**1 376 651 826**	**922 790 332**	**1 353 367 836**	**190 583 257**
Related party receivables	-	-	-	-

CORPORATION

	Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Trade receivables	-	653 183	1 034 635	145 476
Other receivables	2 053 429	-	1 018 792	-
Expected credit losses	-	-	-	-
Total	**2 053 429**	**653 183**	**2 053 427**	**145 476**
Related party receivables	42 575 633	9 536 580	42 575 633	2 123 960

Terms and conditions of the above financial assets

Trade and other receivables are non-interest bearing and are generally on 15-30 days credit terms for other customers. Average credit period for fertiliser and phosphates debtors is between 60 and 270 days. For terms and conditions relating to related party receivables refer to note 20.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

As at 31 December 2020, the ageing analysis of trade receivables is as follows:

	Total	Neither due nor impaired	15 - 30 days	30 - 60 days	60 - 90 days	not Impaired 120 days	
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	
2020	**865 219 347**	271 819 693	95 005 939	408 499 059	13 153 482	76 741 174	**Inflation adjusted**
2019	**878 485 566**	209 750 880	211 854 669	271 863 367	108 467 085	76 549 565	
2020	**865 219 347**	271 037 867	99 943 132	403 437 135	13 153 482	77 647 731	**Historical Cost**
2019	**148 641 815**	46 793 092	220 055	60 548 634	24 165 653	16 914 381	

As at 31 December 2020, included in trade receivables is an allowance of ZWL$59 236 696 (2019: ZWL$9 616 804) relating to doubtful debts. Below is the movement for doubtful debts.

	Inflation Adjusted		Historical Cost	
	Individually Impaired 2020 ZWL$	Individually Impaired 2019 ZWL$	Individually Impaired 2020 ZWL$	Individually Impaired 2019 ZWL$
Balance at 1 January	9 616 804	-	9 616 804	3 693 202
Charge for the year	49 619 892	43 179 450	49 906 892	5 923 602
Balance at 31 December	**59 236 696**	**43 179 450**	**59 523 696**	**9 616 804**

An analysis of the credit quality of trade and other receivables that are neither past due nor impaired is as follows:

	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Four or more years trading history with the Group	9 595 846	43 085 349	42 113 783	42 113 783
Less than four years of trading history with the Group	262 223 847	166 665 531	228 924 084	4 679 309
Higher risk	-	-	-	-
	271 819 693	**209 750 880**	**271 037 867**	**46 793 092**

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

13.1 Intergroup balances

The Corporation's Group balances receivable comprise of the following:

	Inflation Adjusted		Historical Cost	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Group companies				
Subsidiary Companies				
Almin Metal Industries	-	1 931	-	430
Chemplex Corporation	5 509 622	16 386 708	5 509 622	3 649 601
Allied Insurance (Pvt) Ltd	96 030	51 186	96 030	11 400
Last Hope t/a Ginhole Investments	412 197	526 426	412 197	117 244
Willowvale Mazda Motor Industries	1 354 789	1 090 679	1 354 789	242 913
Deven Engineering	810 524	379 436	810 524	84 507

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Olivine Industries	-	16 568	-	3 960
Sunway City Harare	16 744 252	-	16 744 252	-
Industrial Sands	29 232	465 667	29 232	103 712
	24 956 646	**18 918 602**	**24 956 646**	**4 213 767**
Associate Companies				
Sino-Zimbabwe Cement Company	22 518 861	113 431	22 518 861	-
Stone Holdings	-	-	-	22 283
Motira Tractors	-	4 629	-	45 723
Zimbabwe Grain Bag	-	8 082	-	-
	22 518 861	**126 142**	**22 518 861**	**68 006**
Expected credit losses	(4 899 874)	(9 509 375)	(4 899 874)	(682 368)
	42 575 633	**9 535 368**	**42 575 633**	**3 599 405**

During the year a provision for credit losses amounting to $4 899 874 was provided for against intercompany receivables Management is of the opinion that the remaining balances are recoverable as a result of significant influence and control in the related parties. The provision for credit losses is included in the balance of trade and other payables.

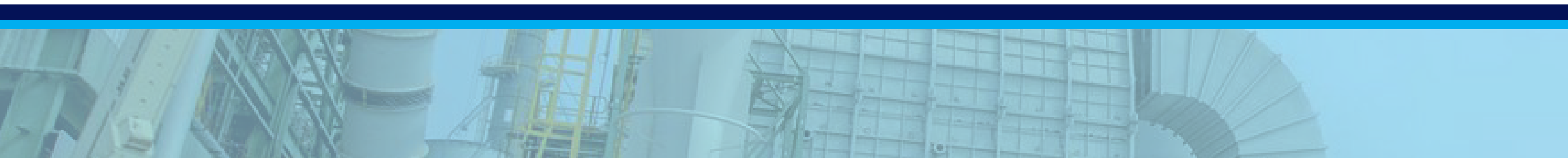
14 Cash and cash equivalents

	Inflation Adjusted			
	Group		Corporation	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Cash at banks and on hand	980 178 356	942 639 486	71 012 236	245 399 729

	Historical Cost			
	Group		Corporation	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Cash at banks and on hand	980 178 356	218 241 141	71 012 236	54 654 728

The carrying amounts disclosed above reasonably approximate the fair value at reporting date.
For purposes of the statement of cashflows, cash and cash equivalents comprise the following at 31 December

	Inflation Adjusted			
	Group		Corporation	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Cash at bank and on hand	980 178 356	942 639 486	71 012 236	245 399 729
Bank overdrafts (note 16.2)	(295 969)	(10 252 695)	-	-
	979,882,387	**932 386 791**	**71 012 236**	**245 399 729**



Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

	Historical Cost			
	Group		Corporation	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Cash at bank and on hand	980 178 356	209 941 978	7 012 236	47 378
Bank overdrafts (note 16.2)	(295 969)	(2 283 451)	-	-
	979 882 387	**207 658 527**	**71 012 236**	**47 378**

Details of banking facilities

As at 31 December 2020, the Group had the following undrawn banking facilities:

Agricultural Development Bank of Zimbabwe	-	-	-	-
Reserve Bank of Zimbabwe	-	-	-	-
Central African Building Society	-	5 000 000	-	-
CBZ Bank Limited	-	5 873	-	-
FBC Bank Limited	-	1 690 630	-	-
Infrastructure Development Bank of Zimbabwe Limited	-	-	-	-
Stanbic Bank Limited	-	2 555 347	-	-
	-	9 251 850	-	-

Cash on hand includes bond notes, which are a debt instrument that has been disclosed under cash and cash equivalents as it meets the definition of cash and cash equivalents.

Balances held at bank are also used for settlement of foreign transactions. The Central Bank through Exchange Control Operations Guide 8(ECOGAD 8) introduced prioritisation criteria which have been followed when making foreign payments on behalf of customers. After prioritisation foreign payments are then made subject to availability of bank balances with foreign correspondent banks, resulting in possible delay of payment of telegraphic transfers. However, no delay is expected in the settlement of local transactions through the Real Time Gross Settlement("RTGS") system. Refer to Note 2.6 (c) and 2.9(l)

15 Share Capital and Reserves

	Inflation Adjusted		Historical Cost	
	2020	2019	2020	2019
(a) Authorised				
Number of ordinary shares, with a nominal value of ZWL$2	**100 000 000**	**100 000 000**	**100 000 000**	**100 000 000**
(b) Issued and fully paid				
Number of ordinary shares, with a nominal value of ZWL$2	**145 220 919**	**78 258 772**	**100 000 000**	**46 258 772**
	ZWL$	ZWL$	ZWL$	ZWL$
(c) Share capital movement				
In issue at 1 January	1 589 194 459	1 126 509 673	92 517 543	28 517 543
Share capital restatement	-	-	-	-
Increase in share capital	19 421 131	464 153 005	7 482 457	64 000 000
In issue at 31 December	**1 608 615 590**	**1 590 662 678**	**100 000 000**	**92 517 543**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

(i) Ordinary Shares

All ordinary shares rank equally with regards to the Group's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

(d) Nature and purpose of reserves

(i) Mark to market reserve

The mark to market reserve is used to record increase in the fair value of financial assets available for sale and such decreases in relation to the market price of the assets on the same asset previously recognised in equity.

Mark to market reserve	Inflation Adjusted			
	Group		Corporation	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Balance at 1 January	-	-	-	-
Fair value through other comprehensive income	-	-	-	-
Loss of control	-	-	-	-
Balance at 31 December	**-**	**-**	**-**	**-**

Mark to market reserve	Historical Cost			
	Group		Corporation	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Balance at 1 January	53 579 837	248 787	53 579 837	248 787
Fair value through other comprehensive income	11 282 142	53 331 050	11 282 142	53 331 050
Loss of control	-	-	-	-
Balance at 31 December	**64 861 979**	**53 579 837**	**64 861 979**	**53 579 837**

(ii) Foreign currency translation reserve

The non-distributable reserve arose from foreign currency conversion on change of functional currency from the Zimbabwean dollar to the United States dollar. It represents the residual equity in existence as at the changeover period and has been designated as a capital reserve. This reserve was transferred to Retained Earnings as at 31 December 2019.

Foreign currency translation reserve	Inflation Adjusted			
	Group		Corporation	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Balance at 1 January	-	-	-	-
Movements during the year	-	-	-	-
Balance at 31 December	**-**	**-**	**-**	**-**

Foreign currency translation reserve	Historical Cost			
	Group		Corporation	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Balance at 1 January	-	94 409 305	-	98 770 578
Movements during the year	-	(94 409 305)	-	(98 770 578)
Balance at 31 December	**-**	**-**	**-**	**-**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

The foreign currency translation reserve balance was transferred to Retained Earnings as at 31 December 2020

(iii) Revaluation reserve

The revaluation reserve is used to record increases in the fair value of property, plant and equipment and the decreases to the extent that such decreases relate to the same asset previously recognised in equity.

Revaluation reserve	Inflation Adjusted			
	Group		Corporation	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	-	-	-	-
Transfer to/(from) revenue reserves	-	-	-	-
Other comprehensive income net of deferred tax	376 003 586	-	-	-
Balance at 31 December	**376 003 586**	**-**	**-**	**-**

Revaluation reserve	Historical Cost			
	Group		Corporation	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	1 341 082 851	21 776 945	10 919 605	-
Transfer to/(from) revenue reserves	-	-	-	-
Other comprehensive income net of deferred tax	4 645 614 932	1 319 305 906	37 186 161	10 919 605
Balance at 31 December	**5 986 697 783**	**1 341 082 851**	**48 105 766**	**10 919 605**

16 Loans and borrowings

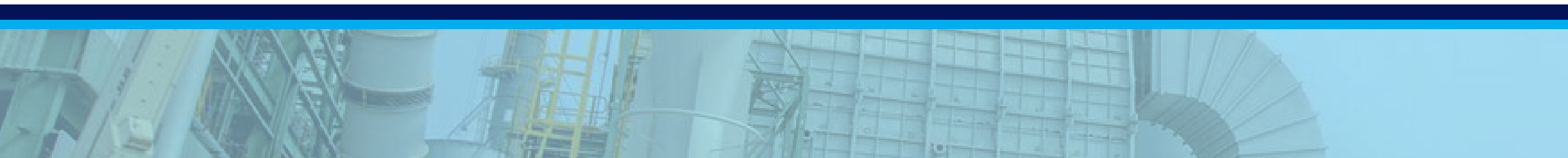
16.1 Loans and borrowings - Non current	Inflation Adjusted			
	Group		Corporation	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
China Import Export Bank (Renminbi Yuan 102 324 925)	-	-	-	-
Central African Building Society	-	-	-	-
Zimbabwe Asset Management Company	-	26 487 633	-	-
FBC Bank Limited	-	1 363 002	-	-
Ministry of Finance and Economic Development	299 927 823	-	299 927 823	-
	299 927 823	**27 850 635**	**299 927 823**	**-**
Other Liabilities - Non current				-
Provisions	12 202 689	-	-	
Finance Lease Liability	11 972 144	-	3 268 772	-
	324 102 656	**27 850 635**	**303 196 595**	**-**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Loans and borrowings - Non current	Historical Cost			
	Group		Corporation	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
China Import Export Bank (Renminbi Yuan 102 324 925)	-	-	-	-
Stanbic Bank Limited	-	-	-	-
Zimbabwe Asset Management Company(ZAMCO)	-	4 946 680	-	-
FBC Bank Limited	-	303 564	-	-
Ministry of Finance and Economic Development	299 927 823	-	299 927 823	-
Agricultural Development Bank of Zimbabwe	-			
	299 927 823	**5 250 244**	**299 927 823**	**-**
Other Liabilities - Non current				
Provisions	12 202 689	-	-	
Finance Lease Liability	11 972 144	952 570	3 268 772	-
	324 102 656	**6 202 814**	**303 196 595**	**-**

16.1 Loans and borrowings - Current	Inflation Adjusted			
	Group		Corporation	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Agricultural Development Bank of Zimbabwe	23 755 898	10 671 612	-	-
ZAMCO	-	7 108 959	-	-
Central African Building Society (CABS)	-	27 221 824	-	-
China Import Export Bank (Renminbi Yuan 13 408 173)	590 417 683	726 262 744	590 417 683	719 521 373
CBZ Bank Limited	-	1 096 130	-	-
FBC Bank Limited	-	3 346 330	-	-
Motira Tractors	-	-	-	-
Reserve Bank of Zimbabwe	-	-	-	-
Stanbic Bank Limited	100 000 000	7 245 302	-	-
Sino Zimbabwe Cement Company	2 767 291	8 384 137	2 767 291	8 384 137
	716 940 872	**791 337 037**	**593 184 974**	**727 905 510**
Other Liabilities - Non current				-
Provisions	12 202 689	-	-	
Finance Lease Liability	11 972 144	-	3 268 772	-
	324 102 656	**27 850 635**	**303 196 595**	**-**



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Loans and borrowings - Current	Historical Cost			
	Group		Corporation	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Agricultural Development Bank of Zimbabwe	23 755 898	-	-	-
ZAMCO	-	2 309 390	-	-
Central African Building Society (CABS)	-	10 450 702	-	-
China Import Export Bank (Renminbi Yuan 13 408 173)	590 417 683	160 249 749	590 417 683	160 249 749
CBZ Bank Limited	-	-	-	-
FBC Bank Limited	-	649 868	-	-
Motira Tractors	-	-	-	-
IDC of Zimbabwe Ltd	-	717 241	-	-
Stanbic Bank Limited	100 000 000	88	-	-
Sino Zimbabwe Cement Company	2 767 291	1 867 291	2 767 291	1 867 291
	716 940 872	**176 244 329**	**593 184 974**	**162 117 040**

China Import Export Bank

A 13-year-old loan (Loan 1) of RMB Yuan 82.2 million (ZWL$12.1 million) repayable in 16 equal bi-annual instalments of RMB Yuan 4.1 million (ZWL$612 745) with a 5-year grace period at 2% p.a. The tenure of this Loan ended in 2017 but the loan was not paid and is part of the short-term loan. A second 15-year loan (Loan 2) of Yuan 48.2 million (ZWL$7.1 million) repayable in 20 equal bi-annual instalments of RMB Yuan 2 million (ZWL$295 343) with a 5-year grace period at 2% interest p.a. The tenure of this loan is ending in 2020, and the balance of the loan is part of the short-term loan. Both loans are guaranteed by the Government of Zimbabwe. Sino - Zimbabwe Cement Company (Private) Limited loan is not secured, no rate and tenure.

Bank	**Security**
Agricultural Development Bank of Zimbabwe	Jointly secured by ZFC Kwekwe property
Stanbic Bank Limited	Secured by NCGB over debts and movable assets of Chemplex Corporation
Central African Building Society	Secured against cession of stocks and book debt and compnat property(S5 million NCGB)
FBC Bank Limited	Secured against mortgage bonds on Zimbabwe Phosphate Limited's land.
Zimbabwe Asset Management Company(ZAMCO)	Jointly secured by Zimababwe Phosphate Industries land
Sino-Zimmbabwe Cement Company	Not secured, no rate and tenure
Reserve Bank of Zimbabwe	Secured against equipment(NCGB) bought using the funds(lease agreement), Plant and Immovabl assets at Zimbabwe Phosphat Industris and Dorowa Minerals and have a tenure of 5 years.
China Import Export Bank	Guaranteed by the Government of Zimbabwe.

	Inflation Adjusted			
	Group		Corporation	
	2020	2019	2020	2019
Overdrafts	ZWL$	ZWL$	ZWL$	ZWL$
CBZ Bank Limited	295 969	9 137 797	-	-
FBC Bank Limited	-	1 114 898	-	-
	295 969	**10 252 695**	**-**	**-**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

	Historical Cost			
	Group		Corporation	
	2020	2019	2020	2019
Overdrafts	ZWL$	ZWL$	ZWL$	ZWL$
CBZ Bank Limited	295 969	2 035 144	-	-
FBC Bank Limited	-	248 307	-	-
	295 969	**2 283 451**	**-**	**-**

The bank overdrafts are unsecured with a tenure of up to 12 months and were utilised to finance procurement of spare parts and fuels. Interest rates vary from 13% to 18% and matured between January 2020 and December 2020. The overdraft penalty rates vary from 15% to 30%.

17 Trade and other payables

	Inflation Adjusted				Historical Cost			
	Group		Corporation		Group		Corporation	
	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Trade payables	498 236 423	630 564 294	121 520	-	498 236 423	134 623 586	121 520	-
Accruals	604 467 870	202 013 496	138 944 433	15 450 624	446 086 455	46 553 159	138 944 433	3 441 118
VAT control account	75 018 035	71 205 006	806 515	13 236 031	51 409405	9 203 032	806 515	2 947 891
Other payables	316 370 325	521 834 225	16 781 371	4 351 973	332 634 142	94 985 472	15 638 422	969 260
	1 494 092 653	**1 425 617 022**	**156 653 839**	**33 038 628**	**1 328 366 425**	**285 365 249**	**155 510 890**	**7 358 269**
Related party payables	-	-	493 668	60 920 419	-	-	493 668	13 568 022

Group
Trade payables are non-interest bearing and are normally settled on 14-to-30-day terms. For terms and conditions relating to related parties.

Corporation
Trade payables are non-interest bearing and are normally settled on 15-to-30-day terms.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

18 Loans receivable

	Inflation Adjusted				Historical Cost			
	Group		Corporation		Group		Corporation	
	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Long term loans to companies								
Sunway City (Private) Limited	-	-	-	-	-	-	-	-
Aquamist Beverages (Pvt) Ltd	-	1 630 431	-	1 630 431	-	-	-	-
Almin Metal Industries Limited	-	-	-	-	-	-	-	-
Ginhole Investments (Private) Limited	-	-	-	-	-	-	-	-
	-	1 630 431	-	1 630 431	-	-	-	-
Other								
Olivine Holdings (Private) Limited	-	-	-	-	-	-	-	-
Modzone Enterprises Limited		-	-	-		-	-	-
Motira (Private) Limited	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total long term loans receivable	**-**	**1 630 431**	**-**	**1 630 431**	**-**	**-**	**-**	**-**
Short term loans receivable								
Chemplex Corporation Limited	-	-	33 757 519	-	-	-	33 757 519	-
Matrix Fertilisers	1 018 750	-	1 018 750	-	1 018 750	-	1 018 750	-
CPG t/a Agrifoods	15 000 000	-	15 000 000	-	15 000 000	-	15 000 000	-
Ascend Concrete (Pvt) Ltd	(81 812)	5 763 710	(81 812)	5 763 710	(81 812)	1 283 677	(81 812)	1 283 677
Reeldon Timbers Investments (Pvt) Ltd	-	4 115 835	-	4 115 835	-	916 667	-	916 667
Willowvale Motor Industries	-	2 240 510	-	3 219 330	-	499 001	-	717 000
Ministry of Finance and Economic Development	2 500 000	-	2 500 000	-	2 500 000		2 500 000	-
Calundike Exports	6 045	-	6 045	-	6 045	-	6 045	-
Silkchin (Pvt) Ltd	1 274 994	18 104 838	1 274 994	18 104 838	1 274 994	4 032 258	1 274 994	4 032 258
Aquamist Beverages (Pvt) Ltd	648 448	3 027 944	648 448	3 027 944	648 448	674 375	648 448	674 675
Grindale Engineering	18 375 000	-	18 375 000	-	18 375 000	-	18 375 000	-
Zim Silicates	4 430 959	-	4 430 959	-	4 430 959	-	4 430 959	-
Ginhole Investments (Private) Limited	-	-	-	398 137	-	-	-	88 673
	43 172 384	33 252 837	76 929 903	34 629 794	43 172 384	7 405 978	76 929 903	712 950

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

Other								
Sable Chemicals Limited	16 000 000	-	16 000 000	-	16 000 000	-	16 000 000	-
Olivine Holdings (Private) Limited	577 281	22 631 050	577 281	22 631 050	577 281	5 040 323	577 281	5 040 323
	16 577 281	22 631 050	16 577 281	22 631 050	16 577 281	5 040 323	16 577 281	5 040 323
Total short term loans receivable	**59 749 665**	**55 883 887**	**93 507 184**	**57 260 844**	**59 749 665**	**12 446 301**	**93 507 184**	**12 753 273**

Loans receivable include Development Finance loans advanced from Head Office to various manufacturing companies including IDCZ group companies.

19 Commitments and contingencies

(a) Commitments

During the year 31 December 2020 the Group is committed to incur capital expenditure of ZWL$1 038 468 525 (2019: $39 301 452). These commitments are expected to be settled in 2020. The capital expenditure will be funded through direct capital injection by the shareholder, borrowings and internally generated resources.

(b) Finance lease commitments

The Group has entered into commercial lease arrangements for various items of plant and machinery under finance lease with the Reserve Bank of Zimbabwe. The finance lease typically runs for a period of five years at an interest rate of 9.5%. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.
There are no restrictions placed upon the Group entering into these contracts.

(i) Future minimum lease commitments

Group	Group		Corporation	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Less than one year	12 051 822	1 999 917	7 768 672	178 098
Between one and five years	11 972 144	16 156 633	3 268 772	714 738
More than five years	-	-	-	-
	24 023 966	**18 156 550**	**11 037 444**	**892 836**

Amounts recognised in profit or loss

	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Lease expense	-	-	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

(c) Contingent liabilities
Chemplex Corporation Limited
ZIMRA pending investigation

ZIMRA has not yet concluded adjustments to the tax assessments for which the ZFC submitted evidence. The ZWL$260 000 paid as an estimate of the amount due and payable for prior years as determined with the tax experts is sufficient and no additional payments relating to the same will be required to close the case.

(d) Contingent asset
(i) Sino Zimbabwe Cement Company
Court Appeal

On 13 February 2020, the fiscal court judgement of the company's 2018 appeal on its tax dispute with ZIMRA was released by the Special Court for Income Tax Appeals. The dispute was against a tax assessment done by ZIMRA in 2014 of which the entity had already fully paid up the principal amount due of $1 329 426 and successfully applied for amnesty on the interest and penalties which amounted to $1 164 713. In the court judgement, the entity lost all the disputed issues that were before the courts. A management decision was made to accept the ruling.

(ii) IDCZ LTD vs. State of Romania and ROMSIT (International Glass Factory)

This is an ongoing international matter in which IDCZ Limited successfully sued Romanian State Company (ROMSIT) for breach of contract arising from defective workmanship and materials which resulted in the closure of the National Glass in Kadoma. IDCZ Limited was awarded judgement for the principal sum of US$4 211 570 together with interest at 8.5% per annum from 15 March 1999 to date of payment and arbitration costs of US$606 640. The judgement debt now amounts to an excess of US$11 956 762 with interest and costs included. It is considered that the judgement sum of US$11 956 762 will be recovered in due course although, due to the nature of international disputes this may take long.

20 Related party disclosures

The consolidated financial statements include the financial statements of Industrial Development Corporation of Zimbabwe Limited

	Country of incorporation	equity interest 2020	equity interest 2019
Chemplex Corporation Limited	Zimbabwe	100%	100%
Ginhole Investments (Private) Limited T/A Last hope Estate	Zimbabwe	100%	100%
Willowvale Motor Industries (Private) Limited	Zimbabwe	100%	91%
Deven Engineering (Private) Limited	Zimbabwe	100%	100%
Sunway City (Private) Limited	Zimbabwe	99.86%	99.86%

The parent, Government of Zimbabwe, has a 100 % equity interest in the Corporation. Transactions with the parent are disclosed in note 14.2

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

31 December 2020

	Inflation Adjusted				Historical cost			
	Sales to related parties ZWL$	Purchases from related parties ZWL$	Amounts owed by related parties ZWL$	Amounts owed to related parties ZWL$	Sales to related parties ZWL$	Purchases from related parties ZWL$	Amounts owed by related parties ZWL$	Amounts owed to related parties ZWL$
Associates:								
Stone Holdings (Private) Limited								
Sino-Zimbabwe Cement Company (Private) Limited	-	-	22 518 861	-	-	-	22 518 861	-
Zimbabwe Grain Bag (Private) Limited	-	-	-	-	-	-	-	-
Sable Chemical Limited	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	**-**	**22 518 861**	**-**	**-**	**-**	**22 518 861**	**-**

31 December 2019

Group

	Sales to related parties ZWL$	Purchases from related parties ZWL$	Amounts owed by related parties ZWL$	Amounts owed to related parties ZWL$	Sales to related parties ZWL$	Purchases from related parties ZWL$	Amounts owed by related parties ZWL$	Amounts owed to related parties ZWL$
Associates:								
Stone Holdings (Private) Limited	-	-	113 431	-	-	-	25 263	-
Sino-Zimbabwe Cement Company (Private) Limited	-	-	8 082	-	-	-	1 800	-
Sable Chemical Limited	-	-	3 264	4 328	-	-	727	964
	-	**-**	**11 346**	**4 328**	**-**	**-**	**27 790**	**964**

Amounts owed to the Corporation by Group companies have been provided as detailed on note 18 above. Terms and conditions of these loans and advances are also documented on this note

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Corporation December 2020	Inflation Adjusted Management fees receivable ZWL$	Inflation Adjusted Amounts owed by related parties ZWL$	Inflation Adjusted Amounts owed to related parties ZWL$	Historical cost Management fees receivable ZWL$	Historical cost Amounts owed by related parties ZWL$	Historical cost Amounts owed to related parties ZWL$
Almin Metal Industries (Private) Limited	-	-	-	-	-	-
Chemplex Corporation Limited	210 216 198	5 509 622	-	36 074 286	5 509 622	-
Last Hope	-	412 197	-	-	412 197	-
Willowvale Motor Industries (Private) Limited	2 915 816	1 354 789	-	657 809	1 354 789	-
Deven Engineering (Private) Limited	1 093 784	96 030		187 699	810 524	
Sunway City Private) Limited	33 276 063	-	-	5 710 360	16 744 252	-
Motira Tractors (Private) Limited	-	-	-	-	-	-
Industrial Sands (Private) Limited	-	29 232	-	-	29 232	-
Associated companies:						
Stone Holdings (Private) Limited	-	-	-	-	-	-
Zimbabwe Grain Bag (Pvt) Ltd	-	-		-	-	-
Sino-Zimbabwe Cement Company (Private) Limited	-	22 518 861	-	-	22 518 861	-
	247 501 861	**29 920 731**	**-**	**42 630 154**	**47 379 477**	**-**

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are not secured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2020, the Group has recorded an impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

20.1 Compensation to key management personnel

	Group			
	Inflation Adjusted		Historical Cost	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Short term employee benefits	147 768 092	26 574 510	66 842 427	6 660 104
Post employment benefits	3 654 651	224 522	2 148 073	74 343
Termination benefits	6 239 660	-	5 388 945	-
Total compensation paid to key management personnel	**157 662 403**	**26 799 032**	**74 379 445**	**6 734 447**

	Corporation			
	Inflation Adjusted		Historical Cost	
	2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
Short term employee benefits	41 483 616	9 420 447	6 443 196	1 007 502
Post employment benefits	-	-	-	-
Termination benefits	5 388 945	-	5 388 945	-
Total compensation paid to key management personnel	**46 872 561**	**9 420 447**	**11 832 141**	**1 007 502**

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The amounts disclosed above are the amounts recognised as expenses during the reporting period.

21 Financial risk management

21.1 Financial risk management objectives and policies

The Group's principal financial liabilities comprise long and short term-bank loans, and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as available for sale assets, trade receivables as well as cash and cash equivalents which arise directly from its operations.

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims and severity of claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The availability of risks is also improved by careful selection and implementation of underwriting strategy guidelines as well as the use of reinsurance arrangements.

The Group purchases re-insurance as part of its mitigation programme. Re-insurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional re-insurance is quoted-share re-insurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non-proportional re-insurance is primarily excess of loss re-insurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess of loss re-insurance vary by product line.

Amount recoverable from re-insurance are estimated in a manner consistent with the outstanding claims provision and are in accordance with the re-insurance contracts. Although the Group has re-insurance arrangements, it is not relieved of its direct obligations to its policy holders and thus a credit exposure exists with respect to ceded insurance, to the extent that any re-insurer is unable to meet its obligations assumed under such re-insurance arrangements. The Group's replacement of re-insurance is diversified such that

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

neither dependant on a single reinsurer nor are the operations of the Group substantially dependent upon any single re-insurance contract.

The Group principally issues the following type of general insurance contracts: motor, fire, accident and engineering. The variability of risks is improved by careful selection and implementation of underwriting strategies, designed to ensure that risks are diversified in terms of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all lodged claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

The Group's senior management oversees the management of these risks. The Group's senior management advises on financial risks and the appropriate financial risk governance framework for the Group and ensures that appropriate policies and procedures that govern the Group's financial risk-taking activities are in place and that financial risks are identified, measured and managed in accordance with the Group policies and Group risk appetite.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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

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

The main risks arising from the Group's financial instruments are market risk that is foreign currency, interest rate, liquidity and credit risk. These risks are managed as follows:

21.2 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: foreign currency risk, interest rate risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group does not use financial instruments in its management of foreign currency.

21.2.1 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenues or expenses are denominated in a different currency and the Group's net investment in subsidiaries. All the Group's investments use the same currency which, is the United States Dollar.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

Inflation Adjusted		2020 Foreign amount	2020 ZWL$	2019 Foreign amount	2019 ZWL$
Renminbi Yuan	ZWL$/0.0818	68 534 327	837 827 964	68 534 327	721 667 755
Rand		-	-	-	-

Historical Cost		2020 Foreign amount	2020 ZWL$	2019 Foreign amount	2019 ZWL$
Renminbi Yuan	ZWL$/0.0818	68 534 327	837 827 964	68 534 327	160 727 785
Rand		-	-	-	-

The following table demonstrates the sensitivity to a reasonable possible change in the Renminbi Yuan exchange rate with all other variables held constant, of the company's profit before tax:

	Inflation Adjusted			Historical Cost		
2020	Change in rate %	Effect on profit before tax ZWL$	Effect on equity ZWL$	Change in rate %	Effect on profit before tax ZWL$	Effect on equity ZWL$
Renminbi Yuan						
	+2%	(660 672 180)	(488 897 413)	+2%	16 427 999	12 156 719
	- 2%	(4 206 629 717)	(3 112 905 991)	- 2%	(3 529 529 538)	(2 611 851 858)
Rand						
	+ 5%	-	-	+ 5%	-	-
	- 5%	-	-	- 5%	-	-
2019	Change in rate %	Effect on profit before tax ZWL$	Effect on equity ZWL$	Change in rate %	Effect on profit before tax ZWL$	Effect on equity ZWL$
Renminbi Yuan						
	+2%	14 150 347	10 471 257	+2%	3 151 525	2 332 129
	- 2%	257 931 907	190 869 611	- 2%	57 445 859	42 509 936
Rand						
	+ 5%	-	-	+ 5%	-	-
	- 5%	-	-	- 5%	-	-

21.2.2 Interest rate risk
Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to risk of changes in market rates relates to short-term borrowings and overdraft rates. This exposure is partially managed through corresponding money market investments of the Group's surplus cash resources.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

The Group manages its interest cost and risk by using debt with fixed rate of debts and thus is not exposed to interest rate risk fluctuations.

The following demonstrates the sensitivity to a reasonable possible change in interest rate on profit before tax;

		Inflation Adjusted			
		Group		Corporation	
		2020	2019	2020	2019
		ZWL$	ZWL$	ZWL$	ZWL$
Change in interest rate of:	+10%	(5 738 864)	(7 251 498)	(3 640 025)	(1 254 452)
	-10%	5 738 864	7 251 498	3 640 025	1 254 452

		Historical Cost			
		Group		Corporation	
		2020	2019	2020	2019
		ZWL$	ZWL$	ZWL$	ZWL$
Change in interest rate of:	+10%	(1 789 648)	(520 102)	(731 490)	(86 330)
	-10%	1 789 648	520 102	731 490	86 330

21.2.3 Liquidity risk

Liquidity risk is the risk of insufficient liquid funds being available to cover commitments. The Group consistently monitors its risk to a shortage of liquid funds. This requires that the Group considers the maturity of both its financial investments and financial assets e.g., accounts receivables and other financial assets. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, debentures, bank facilities and cash resources. Furthermore, the Group is vigorously pursuing debtor collection and identifying non-performing assets for outright disposal.

The table below summaries the maturity profile of the Group's financial liabilities as at 31 December 2020 based on contractual undiscounted payments:

Group

Inflation adjusted

	On demand ZWL$	0 to 3 months ZWL$	3 to 12 months ZWL$	1 to 5 years ZWL$	+5 years ZWL$	Total ZWL$
Year ended 31 December 2020						
Interest bearing loans and borrowings	162 591 539	-	593 184 974	308 631 195	-	1 064 407 708
Other liabilities	624 535 876	-	493 668	-	-	625 029 544
Trade and other payables	920 878 799	313 970 922	-	12 202 689	-	1 247 052 410
	1 708 006 214	**313 970 922**	**593 678 642**	**320 833 884**	**-**	**2 936 489 662**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

	On demand ZWL$	0 to 3 months ZWL$	3 to 12 months ZWL$	1 to 5 years ZWL$	+5 years ZWL$	Total ZWL$
Year ended 31 December 2019						
Interest bearing loans and borrowings	78 907 965	1 108 119	731 455 411	90 489 152	-	901 960 647
Other liabilities	571 511 109	-	60 920 419	-	-	632 431 528
Trade and other payables	1 137 438 252	31 566 442	-	-	-	1 169 004 695
	1 787 857 327	**32 674 561**	**792 375 830**	**90 489 152**	**-**	**2 703 396 870**

Historical cost

	On demand ZWL$	0 to 3 months ZWL$	3 to 12 months ZWL$	1 to 5 years ZWL$	+5 years ZWL$	Total ZWL$
Year ended 31 December 2020						
Interest bearing loans and borrowings	161 161 821	-	593 184 974	308 631 195	-	1 062 977 990
Other liabilities	560 303 048	59 481 888	-	-	-	619 784 936
Trade and other payables	922 039 574	159 299 773	-	12 202 689	-	1 093 542 036
	1 643 504 443	**218 781 661**	**593 184 974**	**320 833 884**	**-**	**2 776 304 962**
Year ended 31 December 2019						
Interest bearing loans and borrowings	17 574 157	158 124	162 907 664	20 153 486	-	200 793 431
Other liabilities	114 862 120	-	13 568 022	-	-	128 430 142
Trade and other payables	248 296 956	7 030 388	-	952 570	-	256 279 914
	380 733 233	**7 188 512**	**176 475 686**	**21 106 056**	**-**	**585 503 487**

Corporation

Inflation Adjusted

	On demand ZWL$	0 to 3 months ZWL$	3 to 12 months ZWL$	1 to 5 years ZWL$	+5 years ZWL$	Total ZWL$
Year ended 31 December 2020						
Interest bearing loans and borrowings	-	-	593 184 974	299 927 823	-	893 112 797
Other liabilities	8 281 328	-	-	-	-	8 281 328
Trade and other payables	-	159 299 773	-	-	-	159 299 773
Amounts owed to Group companies	-	-	-	-	-	-
	8 281 328	**159 299 773**	**593 184 974**	**299 927 823**	**-**	**1 060 693 898**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Year ended 31 December 2019						
Interest bearing loans and borrowings	-	-	727 905 510	-	-	727 905 510
Other liabilities	1 472 190	-	61 720 074	-	–	63 192 264
Trade and other payables	-	31 566 442	-	-	-	31 566 442
Amounts owed to Group companies	-	-	-	-	-	-
	1 472 190	**31 566 442**	**789 625 584**	**-**	**-**	**822 664 216**

Historical Cost	**On demand ZWL$**	**0 to 3 months ZWL$**	**3 to 12 months ZWL$**	**1 to 5 years ZWL$**	**+5 years ZWL$**	**Total ZWL$**
Year ended 31 December 2020						
Interest bearing loans and borrowings	-	-	593 184 974	299 927 823	-	893 112 797
Other liabilities	8 281 328	-	-	-	–	8 281 328
Trade and other payables	-	159 299 773	-	-	-	159 299 773
Amounts owed to Group companies	-	-	-	-	-	-
	8 281 328	**159 299 773**	**593 184 974**	**299 927 823**	**-**	**1 060 693 898**
Year ended 31 December 2019						
Interest bearing loans and borrowings	-	-	162 117 040	-	-	162 117 040
Other liabilities	-	-	13 568 022	-	–	13 568 022
Trade and other payables	327 882	7 030 388	-	-	-	7 358 270
Amounts owed to Group companies	-	-	-	-	-	-
	327 882	**7 030 388**	**175 685 062**	**-**	**-**	**183 043 332**

21.3 Capital management

The primary objective of the Corporation's capital management is to ensure that the Corporation maintains a healthy capital ratio in order to support the business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in the economic environment to maintain and adjusts the capital structure the Group may adjust the dividend payment to shareholders, return on capital to shareholders, or issue new shares. No changes were made to the objectives, policies or processes during the year ended 31 December 2020. The Group's capital comprise net debt and equity as detailed below:

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

	Inflation Adjusted		Historical cost	
	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$
Interest bearing loans and borrowings	1 029 071 384	819 187 672	1 029 071 384	182 296 461
Bank overdrafts	295 969	10 252 695	295 969	2 283 451
Trade and other payables	1 494 092 653	1 425 617 022	1 328 366 425	284 534 843
Less cash and short term deposits	(980 178 356)	(942 639 486)	(980 178 356)	(218 241 141)
Net debt	1 543 281 650	1 312 417 903	1 377 555 422	250 873 614
Equity	9 637 255 625	9 075 533 802	6 805 285 491	1 660 200 172
Capital and debt	11 180 537 275	10 387 951 705	8 182 840 913	1 911 073 786
Gearing ratio	14%	13%	17%	13%
Target gearing ratio	60%	60%	60%	60%

21.4 Credit risk

Credit risk is the risk that a counter-party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's cash is placed with major banks of high credit standing in Zimbabwe and within specific guidelines laid down by the Group Treasury and approved by the Board. The Group does not consider there to be significant exposure to credit risk from banks.

Short-term deposits

The Group's short-term deposits are placed with reputable and sound institutions

(a) Credit risk relating to receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit quality of customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and all sales to credit customers are generally covered by letters of credit.

The requirement for impairment is analysed at each reporting date on an individual basis for all the debtors. As at 31 December 2020, the Group had ZWL$59 523 696 (2019: $9 616 804) allowance for credit losses relating to debtors.

The Group evaluates the concentration of risk with respect to trade receivables as low to medium, as it has a wide range of customers which include the Government and Corporate.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

(b) Financial instruments and cash deposits

Credit risk from balances with banks and financial instruments is managed by the Group's treasury departments in accordance with the Group's policy. Investments of surplus funds are made only with approved counter-parties and within credit limits assigned to each counter-party. Counter-party credit limits are reviewed by the Board of Directors on an annual basis, and maybe updated throughout the year subject to the approval of the Finance Committees. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counter-party's failure.

The Group's maximum exposure to credit risk arising from its financial assets as at 31 December 2020 and 2019 is the carrying amounts of the financial assets as illustrated in note 21.5.

21.5 Fair values of financial instruments

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements. Financial assets and liabilities including loans to group companies and investments in associates which are intended to either to be settled on a net basis or to be realised and settled simultaneously are offset and the net asset or liability amounts reported in the statement of financial position.

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements:

Group	Inflation Adjusted				Historical cost			
	2020	2020	2019	2019	2019	2020	2019	2019
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Financial assets								
Trade and other receivables	1 376 651 826	1 376 651 826	922 790 332	922 790 332	1 353 367 836	1 353 367 836	190 583 257	190 583 257
Cash and short term deposits	980 178 356	980 178 356	942 639 486	942 639 486	980 178 356	980 178 356	209 941 978	209 941 978
Available for sale financial assets	259 331 431	259 331 431	288 523 902	288 523 902	68 037 117	68 037 117	54 757 168	54 757 168
Financial liabilities								
Interest bearing loans and borrowings	1 029 071 384	1 029 071 384	819 187 672	819 187 672	1 029 071 384	1 029 071 384	182 447 143	182 447 143
Trade and other payables	1 494 092 653	1 494 092 653	1 425 617 022	1 425 617 022	1 328 366 425	1 328 366 425	285 365 249	285 365 249
Overdraft	295 969	295 969	10 252 695	10 252 695	295 969	295 969	2 283 451	2 283 451

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Corporation	Carrying amount ZWL$	Fair value ZWL$	Carrying amount ZWL$	Fair value ZWL$	Carrying amount ZWL$	Fair value ZWL$	Carrying amount ZWL$	Fair value ZWL$
Financial assets								
Trade and other receivables	2 053 429	2 053 429	653 183	653 183	2 053 427	2 053 427	145 475	145 475
Cash and short term deposits	71 012 236	71 012 236	245 399 729	245 399 729	71 012 236	71 012 236	54 654 728	54 654 728
Loans receivable	93 507 184	93 507 184	58 891 276	58 891 276	93 507 184	93 507 184	13 116 097	13 116 097
Amounts receivable from group companies	42 575 633	42 575 633	9 536 580	9 536 580	42 575 633	42 575 633	2 123 960	2 123 960
Financial liabilities								
Interest bearing loans and borrowings	893 112 797	893 112 797	727 905 510	727 905 510	893 112 797	893 112 797	162 117 040	162 117 040
Trade and other payables	156 653 839	156 653 839	33 038 628	33 038 628	155 510 890	155 510 890	7 358 269	7 358 269
Overdraft	-	-	-	-	-	-	-	-
Amount owed to group companies	493 668	493 668	60 920 419	60 920 419	493 668	493 668	13 568 022	13 568 022

Group	Inflation Adjusted			
	2020 Carrying amount ZWL$	2020 Fair value ZWL$	2019 Carrying amount ZWL$	2019 Fair value ZWL$
Financial assets				
Trade and other receivables	1 376 651 826	1 376 651 826	922 790 332	922 790 332
Cash and short term deposits	980 178 356	980 178 356	942 639 486	942 639 486
Available for sale financial assets	259 331 431	259 331 431	288 523 902	288 523 902
Financial liabilities				
Interest bearing loans and borrowings	1 029 071 384	1 029 071 384	819 187 672	819 187 672
Trade and other payables	1 494 092 653	1 494 092 653	1 425 617 022	1 425 617 022

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2020

Overdraft	295 969	295 969	10 252 695	10 252 695

Corporation

	Carrying amount ZWL$	Fair value ZWL$	Carrying amount ZWL$	Fair value ZWL$
Financial assets				
Trade and other receivables	2 053 429	2 053 429	653 183	653 183
Cash and short term deposits	71 012 236	71 012 236	245 399 729	245 399 729
Loans receivable	93 507 184	93 507 184	58 891 276	58 891 276
Amounts receivable from group companies	42 575 633	42 575 633	9 536 580	9 536 580
Financial liabilities				
Interest bearing loans and borrowings	893 112 797	893 112 797	727 905 510	727 905 510
Trade and other payables	156 653 839	156 653 839	33 038 628	33 038 628
Overdraft	-	-	-	-
Amount owed to group companies	493 668	493 668	60 920 419	60 920 419

Group

	Historical			
	2020 Carrying amount ZWL$	2020 Fair value ZWL$	2019 Carrying amount ZWL$	2019 Fair value ZWL$
Financial assets				
Trade and other receivables	1 353 367 836	1 353 367 836	190 583 257	190 583 257
Cash and short term deposits	980 178 356	980 178 356	209 941 978	209 941 978
Available for sale financial assets	68 037 117	68 037 117	54 757 168	54 757 168
Financial liabilities				
Interest bearing loans and borrowings	1 029 071 384	1 029 071 384	182 447 143	182 447 143

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

Trade and other payables	1 328 366 425	1 328 366 425	285 365 249	285 365 249
Overdraft	295 969	295 969	2 283 451	2 283 451

Corporation

	Carrying amount ZWL$	Fair value ZWL$	Carrying amount ZWL$	Fair value ZWL$
Financial assets				
Trade and other receivables	2 053 427	2 053 427	145 475	145 475
Cash and short term deposits	71 012 236	71 012 236	54 654 728	54 654 728
Loans receivable	93 507 184	93 507 184	13 116 097	13 116 097
Amounts receivable from group companies	42 575 633	42 575 633	2 123 960	2 123 960
Financial liabilities				
Interest bearing loans and borrowings	893 112 797	893 112 797	162 117 040	162 117 040
Trade and other payables	155 510 890	155 510 890	7 358 269	7 358 269
Overdraft	-	-	-	-
Amount owed to group companies	493 668	493 668	13 568 022	13 568 022

The fair values of the financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short- term maturities of these instruments. At 31 December 2020, the carrying amounts of these instruments were therefore equal to their fair values. Long-term fixed rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project.

Based on this evaluation, allowances are taken to account for the expected losses of these receivables. These parameters also apply on borrowings. The carrying amount of loans from banks and other financial liabilities has been assumed to approximate fair value as the current economic environment in Zimbabwe, characterised by lack of liquidity, makes it difficult to determine interest rates currently available for debt on similar terms,

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

credit risk and remaining.

Fair value hierarchy

	Inflation Adjusted				Historical cost			
2020	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Financial and non- financial assets								
Land and buildings	-	-	6 324 457 152	**6 324 457 152**	-	-	6 127 962 751	**6 127 962 751**
Available for sale financial assets	-	-	259 331 431	**259 331 431**	-	-	68 037 117	**68 037 117**
Investment properties	-	-	343 574 490	**343 574 490**	-	-	343 574 490	**343 574 490**
Assets held for sale	-	-	196 878 391	**196 878 391**	-	-	44 187 616	**44 187 616**
2019	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Financial and non-financial assets								
Land and buildings	-	-	4 221 494 237	**4 221 494 237**	-	-	1 354 593 299	**1 354 593 299**
Available for sale financial assets	-	-	259 331 431	**259 331 431**	-	-	54 757 168	**54 757 168**
Investment properties	-	-	343 574 490	**343 574 490**	-	-	74 138 950	**74 138 950**
Assets held for sale	-	-	196 878 391	**196 878 391**	-	-	80 962 598	**80 962 598**

The classification is explained as follows:
Level 1: Quoted prices in an active market for identical assets.
Level 2: Other techniques for which inputs other than quoted prices included in Level 1 are observable for the asset or liability, either directly or indirectly.
Level 3: Techniques for which inputs are not based on observable market data.

During the reporting period ending 31 December 2020, there were no financial assets at fair value through profit and loss.
Refer to Note 8 (a), 9.1 and 10.4 for valuation techniques.

22. Segment information

The Group has the following four divisions, which are its reportable segments. These divisions offer different products and services, and which are managed separately because they require different technology and marketing strategies.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

The following summary describe the operations of each segment.

Reportable Segments	Operations
Chemicals and Fertilizers	Fertilizer and chemical manufacturing
Engineering	Coach building, general engineering and manufacturing
Motor and Transport	Motor Vehicle and truck dealership, importer and wholesaler of automotive parts and provider of motor vehicle plans
Corporate and Other	Promote investments and economic co-operation across borders and development of residential, commercial and industrial stands

The Group has four operating segments as follows:

	Inflation Adjusted											
	Chemicals & fertilizers		Engineering & Glass		Motor & Transport		Corporate & other		Adjustments and eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Revenue												
External customer	5 657 490 546	4 420 764 829	-	-	101 863 253	190 534 546	267 050 313	574 940 912	-	-	6 026 404 112	5 186 240 287
Intersegment sales	(3 908 707)	(1 943 065)	-	-	-	-	-	-		-	(3 908 707)	(72 442)
Total revenue	**5 653 581 839**	**4 418 821 763**	**-**	**-**	**101 863 253**	**190 534 546**	**267 050 313**	**574 940 912**	**-**	**-**	**6 022 495 405**	**5 186 167 845**
Results												
Depreciation	155 623 492	711 674 398	-	-	17 832 736	7 590 637	13 649 042	5 490 394	-	-	187 105 270	724 755 429
Impairment of assets	(12 917 235)	-	-	-	-	-	-	-	-	-	(12 917 235)	-
Share of profit of associates	147 971 958	44 478 173	-	-	-	8 831 767	183 388 432	128 682 740	-	-	331 360 390	181 992 681
Segment profit/ (loss)	**717 039 881**	**1 521 604 839**	**-**	**-**	**73 884 507**	**529 467 876**	**2 655 327 849**	**5 206 661 391**	**-**	**-**	**3 446 252 237**	**7 257 734 107**
Operating assets	**8 620 145 814**	**7 389 625 782**	**-**	**-**	**910 696 670**	**849 794 929**	**3 490 478 594**	**3 771 305 483**	**-**	**-**	**13 021 321 078**	**12 010 726 194**
Operating liabilities	**1 124 669 242**	**1 187 524 943**	**-**	**-**	**73 445 650**	**71 324 831**	**296 693 919**	**178 345 687**	**-**	**-**	**1 494 808 811**	**1 437 195 461**
Other disclosures												
Investment in an associate	508 515 801	561 751 291	-	-	-	-	1 295 484 778	1 323 959 318	-	-	1 804 000 579	1 885 710 609
Capital expenditure	68 425 348	56 340 448	-	-	1 777 510	3 321 365	77 868 912	12 266 105	-	-	148 071 770	71 927 919

1. Inter- segment revenues are eliminated on consolidation.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

2. Segment assets exclude loans receivable ZWL$ 59 660 992; (2019: ZWL$56 046 986)
3. Segment liabilities do not include deferred tax ZWL$852 311 274 (2019: $1 030 817 994), current tax payable ZWL$354 402 405 (2019: $416 835 189) and loans ZWL$1 029 384 (2019: $819 187 80

	Historical Cost											
	Chemicals & fertilizers		Engineering & Glass		Motor & Transport		Corporate & other		Adjustments and eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Revenue												
External customer	4 020 133 489	572 762 929	-	-	75 375 114	17 813 342	236 713 964	39 978 020	-	-	4 332 222 567	630 554 291
Intersegment sales	(3 329 812)	(180 342)	-	-	-	-	-	-	-	-	(3 329 812)	(180 342)
Total revenue	**4 016 803 677**	**572 582 587**	**-**	**-**	**75 375 114**	**17 813 342**	**236 713 964**	**39 978 020**	**-**	**-**	**4 328 892 755**	**630 373 949**
Results												
Depreciation	79 865 042	76 426 905	-	-	4 201 849	538 530	6 806 586	277 032	-	-	90 873 477	77 242 467
Impairment of assets	-	-	-	-	-	-	(79 549 563)	-	-	-	(79 549 563)	-
Share of profit of associates	5 111 361	4 255 071	-	-	-	438 509	167 485 057	26 575 372	-	-	172 596 418	31 268 952
Segment profit/ (loss)	**602 466 894**	**143 156 086**	**-**	**-**	**13 154 829**	**3 022 399**	**(135 820 960)**	**1 449 034 489**	**-**	**-**	**479 800 763**	**1 595 212 974**
Operating assets	**6 377 201 018**	**1 346 063 611**	**-**	**-**	**903 965 638**	**186 790 656**	**3 021 521 292**	**817 744 886**	**-**	**-**	**10 302 687 948**	**2 350 599 153**
Operating liabilities	**964 456 565**	**233 483 102**	**-**	**-**	**69 234 264**	**15 069 082**	**295 391 751**	**37 857 160**	**-**	**-**	**1 329 082 580**	**286 409 344**
Other disclosures												
Investment in an associate	506 031 101	113 896 479	-	-	-	-	461 099 204	159 580 436	-	-	967 130 305	273 476 915
Capital expenditure	58 781 645	6 918 304	-	-	1 510 138	564 054	71 603 567	2 731 872	-	-	131 895 350	10 214 230

1. Inter- segment revenues are eliminated on consolidation.
2 .Segment assets exclude loans receivable ZWL$ 59 660 992; (2019 : ZWL$12 809 632)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

3. Segment liabilities do not include deferred tax ZWL$877 963 339 (2019: $267 587 265), current tax payable ZWL$354 402 405
(2019 : $81 804 209) and loans ZWL$1 029 071 384 (2019 : $182 447 173)

23. GOING CONCERN

Group

The Group made an inflation adjusted profit for the year of ZW$4 095 630 067 (2019: ZW$915 641 672). The Group is projecting to make a profit in the ensuing year.
However, the business environment remained subdued characterised by foreign currency and cash shortages, low investor confidence, inflationary pressures, subdued domestic demand and recent COVID-19 pandemic that drove economies into lockdown.

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

The following measures are being implemented by Management to sustain the Group's profitability:

- The Group's major subsidiary, Chemplex Corporation was categorised as an essential service provider for the supply of water treatment chemicals, fertilisers, and dipping chemicals. Priority supply orders have been awarded to Chemplex for water chemicals with Government availing funding facility to promote production and supply.
- Chemplex has signed 5-year production and supply contracts for fertiliser and cattle dips with Government running from 2020 to 2024 cropping season.
- To improve access to foreign currency to fund imported raw materials and power, the Group is working on increasing export earnings through supply of magnetite to Vale, ICVL, Jindal and exports of fertilisers.
- The Group is taking advantage of Government support through the Motor Industry Development Policy (MIDP) and related Statutory Instruments (S.Is), which support local assembly to boost localised production and demand.
- The Group will continue importing Mazda vehicles from Japan, Thailand, and South Africa for resale in partnership with Itochu and Mazda Corporation.
- The Group has entered into an agreement with an Original Equipment Manufacturers (OEMs) for Semi-Knocked Down (SKD) assembly to maximise its capacity utilization. Modalities for the assembling of these vehicles are now at an advanced stage.
- The cost containment initiative across the Group will continue to be pursued in the foreseeable future. The major cost reduction areas include procurement, administration, selling and distribution and employment costs, which were well managed through continuous aggressive cost management initiatives.
- The Government's approved restructuring initiative of disposals and partial dilution of some medium maturity investments will enhance Group recapitalisation and attract new technology as well as new market access.

Corporation

The Corporation reported a decrease in inflation adjusted profit for the year ended 31 December 2020 of ZW$2 184 076 899 (2019: ZW$4 697 858 466), mainly attributable to the net impact of the monetary gain of ZW$2 780 175 987 (2019: (ZW$326 625 517)) and a nil investment appreciation in 2020 (2019: ZW$7 041550 390).

The Ministry of Finance and Economic Development (MOFED) as guarantor to the China Exim bank loan to the Corporation, paid the US$9.8 million outstanding instalment to expunge the loan first quarter 2021. As

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

approved by the Government, the payments by Treasury on behalf of the Corporation will be capitalised as part of the rights issue funding. The subsequent payment of this legacy foreign debt will significantly assist realignment of the Group's statement of financial position, 2021 going forward.

The Government, as the sole shareholder of the Corporation, injected fresh capital of ZW$60.0 million in 2020 and approved an additional ZW$1.96 billion in the 2021 National Budget as seed capital for the new lending role.

The Corporation is transforming from an Enterprise Management Holding Company to a fully-fledged Development Finance Institution (DFI). Lending of developmental funds to the manufacturing sector is provided under section 4(b) of the Industrial Development Corporation Act (Chapter 14:10).

Meanwhile, the implementation of the Cabinet resolutions and the Corporation Board's adopted 4D (Dilution, Disposal, Dissolution and Development) Strategy is ongoing as highlighted below:

1. Dilution

Dilution will be through the issuance of additional shares to local and/or foreign equity direct investors. Dilution of mature investments namely Deven Engineering (Private) Limited (Deven) and Willowvale Motor Industries (Private) Limited (Willowvale).

The adjudication process to select a suitable partner did not produce a suitable investment partner and the process was to be re-done in year 2021.

2. Disposal

Disposal will be of medium sized investments to third party and/or sitting investors.

3. Dissolution

Closure of unviable investments is referred to as dissolution. Liquidation of Zimbabwe Glass Industries (Private) Limited which was done through the Master of the High Court was concluded on 20 February 2020.

4. Development

Development will continue to be undertaken at Sunway City (Private) Limited (Sunway City).

Sunway City (Private) Limited was licenced as a Special Economic Zone. Management commenced discussions with potential co-development partners to develop the remaining un-serviced one thousand (1 000) hectares.

The Corporation is working closely with its parent Ministry and Treasury for the immediate release of the $1.96 billion allocated in 2021 National Budget for Industrial Development Fund (IDF) for on lending to the manufacturing sector.

The financial statements are prepared on the basis that both the Group and the Corporation will continue to be going concern. This basis presumes that their plans will be successful, and the Group will realise its assets and discharge its liabilities in the ordinary course of business.

23.1 COVID-19

There were no events that occurred between the end of the reporting period and the date when the financial statements were authorised for issue, that required adjustments to be affected or reported amounts or disclosure to be made in these financial statements. However, management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern. The impact of COVID-19 on future performance and therefore on the measurement of some assets and liabilities or a liquidity

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2020

might be significant and might therefore require disclosure in the financial, but management has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The Group has not been spared from the impact of the COVID-19 outbreak and the impact on business operation is shown below.

Item	Description
Supply chain	Suppliers have been bringing in materials without any major problems, the company received all its requirements as scheduled and no major problems are anticipated in the future. The company has increased the number of its approved supplier's list of major raw materials to manage the risk that might be associated with depending on a few suppliers during the pandemic period.
Workforce contamination	The Group had a very unfortunate situation where 3 staff members succumbed to Covid-19. Apart from that, the number of employees on station were kept at minimum levels and all those who were able to work from home did so without any major problems. Senior management worked from home and held all their meetings using virtual platforms mainly Zoom and Microsoft Teems. No incident of hacking was reported. This trend is expected to continue going into 2021. The company is also encouraging all its workers to be vaccinated.
Revenue	Revenue streams were not affected as the Group was classified as an essential service provider. The demand for water treatment chemicals increased during the pandemic and this largely contributed to the good performance recorded by the company. On fertiliser business, the company was given orders to supply the CBZ Agroyield winter and summer crops.
Operating expenses	Masks Sanitisers Temperature guns Data (to facilitate employees working from home) Transport (staff pick up from home) Covid PCR tests
Business continuity	Work disruptions have been the order following the lockdown. Suppliers and customers alike now require electronic communication rather than direct contact. At the same time technologies are subject to hacking. Essential staff have been enabled to work from home having been provided with the essential technologies to communicate and work. Anti-virus software has been incorporated and authorised protocols have been introduced.

The Group was categorised as an essential service through the provision of water treatment chemicals, animal products and fertilisers. This enabled the Group to operate during the Covid-19 lockdowns. The financial statements were prepared on the basis that the Group and Corporation will be a going concern. This basis presumes that the Group's plans will be successful, and the Group will realise its assets and discharge its liabilities in the ordinary course of business.

INDUSTRIAL
DEVELOPMENT
CORPORATION
OF ZIMBABWE LIMITED

93 Park Lane | Harare | Zimbabwe
t | +263 242 706 971/5 or 250 405
e | administrator@idc.co.zw
w | www.idc.co.zw