INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

ANNUAL REPORT 2019

Contents

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

About this Report

IDCZ 56th Annual Report

We are pleased to present our 56th 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 2019.

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 report has issued a report, not only issued for the purpose 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 submit to the IDCZ Offices at 93 Park Lane, Harare, Zimbabwe.

Group Profile

Shareholding: 100 % owned by the Government of Zimbabwe

Board of Directors

Gloria Zvaravanhu (Mrs)	Chairman
Ian W. Teasdale	Vice Chairman
Jealous P. Muchineripi **(Dr)**	
Michael S. Charamba	
Johanna B. Muzamba (Ms)	
Spiwe Nyamatore (Ms)	
Vonesai S Hove (Mrs)	
Shingirayi R. Magwana	
Benjamin Nkosentya Kumalo	General Manager

- The board was dissolved on 7 February 2020
- A new board was appointed on 28 May 2020 for three years and is composed of the following:

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

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

Auditor

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

I.W. Teasdale	Chairman
S.Nyamatore (Ms)	
S.R. Mangwana	
B.N. Kumalo	

Finance & Audit Committee

J.P. Mucheneripi (Dr)	Chairman
V.S. Hove (Mrs)	
I.W. Teasdale	
B.N. Kumalo	

Risk Management Committee

V.S. Hove (Mrs)	Chairman
B.J. Muzamba (Ms)	
S.R. Mangwana	
B.N. Kumalo	

Human Resources & Nominations Committee

G. Zvaravanhu	Chairman
J.P. Muchineripi (Dr)	
M.S. Charamba	

Credit & Investments Committee

M.S. Charamba	Chairman
B.J. Muzamba (Ms)	
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
M. 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
Charles Bvute	General Manager, Industrial Sands (Private) Limited
Brian Mushohwe	Acting Managing Director, Motira (Private) Limited

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
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 56 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:

a. **" the economic requirements of Zimbabwe may be met and industrial development within Zimbabwe may be planned, expedited and conducted on sound business principles"**

b. **"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 mandate, vision and mission:

MANDATE

To promote inclusive, sustainable, and innovative industrial development for economic growth.

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 Zimbabweans

VALUE STATEMENTS

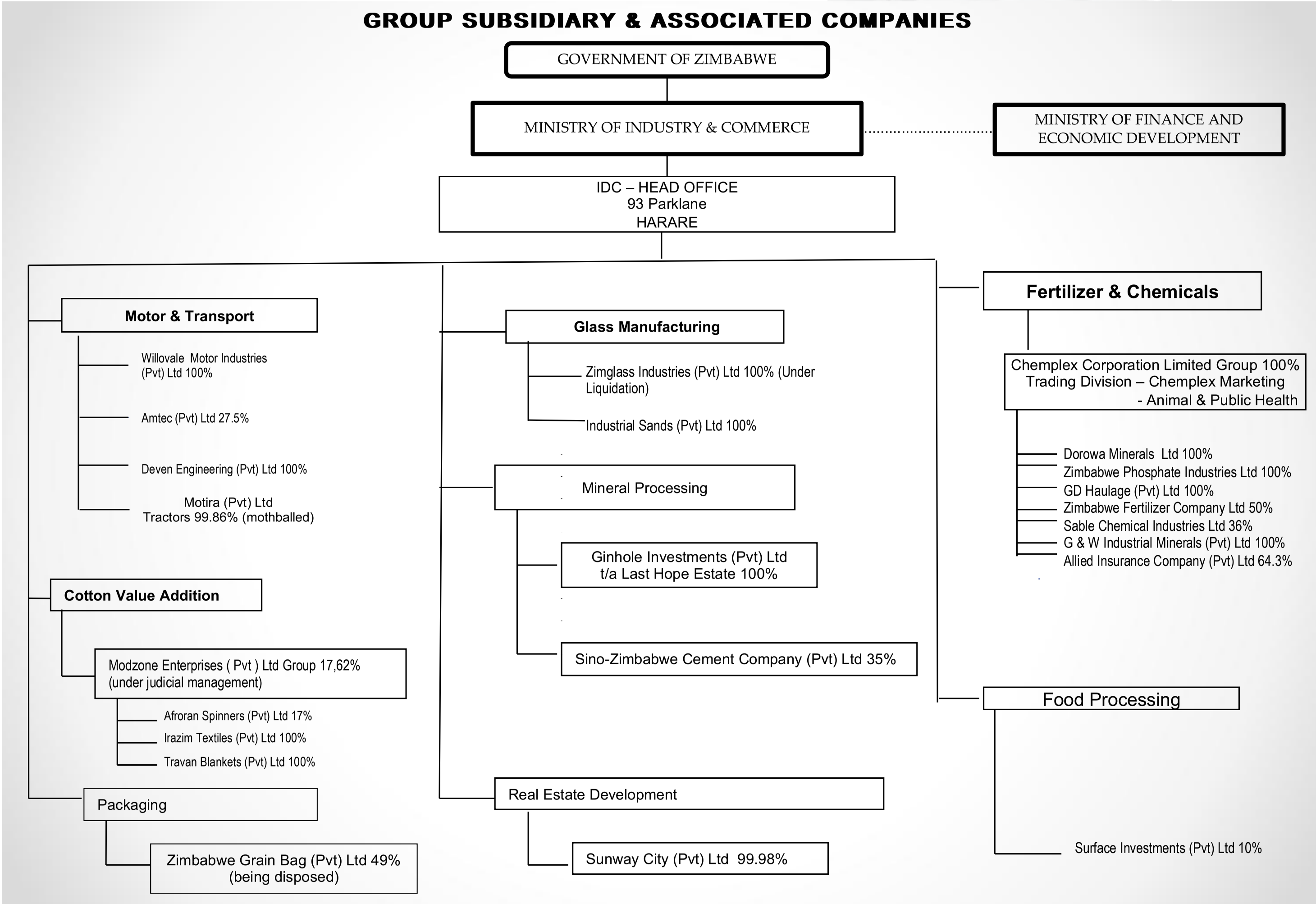
1. **Transparency:** open to public scrutiny. We are fair and ethical in our dealings.
2. **Professionalism:** adherence to all professional standards
3. **Innovation:** exploring new possibilities and ***"burning the box"***
4. **Dynamism:** Responsive and adaptive to changing environment
5. **Gender 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.
3. Joint venture partnerships.
4. Innovation and technology for efficiency, value addition and beneficiation.

Group Investment and Shareholding, Structure and Sector Composition



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 56

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 2019 in terms of Section 19(1) of the Corporation's Act (Chapter 14:10).

Yours faithfully,

C. Msipa
Chairman
9 December 2020

Notice to the Shareholder

Notice is hereby given that the 56th Annual General Meeting of the Shareholder will be held in the IDC Board Room, 93 Park Lane, Harare on 17 December 2020 at 10:30 a.m hours for transacting the following:

1. Tabling of Proxies, Quorum and Constitution of the meeting
2. To approve the minutes of the previous Annual General Meeting held on 4 July 2019.
3. To receive, consider and adopt the financial statements and the reports of the directors and auditor for the financial year ended 31 December 2019
4. To approve the remuneration of the directors for the year ended 31 December 2019
5. To re-appoint HLB Ruzengwe Chartered Accountants and approve the remuneration of the auditor for the year ended 31 December 2019.
6. Appointment, Resignation and Retirement of Directors.
7. To consider the non-declaration of dividends as recommended by the Directors.
8. To transact all such other business as may be transacted at an Annual General Meeting.

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

By Order of the Board

Collin T. Mutingwende
Corporate Secretary
9 December 2020

Chairman's Statement

It is my distinct honour to present to you the 56th annual report and financial performance of the Industrial Development Corporation of Zimbabwe Limited (IDCZ) for the year ended 31 December 2019. The commentary on the financial statements is based on the inflation adjusted numbers.

Economic Overview

The year under review was marked by various monetary and fiscal policy changes that had a significant impact on both the Zimbabwe economy in general and the IDCZ Group business and operations in particular. The operating environment remained challenging due to a wide range of factors which included the severe El Nino induced drought and the destruction occasioned by Cyclone Idai, continued acute power supply deficits, foreign currency shortages and the resurgence of hyperinflation.

The reintroduction of the Zimbabwe dollar and the introduction of the foreign currency interbank market was accompanied by rapid depreciation of the newly reintroduced local currency which in turn led to an escalation of production input costs and prices. This had a major impact on inflation with the Public Accountants and Auditors Board (PAAB) declaring in July that Zimbabwe was operating under a hyperinflationary environment and that financial reporting with effect from 1 July 2019 should take cognisance of this.

Functional and Presentation Currency

The financial statements are presented in Zimbabwe Dollars (ZWL$) which is the Corporation's functional and presentation currency.

Capitalisation

During the course of the year the shareholder injected ZWL$64 000 000 fresh capital to enable the Corporation to revive its lending function. Accordingly, the Corporation's issued share capital increased from ZWL$28 517 543 to ZWL$92 517 543 with the additional shares being issued to the Corporation's parent Ministry, the Ministry of Industry and Commerce.

Group Financial Performance Summary

The Group's inflation adjusted turnover for 2019 was ZWL$1 154 070 137 against a comparative 2018 turnover of ZWL$555 518 555. The Gross Profit increased from ZWL$153 815 196 to ZWL$673 012 132 whilst the after-tax profit decreased from ZWL$682 212 305 to ZWL$112 134 222 due to the exchange loss of ZWL$428 715 420.

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
3. Joint Venture Partnerships and
4. Innovation and technology for efficiency, value addition and beneficiation.

Directorate

The terms of office for Messrs H. Nkala, Prof R Mafoti, J Mushayavanhu and Dr M. Fallala ended on 5 February 2019. Following the retirement of the four directors, the Board had four remaining directors as from 6 February 2019 to 31 August 2019. Messrs I.W. Teasdale, V.S. Hove (Mrs), B.J. Muzamba (Ms), S Nyamatore (Ms) and S.R. Mangwana were appointed to the Board on the 1st September 2019. The Honourable Minister of Industry and Commerce dissolved the IDCZ Board on the 7th February 2020. I would like to extend my sincere gratitude and to pay tribute to the former Board members for the sterling work they put in during their tenure. A new Board was appointed on 28th May 2020 comprising of Messrs C.N Msipa (Chairman), E. Z. Rabvukwa (Mrs)(Vice Chairman), J Malaba (Mrs), M.F. Mutemererwa (Ms), S Nyamatore (Ms), E Tome and W. Makamure.

Dividend

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

Outlook

Subsequent to the reporting period, there has been a worldwide Coronavirus (COVID-19) outbreak as a result of which it is forecast that world economies will go into recession.
Although the hardest hit countries are in Asia, Europe and the United States of America, we are beginning to see increasing numbers in many countries across Africa. In a bid to contain the pandemic, national governments have reacted by taking bold and decisive action, the impact of which is affecting almost every aspect of daily life, with border closures, travel limitations, mandatory "stay at home" policies and in some countries full lockdown.

While we remain guided by our Government on the policy front, the IDCZ has put in place a raft of best practice measures to mitigate the adverse impacts of the pandemic on both human life and business operations. The Corporation continues to monitor the situation and to implement measures to prioritise the health and safety of employees, customers and other stakeholders.

The operating environment is likely to remain constrained and characterised by continued shortages of foreign currency, power and fuel and continued inflationary pressures.

The Corporation will continue to extend support to the manufacturing sector of our economy in line with its mandate as defined by its enabling Act.

Appreciation

I wish to express my heartfelt appreciation to our sole shareholder, the Government of Zimbabwe, the Ministers of Industry and Commerce and Finance and

Economic Development, all our clients, and all other valued stakeholders for their continued support in this difficult operating environment. I would also like to commend Group Management and Staff on the Corporation's performance and for their hard work, diligence, commitment and resilience which has underpinned the achievement of these commendable results.

C.N. Msipa
Chairman
9 December 2020

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

Board of Directors' Profile

Chairman
Mr C.N. Msipa

Charles Msipa has had diverse experience in the beverages sector in a variety of roles and geographic markets during the last 28 years, and currently serves as Managing Director of Schweppes Zimbabwe Limited with responsibilities for the beverage business which is operated under franchise from The Coca-Cola Company as well as the juice processing business.

In addition to serving as a non-executive director on boards of various private sector companies, Charles also serves as Chairman of the Business Council for Sustainable Development Zimbabwe (BCSDZ) as well as Chairman for the PET Recycling Company of Zimbabwe (Petreco Zim).

Charles holds a Bachelor of Law (BL) and Bachelor of Laws (LLB) degrees from University of Zimbabwe, Master of Laws (LL.M) from University of Edinburgh, UK and Master of Arts in International Relations from the Fletcher School of Law and Diplomacy, Tufts University, Massachusetts, USA.

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 greater 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 naturing young ladies into strong professionals or entrepreneurs.

Mr E. Tome

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 and structured infrastructure finance. An expert in structured Sovereign financial facilities, Edward 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.

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 Universty. 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.

Mr. W. Makamure

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. 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. 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.

General Manager
Mr. B.N. Kumalo

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 to the Directors

For the year ended 31 December 2019

The directors have pleasure in submitting their report, together with the audited financial statements of Indisustrial Development Corporation of Zimbabwe Limited, for the year ended 31 December 2019.

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) of the IDC Act (Chapter 14:10)

During the year, the shareholder injected ZWL$64 000 000 fresh capital to kick start the lending function. The issued share capital increased form ZWL$28 517 543 to ZWL$ 92 517 543. The shares were issued to the Ministry of Industry and Commerce.

GROUP INCOME AND APPROPRIATIONS

	Inflation Adjusted		Historical Cost	
	2019 ZW$	2018 ZW$	2019 ZW$	2018 ZW$
Profit from operations	**482 429 903**	**121 651 795**	**248 302 087**	**8 872 614**
Net finance charges	(16 150 329)	(31 588 642)	(5 929 577)	(4 714 999)
Fair value gain: Investment property	61 403 358	1 056 048	70 348 081	(3 723)
Share of profit/(loss): associated companies	40 532 891	(3 428 654)	31 268 952	(561 095)
Impairments of assets and investments	-	(23 128)	-	(483 810)
Profit/(loss) on disposal of investment	-	-	-	500 000
Monetary gains	256 442 469	609 661 071	-	-
Exchange gains/(loss)	(428 715 420)	5 648 078	(148 292 677)	650 928
Profit before taxation	**395 942 872**	**702 976 568**	**195 696 866**	**4 259 915**
Income tax	(283 808 650)	(20 764 263)	(109 294 988)	(3 376 426)
Loss from discontinued operations	(817 753)	(5 488 120)	(5 494 112)	(177 923)
Profit after tax	**111 316 469**	**676 724 185**	**80 907 766**	**705 566**
Other Comprehensive Income	92 612 634	32 108 361	1 517 030 610	11 349 851
Total Comprehensive Income for the year	**203 929 103**	**708 832 546**	**1 597 938 376**	**12 055 417**
Attributable to:-				
Equity holders of the parent	110 311 121	691 056 357	1 518 907 904	10 801 895
Non-controlling interest	93 617 982	17 776 189	79 030 472	1 253 522
	203 929 103	**708 832 546**	**1 597 938 376**	**12 055 417**

CORPORATION

	Inflation Adjusted 2019	Inflation Adjusted 2018	Historical Cost 2019	Historical Cost 2018
Revenue	13 737 029	7 490 368	6 636 667	905 736
Operating profit/ (loss)	28 444 156	2 139 472	12 100 824	(241 294)
Profit before taxation	1 088 269 767	538 411 418	1 429 038 206	9 292 067
Profit after taxation	1 046 293 645	532 423 233	1 387 062 084	8 567 975
Total comprehensive income	1 046 293 645	532 423 233	1 451 312 739	8 567 975

The terms for Mr H. Nkala, Prof. Mafoti, Mr Mushayavanhu and Dr M. Fallala were expired on 5 February 2019. The Board had four directors as from the 6th of February 2019 to the 31st of August 2019 during which period committee meetings were collapsed into one board meeting. On the 1st of September 2019, the following five directors were appointed; Mr I. W. Teasdale, Mrs V.S. Hove, Mrs B.J. Muzamba. Ms S. Nyamatore and Mr S. R, Mangwana. This board 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 put in place on 28th of May 2020.

Dividend

The directors do not propose to declare a dividend for this year ended 31 December 2019.

Auditors

At the 56th Annual General Meeting scheduled on 17 December 2020, 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
9 December 2020

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 IDCZL 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 recognise 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 IDCZ Act determines the constitution, rights, powers and obligations of the board. The Board comprised of 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 responsible for to 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 sent 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 its oversight role, five Board Committees have been constituted with clear terms of reference, which are reviewed periodically. These are Business Development, Finance & Audit, Nominations, Remuneration & Human Resources, 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.

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 is chaired by a non-executive director and comprises mainly non-executive directors. 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.

Nomination 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 chaired by a non-executive director and majority members are non-executives. The committee is responsible for review of executive management and 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

The Committee is chaired by a non-executive director. 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 risk and compliance risk.

Credit & Investments Committee

This Committee is chaired by a non-executive director. The Committee reviews credit strategy, credit risk management policy and programme, trends in portfolio quality, 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. Review and make 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: -

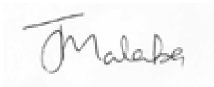
2019	BOARD	F & AUDIT	RISK	HR & NOMINATION	CREDIT & INV	BUS. DEV
No. Of Meetings	4	1	1	1	2	1
Mrs. G. Zvaravanhu	4	NM	NM	1	NM	NM
Mr. I.W. Teasdale	1	1	NM	NM	NM	1
Mr. M.S. Charamba	4	NM	NM	1	2	NM
Dr. J. P. Muchineripi	4	1	NM	1	NM	NM
Mrs. V.S. Hove	0	1	1	NM	NM	NM
Ms. B.J. Muzamba	1	NM	1	NM	2	NM
Ms. S. Nyamatore	1	NM	NM	NM	2	1
Mr. S.R. Mangwana	1	NM	0	NM	NM	1
Mr. B.N. Kumalo	4	1	1	1	2	1

Key/Notes

- NM – Not Member of Committee
- Remuneration & Human Resources and Nomination Committees were combined and renamed Human Resources and Nomination Committee.
- The DFI Committee was renamed Credit and Investments Committee.
- The former Chairman Mr. H. Nkala and three directors namely Dr. M.S. Fallala, Prof. R. Mafoti and Mr. J. Mushayavanhu retired on the 5th of February 2019 before any board or committee meetings were held.
- The board had four directors as from the 6th of February 2019 to the 31st of August 2019 during which period committee meetings were collapsed into one Board meeting.
- On the 1st of September 2019 the following five directors were appointed; Mr. I.W. Teasdale, Mrs. V.S. Hove, Ms. B.J. Muzamba, Ms. S. Nyamatore and Mr. S.R. Mangwana.

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.

C. N. Msipa	E.Z. Rabvukwa (Mrs)	J. Malaba (Mrs)
Board 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 2019

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.

While full compliance with International Financial Reporting Standards has been possible in previous periods; only partial compliance has been achieved for the year ended 31 December 2019. This is because for the period 1January 2018 to 22 February 2019, it was not possible to comply with the requirements of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange rates".

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 exchangeability 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 38 to 161, which have been prepared on the going concern basis, were approved by the Board of Directors at its meeting held on 9 December 2020 and were signed on their behalf by the Chairman of the Board, Mr C. N. Msipa, and the General Manager, Mr B. N. Kumalo.

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

C. N. Msipa	**B. N. Kumalo**
Chairman	**General Manager**
9 December 2020	**9 December 2020**

General Manager's Report on Operations

1.0 ZIDERA SANCTIONS

Of the $4.2 million group funds intercepted by the Office of Foreign Assets Control (OFAC) $501 839 was still outstanding as at 31 December 2019 down from $804 651 the previous year .

2.0 RECAPITALISATION

Government disbursed ZW$64 million provided for in the 2019 national budget towards recapitalisation of the Corporation. These funds were applied by the Corporation towards the revival of its lending function in order to assist in the recovery of the local manufacturing sector.

3.0 LITIGATION

3.1 Romsit Claim

The Romsit claim remained outstanding as at year end and stood at US$11 598 779 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)

Zimglass remained in liquidation during the year under review and the liquidator continued to search for suitors both locally and offshore to try and revive the company as the first option before disposal of assets which would be a measure of last resort. The IDCZ paid off the Zimglass bank consortium debt of US$15.3m in respect of which the IDCZ had acted as guarantor. The debt had been secured against the IDCZ's 100% shareholding in Sunway City and its 10% shareholding in Surface Investments.

3.3 Interfin/CFX Curator Claim on Guarantee

A claim for ZAR 909 969.02 filed by Interfin Bank(under liquidation)at the High Court in respect of a guarantee obtained fraudulently from the IDCZ in May 2009 was still to be heard at the High Court as at the end of 2019 after the Corporation filed for its defence.

4.0 PERFORMANCE REPORTS BY SECTOR

Group companies' average capacity utilization remained below 50% during the period under review, due mainly to the unavailability of 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 awaits further guidance from its shareholder on how to proceed in terms of the minimum shareholding that should be reserved for Government.

4.1.2 Food Processing

Operations between Surface-Wilmar and Olivine Industries were rationalised in 2018 in view of the two companies' common shareholding leading to production and marketing efficiencies. The envisaged business turnaround resulting from the rationalisation was evident during the year under review as most of the two businesses' household brands were on the shelves throughout the year.

4.2 Mineral Processing

4.2.1 Cement

A US$15 million shale brick and tile diversification project which commenced in 2018 at Sino Zimbabwe Cement Company was completed and commissioned in May 2019.

The plant has an annual production capacity of 100 million bricks. The bricks will be sold in both the local and regional markets.

When Sino Zimbabwe Cement Company (SZCC) was established as a joint venture with China Building Material Industrial Corporation (CBMC) of China, part of the IDC's contribution to the joint venture was to be the land on which the SZCC factory is situated at Indiva farm. During the course of the year the IDCZ negotiated and agreed with the Ministry of Agriculture, Lands and Rural Resettlement that the Ministry sells Indiva Farm (247.5 hectares in extent) to the IDCZ at a price of the ZWL$ equivalent of US$749 943.00. The IDCZ commenced payments in the subsequent year in instalments as the Corporation raises the funds.

4.2.2 Ceramic Products & Tourism

Ginhole Investments continued to produce specialized ceramic bricks and tiles during the course of the year but in limited volumes due to outdated equipment. On the other hand sales off-take volumes remained subdued due to reduced economic activity in the Matabeleland North region whilst sales to other parts of the country were inhibited by high logistical costs.

The hotel side also remained constrained during the year as a result of a general slump in the tourism sector. The Corporation will continue to search for business partners with whom to achieve the desired business turnaround.

Transfer of title of the estate to the IDCZ is still pending and is being pursued with the shareholder. If effected this would place the IDCZ in better stead to develop the business.

4.2.3 Glass/Silica Sand

The share certificates of ownership of Industrial Sands (Private) Limited could still not be located during the year. The company therefore continued to be accounted for as before pending resolution of the matter.

4.3 Motor & Transport

The motor and transport sector was hard hit by the shortage of foreign currency during the year under review and this continued to inhibit remittances to external suppliers thereby constraining the sector's performance.

4.3.1 Motor Assembly

The automotive group was restructured during the course of the year in preparation for the privatisation of Willowvale Motor Industries (Private) Limited (WMI) and Deven Engineering (Private) Limited (Deven Engineering). The group was unbundled with the individual entities WMI, Deven Engineering and Amtec (Private) Limited which were previously held through an investment vehicle, Motec Holdings (Private) Limited, now being held as direct IDCZ investments.

Following approval by Cabinet of the extent to which Government will take dilution in WMI and Deven Engineering, invitations of expressions of interest were made both locally and internationally. The IDCZ advised its shareholder of the expressions of interest received and made recommendations as to which of these could be considered after due adjudication by management and the IDCZ Board under advice by SERA and the IDCZ parent Ministry technical staff. The IDCZ awaits further guidance from the shareholder.

4.3.2 Tractors

The tractor business operations run under Motira (Private) Limited were discontinued in line with Cabinet resolutions. The business was not viable as a standalone operation and accordingly the tractor franchise and stock on hand were transferred to the IDCZ associate company, Amtec (Private) Limited.

4.4 Textiles

The IDCZ has a 17.62% shareholding in Modzone Enterprises two of whose subsidiaries, Irazim Textiles (Private) Limited and Travan Blankets (Private) Limited were placed under judicial management in April 2014. The Judicial Manager secured an investor who purchased the two Modzone subsidiaries after obtaining the necessary consent of the majority of the creditors in May 2019. Modzone Enterprises is now left with one subsidiary, Afroran Spinners (Private) Limited, which operates from Norton.

4.5 Polypropylene Packaging

IDCZ has to date not received an offer for its 49% shareholding in Zimbabwe Grain Bag (ZGB) that is commensurate with the investment's value. Accordingly the Corporation continues to seek buyers who are prepared to pay the commensurate value for its 49% stake in ZGB. In view of the hyperinflationary economic environment obtaining in 2019 it was considered not prudent to dispose of the investment in local currency.

4.6 Real Estate

Negotiations with a potential Chinese company to co-develop the Sunway City Special Economic Zone stalled due to the insistence by the potential partner that Sunway City contributes its entire estate to the joint venture for free.

During the course of the year Sunway City applied and was granted an SEZ licence in respect of 1 220 hectares of its estate with the remainder of the estate being residential land.

The company 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. The projects planned include a shopping mall, a specialist hospital and an inland dry port. Sunway City has signed NDAs and MOAs with potential partners in these projects.

These developments call for basic infrastructure which is critical for the development of the projects. The infrastructure required includes the following:

- roads and storm water management systems
- water reservoirs, reticulation and connection
- sewer pump stations, pump houses and sewer treatment plant
- power substations and street lighting
- ICT connections and
- boundary fencing and SEZ access control points.

The provision of this infrastructure has been constrained by lack of funding on the part of the utility providers such as the Ministry of Transport and Infrastructural Development, Zimbabwe Electricity Supply Authority (ZESA), Zimbabwe National Water Authority (ZINWA), City of Harare and TelOne. A technical working group comprised of the various utility/ service providers was set up to look into how these infrastructural requirements can be provided. The technical working group established that about US$105 million is required to provide these basic infrastructural requirements.

5.0 Capacity Building

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

6.0 ZITF

The IDCZ Group as usual managed to exhibit its products and services at the year's annual premier event in Bulawayo.

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 economic environment.

B. N. Kumalo
General Manager
9 December 2020

Report of the Independent Auditors

To the members of Industrial Development Corporation of Zimbabwe Limited

Adverse 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 2019, the inflation adjusted income statement, inflation adjusted statement of changes in equity and inflation adjusted statement of cash flows for the year then ended, and notes to the inflation adjusted financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matter discussed in the basis for Adverse Opinion section of our report, the inflation adjusted financial statements do not present fairly the inflation adjusted financial position of Industrial Development Corporation of Zimbabwe Limited as at 31 December 2019, and its inflation adjusted financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for an adverse 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 (2018) Financial statements were accordingly qualified on this basis. The prior year Financial statements were converted at this 1 to 1 exchange rate as opening balances to current financial year, thus having incorrect opening balance which had a material effect into current year inflation adjusted financial statements. We were not able to perform any other procedures to establish the actual effect coming from these 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 incorrect opening balances 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 incorrect opening balances.

It must be noted that the qualification of this audit report is no 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 adverse opinion.

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 and Material Uncertainty Relating to Going Concern sections of our report, 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 2019 the Group held land and buildings and investment property with fair values amounting to $ 1 488 million (2018-957 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 have 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 critical 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.

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 receivable amounting to $205 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.

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

Harare
9 December 2020

Statement of Financial Position
As at 31 December 2019

		GROUP				CORPORATION			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	Note	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
ASSETS									
Non-current assets									
Property, plant and equipment	8	1 609 212 471	1 248 018 427	1 601 078 392	109 627 073	15 045 002	3 354 826	15 045 002	350 418
Investment properties	9	74 138 950	23 068 200	74 138 950	3 742 000	-	-	-	-
Intangible assets	8.1	318 019	17 405	56 399	2 802	-	-	-	-
Non-current portion of land held for sale	12	48 021 238	74 744 311	8 561 767	12 032 149	-	-	-	-
Investment in subsidiaries	10.1	-	-	-	-	1 732 299 000	799 449 188	1 479 506 756	57 987 188
Investment in associates	10.2	419 980 091	152 923 979	273 476 915	22 632 399	248 447 732	102 121 411	130,331,677	12 923 804
Non-current financial assets		-	-	-	-	-	-	-	-
Fair Value through other comprehensive income(FVTOCI)	10.4	64 259 221	51 233 028	54 757 168	1 472 813	63 570 479	49 827 441	54 592 461	1 261 412
Right of Use Asset		1 070 993	-	714 758	-	1 070 993	-	714 758	-
Deferred Tax		-	-	-	-	-	-	-	-
Loans receivable		363 125	-	363,126	-	363 125	-	363 125	-
		2 217 364 109	1 550 005 349	2 013 147 475	149 509 237	2 060 796 332	954 752 866	1 680 553 780	72 522 821
Current assets									
Inventories	11	481 573 676	168 681 841	202 268 256	27 177 703	-	-	-	-
Trade and other receivables	13	205 521 232	153 938 754	190 583 257	24 208 713	145 475	1 501 064	145 475	241 640
Group balances receivables	13.1	-	-	-	-	2 123 960	19 670 361	2 123 960	2 593 992
Loans receivable	18	12 446 300	462 597	12 446 300	-	12 752 972	1 905 051	12 752 972	306 673
Non -current assets held for sale	10.5	80 962 662	50 917 180	80 962 598	3 585 249	38 506 156	31 974 806	38 506 095	3 634 389
Right of Use Asset		178 098	-	178 098	-	178 098	-	178 098	-
Cash and cash equivalents	14	209 941 979	96 342 952	209 941 978	15 517 475	54 654 728	294 310	54 654 728	47 378
		990 623 945	470 343 324	696 380 486	70 489 139	108 361 389	55 345 592	108 361 329	6 824 071
TOTAL ASSETS		**3 207 988 054**	**2 020 348 673**	**2 709 527 961**	**219 998 376**	**2 169 157 721**	**1 010 098 458**	**1 788 915 108**	**79 346 893**

Statement of Financial Position (continued)

As at 31 December 2019

EQUITY AND LIABILITIES									
Capital and reserves									
Issued capital	15©	354 267 857	250 893 024	92 517 542	28 517 543	354 267 857	250 893 024	92 517 542	28 517 543
Foreign currency translation reserve	15(d)(ii)	-	-	-	94 409 305	-	-	-	98 770 578
Revaluation reserve	15(d)(iii)	-	-	1 341 082 850	21 776 945	-	-	10 919 605	-
Mark to market reserve		-	-	53 579 837	248 787	-	-	53 579 837	248 787
Accumulated profits/(losses)		1 667 009 159	560 470 649	155 476 719	(93 876 794)	1 581 529 943	535 236 298	1 398 538 205	(87 294 457)
Equity attributable to owners of the parent		**2 021 277 016**	**811 363 673**	**1 642 656 949**	**51 075 786**	**1 935 797 801**	**786 129 322**	**1 555 555 189**	**40 242 450**
Non - controlling interests	10.7	337 908 645	247 296 727	228 947 343	11 235 520	-	-	-	-
Total equity		**2 359 185 661**	**1 058 660 400**	**1 871 604 292**	**62 311 306**	**1 935 797 801**	**786 129 322**	**1 555 555 189**	**40 242 450**
Non-current liabilities									
Loans and borrowings	16.1	6 202 814	210 013 007	6 202 814	33 563 729	-	4 327 596	-	523 293
Finance Lease Liability		16 156 653	-	16 156 653	-	714 758	-	714 758	-
Deferred tax liability	7	229 580 845	64 763 507	261 878 308	19 173 632	49 423 733	3 841 976	49 423 733	3 841 975
		251 940 312	274 776 514	284 237 775	52 737 362	50 138 491	8 169 572	50 138 491	4 365 269
Current liabilities									
Trade and other payables	17	317 509 359	516 727 019	285 365 249	77 647 021	7 358 269	118 412 460	7 358 269	19 061 905
Liabilities held for sale	10.5	5 988 680	5 209 871	5 988 739	461 836	-	-	-	-
Group balances payables		-	-	-	-	13 568 022	12 647 873	13 568 022	2 036 041
Loans and borrowings	16.2	176 244 329	147 155 286	176 244 329	23 972 060	162 117 040	84 739 231	162 117 040	13 641 228
Bank overdrafts	14	2 283 451	1 517 695	2 283 451	244 330	-	-	-	-
Finance Lease Liability		1 999 917	-	1 999 917		178 098	-	178 098	-
Current tax liability		92 836 345	16 301 889	81 804 209	2 624 462	-	-	-	-
		596 862 081	686 911 759	553 685 894	104 949 709	183 221 429	215 799 564	183 221 429	34 739 174
Total liabilities		**848 802 393**	**961 688 273**	**837 923 669**	**157 687 070**	**233 359 920**	**223 969 136**	**233 359 920**	**39 104 442**
TOTAL EQUITY AND LIABILITIES		**3 207 988 054**	**2 020 348 673**	**2 709 527 961**	**219 998 376**	**2 169 157 721**	**1 010 098 458**	**1 788 915 108**	**79 346 893**

C.N. Msipa
Chairman
9 December 2020

B.N. Kumalo
General Manager
9 December 2020

Statement of Profit or Loss
For the year ended 31 December 2019

	Note	GROUP				CORPORATION			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
		2019	2018	2019	2018	2019	2018	2019	2018
		ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Continuing operations									
Revenue from contracts with customers	5.1	1 154 070 137	555 518 555	630 101 475	90 316 733	13 737 029	7 490 368	6 636 667	905 736
Cost of sales		(481 058 005)	(401 703 359)	(235 832 545)	(65 146 610)	-	-	-	-
Gross profit		**673 012 132**	**153 815 196**	**394 268 930**	**25 170 123**	**13 737 029**	**7 490 368**	**6 636 667**	**905 736**
Other income	5.2	22 613 328	31 061 950	11 628 044	4 010 708	33 171 881	10 549 824	12 753 449	775 686
Selling and distribution expenses		(36 623 610)	(18 289 540)	(24 568 240)	(2 982 276)	-	-	-	-
Administration expenses	5.3	(176 571 947)	(44 935 811)	(133 026 647)	(17 325 940)	(18 464 754)	(15 900 720)	(7 289 292)	(1 922 716)
Net finance costs	5.4	(16 150 329)	(31 588 642)	(5 929 577)	(4 714 999)	(2 793 882)	(9 136 583)	(863 299)	(1 104 797)
Investment property fair value gain	9	61 403 358	1 056 048	70 348 081	(3 723)	-	-	-	-
Share of profit/(loss) of equity-accounted investees net of tax	10.2	40 532 891	(3 428 654)	31 268 952	(561 095)	-	-	-	-
Impairment of assets		-	-	-	(483 810)	-	-	-	(196 176)
Impairment of investments	5.7	-	(23 128)	-	-	1 568 274 029	-	1 568 275 512	7 770 613
Other operating expenses	5.5	-	-	-	-	-	78 458 687	-	1 912 794
Profit on Disposal of Investments		-	-	-	500 000	-	-	-	500 000
Loss on Loss of Control		-	-	-	-	-	-	-	-
Monetary Gain		256 442 469	609 661 071	-	-	(72 745 104)	461 566 717	-	
Exchange (loss)/gain		(428 715 420)	5 648 078	(148 292 677)	650 928	(432 909 432)	5 383 125	(150 474 831)	650 928
Profit from continuing operations		**395 942 872**	**702 976 568**	**195 696 866**	**4 259 915**	**1 088 269 767**	**538 411 418**	**1 429 038 206**	**9 292 067**
Income tax	6	(283 808 650)	(20 764 263)	(109 294 988)	(3 376 426)	(41 976 122)	(5 988 185)	(41 976 122)	(724 092)
Profit after tax		**112 134 222**	**682 212 305**	**86 401 879**	**883 489**	**1 046 293 645**	**532 423 233**	**1 387 062 084**	**8 567 975**
Discontinued operations									
Loss from discontinued operations, net of tax	10.3	(817 753)	(5 488 120)	(5 494 112)	(177 923)	-	-	-	-
Profit after tax		**111 316 469**	**676 724 185**	**80 907 767**	**705 565**	**1 046 293 645**	**532 423 233**	**1 387 062 084**	**8 567 975**
Attributable to:									
Equity holders' of the parent		17 698 487	658 947 996	2 547 362	(544 003)	1 046 293 645	532 423 233	1 387 062 084	8 567 975
Non - controlling interest		93 617 982	17 776 189	78 360 405	1 249 568	-	-	-	-
		111 316 469	**676 724 185**	**80 907 767**	**705 565**	**1 046 293 645**	**532 423 233**	**1 387 062 084**	**8 567 975**

Statement of Other Comprehensive Income
For the year ended 31 December 2019

		GROUP				CORPORATION			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	Note	2019	2018	2019	2018	2019	2018	2019	2018
		ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Profit after tax		**111 316 469**	**676 724 185**	**80 907 767**	**705 565**	**1 046 293 645**	**532 423 233**	**1 387 062 084**	**8 567 975**
Other comprehensive income		92 612 634	32 108 361	92 612 634	5 169 181	-	-	-	-
Items that will not be reclassified to profit or loss									
Revaluation of property, plant and equipment - net of tax		-	-	1 371 086 926	6 180 671	-	-	10 919 605	-
Items that are or may be reclassified to profit or loss									
Available-for-sale financial assets		-	-	53 331 050	-	-	-	53 331 050	-
Loss on revaluation of construction inventories		-	-	-	-	-	-	-	-
Other comprehensive income for the year net of tax		**92 612 634**	**32 108 361**	**1 517 030 610**	**11 349 852**	**-**	**-**	**64 250 655**	**-**
Total profit for the year net of tax		**203 929 103**	**708 832 546**	**1 597 938 376**	**12 055 417**	**1 046 293 645**	**532 423 233**	**1 451 312 739**	**8 567 975**
Attributable to:									
Equity holders of the parent		110 311 121	691 056 357	1 518 907 904	10 801 895	1 046 293 645	532 423 233	1 451 312 739	8 567 975
Non - controlling interests		93 617 982	17 776 189	79 030 472	1 253 522	-	-	-	-
		203 929 103	**708 832 546**	**1 597 938 376**	**12 055 417**	**1 046 293 645**	**532 423 233**	**1 451 312 739**	**8 567 975**

Statement of Changes in Equity

For the year ended 31 December 2019

INFLATION ADJUSTED - GROUP

For the year ended 31 December 2019	-----Attributable to the equity holders of the parent-----						
	Issued capital	Foreign currency translation reserve	Mark to Market reserve	Accumulated losses	Total	Non controlling interests	Total equity
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Balance as at 1 January 2019	**250 893 024**	**-**	**-**	**560 470 648**	**811 363 672**	**247 296 727**	**1 058 660 399**
Profit for the period	-	-	-	17 698 487	17 698 487	93 617 982	111 316 469
Other comprehensive income	-	-	-	92 612 634	92 612 634	-	92 612 634
Revalatuion Adjustment	-	-	-	996 227 390	996 227 390	3 963 337	1 000 190 727
Issue of new shares	103 374 833				103 374 833	-	103 374 833
Dividends Paid	-	-	-	-	-	(6 969 401)	(6 969 401)
Balance at 31 December 2019	**354 267 857**	**-**	**-**	**1 667 009 159**	**2 021 277 016**	**337 908 645**	**2 359 185 661**

For the year ended 31 December 2018	-----Attributable to the equity holders of the parent-----						
	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 2018	**28 517 543**	**109 034 771**	**248 787**	**(254 248 147)**	**(116 447 047)**	**233 487 195**	**117 040 150**
	-	-	-	(3 108 282)	(3 108 282)	-	(3 108 282)
Share capital adjustment - IAS 29	222 375 481	-	-		222 375 481	-	222 375 481
Balance as at 1 January 2018 - Restated	**250 893 024**	**109 034 771**	**248 787**	**(257 356 429)**	**102 820 153**	**233 487 195**	**336 307 348**
Profit for the period	-	-	-	658 947 996	658 947 996	17 776 189	676 724 185
Other comprehensive income	-	-	-	49 595 523	49 595 523	5 101 231	54 696 754
Transfer to revenue reserves	-	(109 034 771)	(248 787)	109 283 558	-	-	-
Dividend paid	-	-	-	-	-	(9 067 888)	(9 067 888)
Balance at 31 December 2018	**250 893 024**	**-**	**-**	**560 470 647**	**811 363 672**	**247 296 727**	**1 058 660 400**

Statement of Changes in Equity (continued)
For the year ended 31 December 2019

HISTORICAL COST - GROUP

For the year ended 31 December 2019	----------------------Attributable to the equity holders of the parent-------------------------							
	Issued capital	Foreign currency translation reserve	Revaluation reserve	Mark to Market reserve	Accumulated losses	Total	Non controlling interests	Total equity
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Balance as at 1 January 2019	**28 517 542**	**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 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
Dividends 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	**92 517 542**	**-**	**1 341 082 850**	**53 579 837**	**155 476 719**	**1 642 656 949**	**228 947 343**	**1 871 604 292**

For the year ended 31 December 2018	-----------------Attributable to the equity holders of the parent--------------							
	Issued capital	Foreign currency translation reserve	Revaluation reserve	Mark to Market reserve	Accumulated loss	Total	Non controlling interests	Total equity
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Balance as at 1 January 2018	**28 517 543**	**91 714 374**	**8 465 015**	**248 787**	**(99 011 459)**	**29 934 260**	**13 252 517**	**43 186 777**
Correction of error	-	-	-	-	(439 290)	(439 290)	-	(439 290)
Balance as at 1 January 2018 - Restated	**28 517 543**	**91 714 374**	**8 465 015**	**248 787**	**(99 450 749)**	**29 494 970**	**13 252 517**	**42 747 487**
Profit for the period	-	-	-	-	(544 003)	(544 003)	1 249 568	705 565
Other comprehensive income	-	-	10 956 645	-	-	10 956 645	393 207	11 349 852
Additional property, plant and equipment	-	9 746 050	327 938	-	-	10 073 988	-	10 073 988
Transfer (from)/to Revenue Reserves	-	(7 051 119)	-	-	7 579 408	528 289	-	528 289
Investment restructuring	-	-	2 027 347	-	(1 461 450)	565 897	(2 199 917)	(1 634 020)
Dividend paid	-	-	-	-	-	-	(1 459 855)	(1 459 855)
Balance at 31 December 2018	**28 517 543**	**94 409 305**	**21 776 945**	**248 787**	**(93 876 794)**	**51 075 786**	**11 235 520**	**62 311 306**

Statement of Changes in Equity (continued)

For the year ended 31 December 2019

INFLATION ADJUSTED - CORPORATION

For the year ended 31 December 2019

	Issued capital ZWL$	Foreign currency translation reserve ZWL$	Mark to Market reserve ZWL$	Accumulated loss ZWL$	Total ZWL$
Balance as at 1 January 2019	**250 893 023**	**-**	**-**	**535 236 298**	**786 129 322**
Profit for the period	-	-	-	1 046 293 645	1 046 293 645
Other comprehensive income	-	-	-	-	-
Share capital adjustment : IAS 29	103 374 834	-	-	-	103 374 834
At 31 December 2019	**354 267 857**	**-**	**-**	**1 581 529 943**	**1 935 797 801**

For the year ended 31 December 2018

	Issued capital ZWL$	Foreign currency translation reserve ZWL$	Mark to Market reserve ZWL$	Accumulated loss ZWL$	Total ZWL$
Balance as at 1 January 2018	**28 517 542**	**109 034 771**	**248 787**	**(106 470 493)**	**31 330 607**
Profit for the period	-	-	-	532 423 233	532 423 233
Other comprehensive income	-	-	-	-	-
Share capital adjustment	222 375 482	-	-	-	222 375 482
Transfer to Revenue Reserve	-	(109 034 771)	(248 787)	109 283 558	-
At 31 December 2018	**250 893 024**	**-**	**-**	**535 236 298**	**786 129 322**

Statement of Changes in Equity (continued)

For the year ended 31 December 2019

HISTORICAL COST - CORPORATION

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**	**40 242 450**
Profit for the period	-	-	-	1 387 062 084		1 387 062 084
Other comprehensive income	-	-	10 919 605	-	53 331 050	64 250 654
Transfer to Revenue Reserve	-	(98 770 578)	-	98 770 578	-	-
Issue of new shares	64 000 000	-	-	-	-	64 000 000
At 31 December 2019	**92 517 542**	**-**	**10 919 605**	**1 398 538 205**	**53 579 837**	**1 555 555 189**

For the year ended 31 December 2018	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 2018	**28 517 543**	**105 631 081**	**-**	**(103 066 802)**	**248 787**	**31 330 608**
Change in accounting policy-IFRS 9	-	-	-	(184 422)	-	(184 422)
Balance as at 1 January 2018 - Restated	**28 517 543**	**105 631 081**	**-**	**(103 251 224)**	**248 787**	**31 146 186**
Profit for the period	-	-	-	8 567 975	-	8 567 975
Other comprehensive income	-	-	-	-	-	-
Transfer to Revenue Reserve	-	(6 860 503)	-	7 388 792	-	528 289
At 31 December 2018	**28 517 543**	**98 770 578**	**-**	**(87 294 457)**	**248 787**	**40 242 450**

Statement of Cash Flows
For the year ended 31 December 2019

		Group				Corporation			
		Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
		2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
	Note								
Cash Flows from Operating Activities									
Profit before tax		395 125 119	697 488 448	190 202 754	4 081 991	1 088 269 767	538 411 418	1429 038 206	9 292 067
-'from continuing operations		395 942 872	702 976 568	195 696 866	4 259 915	-	-	-	-
-'from discontinued operations		(817 753)	(5 488 120)	(5 494 112)	(177 923)	-	-	-	-
Adjustments for:									
-Exchange loss/(gain)		428 715 420	(5 648 078)	148 292 677	(650 928)	432 909 432	(5 383 125)	150 474 831	(650 928)
-Write off of inventory to net realisable value		-	-	-	-	-	-	-	-
-Depreciation on property, plant and equipment		159 857 821	32 526 578	77 242 467	4 662 466	-	336 596	73 070	40 701
-Impairment losses/Other Expenses		-	23 128	-	309 661	(1 570 482 821)	12 473 149	(1568 319 655)	(9 280 781)
-Amortisation of intangible assets		89 210	3 367	300	-	-	-	-	-
-Dividend received		-	-	-	-	(32 444 012)	(6 036 446)	(12 170 184)	(729 928)
-Net Finance Costs		16 150 329	31 588 642	5 929 577	4 714 999	(2 793 882)	9 136 583	863 299	1 104 797
- (Profit)/loss on disposal of plant & equipment / Other		610 843	836 868	(109 471)	802 899	-	(4 197 217)	(1 483)	(507 528)
-Provision for credit losses: External	13	9 616 804	22 735 339	9 616 804	144 762	-	-	-	-
: Intercompany balances		-	-	-	-	-	-	-	-
-Intercompany balances written off		-	-	-	-	-	-	-	-
-Monetary (loss)/gain		(256 442 469)	(609 661 071)	-	-	72 745 104	(461 566 717)	-	-
-Gain on loss of control		-	-	-	-	-	-	-	-
- Share of (loss)/profit of associates	10.2	(40 532 891)	3 428 654	(31 268 952)	561 095	-	-	-	-
- Fair value adjustment on financial assets at fair value through profit and loss		-	-	-	-	-	-	-	-
-Fair value adjustment on investment property		(61 403 358)	(1 056 048)	(70 348 081)	3 723	-	-	-	-
Operating gain/(deficit) before working capital changes		**651 786 828**	**172 265 827**	**329 558 074**	**14 630 669**	**(11 796 412)**	**83 174 241**	**(41 917)**	**(731 599)**
Working capital adjustments									
(Increase)/decrease in inventories		(312 891 835)	(73 390 155)	(175 090 553)	(11 832 826)	-	-	-	-
(Increase)/decrease in trade and other receivables		(51 582 478)	(53 192 988)	(175 991 348)	(4 469 239)	15 022 408	1 332 430	(11 880 103)	138 193
Decrease in financial assets through profit and loss		-	-	-	-	-	-	-	-
Increase/(decrease) in Right of Use Asset		-	-	178 098	-	-	-	-	-
(Decrease)/Increase in trade and other payables		(199 217 660)	74 573 808	207 718 227	6 446 826	3 618 424	(1 259 541)	(15 665 005)	58 421
Cash from operating activities		**88 094 855**	**120 256 492**	**186 372 498**	**4 775 430**	**6 844 420**	**83 247 130**	**(27 587 025)**	**(534 985)**
Taxation paid		(114 973 172)	(17 628 275)	(79 797 464)	(3 299 147)	(181 300)	(295 831)	(181 300)	(35 772)
Net cash flows (used)/generated in operating activities		**(26 878 317)**	**102 628 217**	**106 575 034**	**1 476 283**	**6 663 120**	**82 951 299**	**(27 768 325)**	**(570 757)**

Statement of Cash Flows (continued)

For the year ended 31 December 2019

INVESTING ACTIVITIES									
Purchases of property, plant and equipment		(16 019 581)	(90 532 546)	(10 214 230)	(7 719 151)	(61 115)	(1 737 999)	(61 115)	(279 781)
(Loans)/proceeds from/to associates		(12 346 827)	(462 597)	(12 809 425)	-	-	-	-	-
Sale/(purchases) of investments		14 036 795	-	(70 396 950)	-	(1 880 793)	4 134 962	(1 880 793)	500 000
Purchases of investment property		-	-	-	-	-	-	-	-
Decrease/(increase) in non-current portion of land held for sale		26 723 073	7 239 550	3 470 382	1 169 761	-	-	-	-
(Increase)/Decrease in non-current assets held for sale		(30 045 482)	(25 777 622)	(77 377 349)	462 989	-	-	-	-
(Increase)/Decrease in Right of use Asset		(1 249 091)	-	(714 758)	-	-	-	-	-
Increase/(Decrease) in liabilities held for sale		778 809	1 793 806	5 526 903	(88 255)	-	-		
Increase/(Decrease) in finance lease liability		18 156 570	-	1 999 917	-	-	-	-	-
Purchase of intangible assets		(389 824)	(14 839)	(389 824)	(2 389)	-	-	-	-
Proceeds on disposal of property, plant and equipment		3 649 349	7 717 266	(438 180)	(356 116)	-	-	-	-
Proceeds on investment property		-	4 969 640	-	800 000	-	-	-	-
Dividend received		-	-	-	-	32 444 012	6 036 446	12 170 184	729 928
Increase in non current financial assets @ FVTOCI		(13 026 194)	-	-	-	-	-	-	-
Additions : available for sale financial assets		-	-	-	(65 258)	-	-	-	-
Net finance costs	5.4	(16 150 329)	(31 588 642)	(5 929 577)	(4 714 999)	2 793 882	(2 535 408)	(863 299)	(317 313)
Net cash (outflows)/inflows from investing activities		**(25 882 731)**	**(126 655 985)**	**(167 273 091)**	**(10 513 418)**	**33 295 986**	**5 898 002**	**9 364 977**	**632 834**
Net cash (outflows)/inflows before financing		**(52 761 048)**	**(24 027 767)**	**(60 698 057)**	**(9 037 135)**	**39 959 106**	**88 849 301**	**(18 403 348)**	**62 076**

Statement of Cash Flows (continued)
For the year ended 31 December 2019

	Group				Corporation			
	Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
FINANCING ACTIVITIES								
Interest bearing borrowings:							-	
-Proceeds	13 289 079	33 008 605	188 911 354	10 342 328	11 531 982	3 490 756	11 531 981	561 938
-Repayments	(174 721 150)	-	-	-	(100 505 503)	(92 080 123)	(2 521 283)	(611 011)
Issue of ordinary shares	325 750 314	-	64 000 000	-	-	-	64 000 000	-
New Capital : Motec		-	-	-	103 374 834	-	-	-
Net cash inflow/(outflow) from financing activities	**164 318 244**	**33 008 605**	**252 911 354**	**10 342 328**	**14 401 312**	**(88 589 367)**	**73 010 698**	**(49 073)**
Net Increase/(decrease) in cash and cash equivalents	**111 557 195**	**8 980 838**	**192 213 297**	**1 305 193**	**54 360 418**	**259 933**	**54 607 350**	**13 004**
Cash and cash equivalents at 1 January	**96 096 020**	**85 672 334**	**15 273 145**	**13 795 867**	**294 310**	**34 376**	**47 378**	**34 376**
Held for sale : cash & overdraft	**5 313**	**172 085**	**172 085**	**172 085**	**0**	**-**	**-**	**-**
Cash and cash equivalents at end of year	**207 658 528**	**94 825 257**	**207 658 527**	**15 273 145**	**54 654 728**	**294 310**	**54 654 728**	**47 378**
Made up of the following								
-Bank overdrafts	(2 283 451)	(1 517 695)	(2 283 451)	(244 330)	-	-	-	-
-Cash at bank	209 941 979	96 342 952	209 941 978	15 517 475	54 654 728	294 310	54 654 728	47 378
Cash and cash equivalents	**207 658 528**	**94 825 257**	**207 658 527**	**15 273 145**	**54 654 728**	**294 310**	**54 654 728**	**47 378**

Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

1. 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 2019 were authorised for issue in accordance with a resolution of the directors on 9 December 2020.

2. Significant accounting policies

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

2.1. 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$. As a result, no adjustment has been made prior period figures, which were previously expressed in US$ 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 art 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 3.

2.2. 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 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 :

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

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 2018	88.80	6.21
CPI as at 31 December 2019	551.6	1.00
Average CPI 2018	8.27	
Average CPI 2019	3.28	

2.3 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.

2.4. 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. 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 inter-company 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. Non-controlling 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 non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling 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 non-controlling interest for such transactions is recognised in equity attributable to the owners of the Group.

Where a subsidiary is disposed of and a non-controlling 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 Non-current 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.

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 non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current 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.

2.5. 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 Non-current 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 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, is a gain on acquisition 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 using the equity method. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

2.6. 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 2.11 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.

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 assess 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.

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 2019 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
- 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

2.7. 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.

2.7.1. 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
Office furniture	10 years
Motor vehicle	5 years
Office equipment	5 years

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.

2.7.2. 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.

2.7.3. 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
    - 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. 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.

2.7.4. 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.

2.7.5. 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.

2.7.6. 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.

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.

2.8. 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

2.9. Financial instruments

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

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.

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.

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.

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 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 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. 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 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 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. 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.

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.

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) Non-hedging derivatives

Classification

Non-hedging 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.

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.

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.

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 assets

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 non-cash 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.

2.10. 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.

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.

2.11. 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 residual value guarantee by the 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 straight-line 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 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.

2.12. 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.

2.13. Non-current assets (disposal groups) held for sale or distribution to owners

Non-current 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.

Non-current 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.

Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

A non-current 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.

2.14. 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.

2.15. 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.

2.16. Employee benefits

Short-term employee benefits

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

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.

2.17. 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.

2.18. 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 un-amortised 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.

2.19. 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

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.

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.

2.20. 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.

2.21. 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.

2.22. 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

2.23. 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.

2.24. 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 policyholders if a specified uncertain future event(the insured event) adversely affects the policyholders. 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.

2.25. 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.

2.26. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:
- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:
- expenditures for the asset have occurred;
- 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.

2.27. 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. 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.

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. Comparatives in relation to instruments that have not been derecognised as at 01 January 2018 have.

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 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.

Financial instruments previously designated at fair value through profit or loss

The following financial instruments were designated as at fair value through profit or loss under IAS 39, but are no longer designated in that manner under IFRS 9. The information is provided as at the date of initial application of IFRS 9:

Financial Instruments	Old Measurement Category	New measurement category	Reason for de-designation
Financial instruments	Available for sale investments	FVOCI New	New Standard requirement

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 SIC-31 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 completion. There has been no adjustment to revenue and as the engineering segment has been idle during the year ended 31 December 2019.

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 2.11 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 valuation s 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.

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:	Expected impact:
• Amendments to IFRS 9 : Financial Instruments **Executive Summary** *The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination for the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortised cost or at fair value through other comprehensive income. The amendment is required to be applied retrospectively.*	Years beginning on or after Annual periods beginning on or after 1 January 2019	Likely there will be an impact
• Amendments to IAS 19: Employee Benefits Plan amendment, curtailment or settlement. **Executive Summary** *The amendments require a company to use the updated assumptions when a change to a plan either an amendment, curtailment or settlement, takes place to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. By requiring the use of updated assumptions, the amendments are*	Annual periods beginning on or after 1 January 2019	Unlikely there will be a material impact

expected to provide useful information to users of financial statements. The amendment will be applied retrospectively.		
• IFRIC 23: Uncertainty over Income Tax Treatments. Amendments to IAS 12: Income Taxes. Annual improvements to IFRS 2015-2017 cycle. **Executive Summary** *This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 where there in uncertainty over tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit(loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this interpretation. This interpretation addresses: whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of treatments by tax authorities; how an entity determines taxable profit(loss), tax bases, unused tax losses, unused tax credits and rates, and how an entity considers changes in facts and circumstances. The IFRIC will be applied retrospectively only if possible without the use of hindsight.*	Annual periods beginning on or after 1 January 2019	Unlikely there will be a material impact
• IFRS 16 : Leases **Executive Summary** *IRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 replaces current lease guidance including IAS 17 : Leases and the related interpretations.* *The Group has chosen the modified retrospective application of IFRS 16 in accordance with IFRS 16 : C5(a). Consequently, the Group will not restate the comparative information. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.* *Impact of the new definition of a lease:* *The Group will make use of the practical expedient on transition to IFRS 16 not to reassess whether*	Annual periods beginning on or after 1January 2019	Likely there will be a material impact

a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2018. *The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has :* ➢ *The right to obtain substantially all of the economic benefits from the use an identified asset; and* ➢ *The right to direct the use of that asset.* *The Group will apply the definition of a lease and Related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1January 2019 (whether it is a lessor or a lessee in the contract). The new definition will not change significantly the scope of contracts that meet the scope of contracts that meet the definition of a lease for the Group.* *Operating Leases:* *IFRS 16 will change how the Group accounts for leases Previously classified as operating leases under IAS 17, which were off-balance sheet. On initial application of IFRS 16, for all the leases (except as noted below), the Group will :* *a) Recognize right of-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments,* *b) Recognize depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss.* *c) Separate the total of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.* *Lease incentives (eg rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a*		

lease liability incentive, amortised as a reduction of rental expenses on a straight line-line basis. *Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36: Impairment of Assets. This replaces the previous requirement to recognize a provision for onerous lease contracts.* *For short term leases (lease term of 12 months or less) and lease of low-value assets (such as personal computers, office furniture, photocopiers), the Group will opt to recognize a lease expense on a straight line basis as permitted by IFRS 16.*		
• IAS 1/IAS 8: Presentation of Financial Statements/Accounting Policies, Changes in Accounting Estimates and Errors. **Executive Summary** *The amendments clarify the definition of material and how it should be applied by including the definition guidance that until now has featured elsewhere in IFRS standards. In addition, the explanations accompanying the definition have been improved. The amendments ensure that the definition of material is consistent across all IFRS Standards. The amendments will be applied prospectively.*	Annual periods beginning on or after 1 January 2019	Unlikely there will be a material impact.
• Amendments to IAS 23: Borrowing Costs. Annual Improvements to IFRS 2015- 2017 cycle	1 January 2019	Unlikely there will be a material impact.
• Amendment to IAS 28 : Long Term Interests in Joint Ventures and Associate	1 January 2019	Unlikely there will be a material impact
• Amendments to IFRS 3 : Business Combinations. Annual Improvements to IFRS 2015 – 2017 cycle	1 January 2019	Unlikely there will be a material impact
• Amendments to IFRS 11 : Joint Arrangements. Annual Improvements to IFRS 2015 – 2017 cycle	1 January 2019	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 2019 or later periods:

<table>
<tr><th>Standard/ Interpretation:</th><th>Effective date:</th><th>Expected impact:</th></tr>
<tr><td>
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

</td><td>Years beginning on or after Postponed to a date to be advised(initially 1 January 2016)</td><td>Unlikely there will be a material impact</td></tr>
</table>

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.*		
● 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 2022) with earlier application permitted.	Unlikely there will be a material 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.

	Group				Corporation			
	Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 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	1 154 070 137	555 518 555	630 101 475	90 316 733	-	-	-	-
Management fees	-	-	-	-	13 737 029	7 490 368	6 636 667	905 736
	1 154 070 137	555 518 555	630 101 475	90 316 733	13 737 029	7 490 368	6 636 667	905 736
5.2 Other operating income								
Profit on disposal of items of property and equipment	262 498	4 587 983	134 572	70 442	-	4 197 217	1 483	7 529
Profit on disposal of investment in shares	-	-	-	-	-	-	-	-
Fees and commission	5 307 369	4 017 272	3 204 673	646 792	-	-	-	-
Cost of cancelled sales	-	-	-	-	-	-	-	-
Rent received	7 235 870	2 982 387	3 343 521	437 283	-	-	-	-
Sundry income	2 178 389	12 925 888	981 487	1 744 714	96 224	38 490	45 229	4 654
Guarantee fees	272 399	16 540	243 006	4 569	272 399	16 540	243 006	2 000
Assembly Fees	-	459 540	-	147 036	-	-		
Discount Received	-	1 405 998	-	226 334	-	-	-	-
Directors fees	429 345	261 131	338 978	14 320	359 246	261 131	293 546	31 576
Bad debts recovered	-	-	-	-	-	-	-	-
Scrap sales	2 428 023	987 642	1 343 398	169 007	-	-	-	-
Dividends	1 994 678	-	888 783	-	32 444 012	6 036 446	12 170 184	729 928
Exchange Gain	2 504 063	307 168	1 149 107	49 463	-	-		
Export Incentive	694	3 110 401	518	500 749	-	-		
	22 613 328	31 061 950	11 628 044	4 010 708	33 171 881	10 549 824	12 753 449	775 686

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

	Group				Corporation			
	Inflation Adjusted		Historical Cost		Inflation Adjusted		Historical Cost	
	2019	2018	2019	2018	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
5.3 Administration Expenses								
Included in the administration expenses are the following items:								
Loss on disposal of items of property and equipment	873 341	5 424 851	25 101	873 341	-	-	-	-
Audit fees	207 156	1 314 344	1 519 631	207 156	322 458	252 836	272 590	30 000
Depreciation	159 857 821	32 526 578	77 242 467	4 662 466	68 657	252 836	282 128	40 701
Amortisation of intangible assets	89 210	3 367	300	-	-	-	-	-
Directors' emoluments:								
-for services as directors	258 500	1 469 548	1 137 985	258 500	119 370	404 958	107 302	48 968
-for managerial services	3 660 325	3 127 595	3 381 926	3 660 325	2 067 185	3 066 989	1 007 502	370 861
Employee benefits expense :								
-Salaries and wages	6 166 090	38 250 846	-	6 166 090	6, 527 560	3 774 618	3 181 393	456 427
-National Social Security Authority	123 186	776 747	445 500	123 186	91 719	145 703	38 112	17 618
- Pension costs	131 550	913 695	362 726	131 550	357 636	387 934	164 981	46 909
- Medical aid	303 650	2 051 552	809 854	303 650	663 415	664 718	284 387	80 378
5.4 Net finance costs								
Finance costs:								
Interest on debts and borrowings	(21 690 192)	(32 910 550)	(8 928 073)	(4 924 241)	(4 386 311)	(9 225 319)	(1 840 193)	(1 115 526)
Finance income:								
Interest income on loans receivable	-	-	-	-	1 592 429	-	976 895	10 729
Interest on accounts receivable	5 539 863	1 321 908	2 998 497	209 242	-	88 736	-	-
	(16 150 329)	(31 588 642)	(5 929 577)	(4 714 999)	(2 793 882)	(9 136 583)	(863 299)	(1 104 797)
	-	-	-	-	-	-	-	
5.5 Other operating expenses	-	-	-	-		78 458 687	-	1 912 794
	-	-	-	-	-	78 458 687	-	1 912 794
	-		-			-	-	-

5.6	**Appreciation/(Impairment) of Subsidiaries and Associates**								
	Motira (Private) Limited	-	-	-	-	-	795 652	-	78 802
	Sunway City (Private) Limited	-	-	-	-	497 792 580	(26 802 000)	497 792 580	(2 654 492)
	Ginhole Investments (Private) Limited	-	-	-	-	36 354 392	962 704	36 354 391	95 347
	Zimbabwe Grain Bag (Private) Limited	-	-	-	-	36 978 167		36 978 167	-
	Chemplex Corporation Limited	-	-	-	-	746 014 633	(53 415 048)	746 014 633	(5 290 270)
	Willowvale Motor Industries (Private) Limited	-	-	-	-	-		122 596 195	
	Deven Engineering (Private) Limited	-	-	-	-	-		55 644 450	
	Sino Zimbabwe Cement Company	-	-	-	-	-		47 632 206	
	Other	-	-	-	-	251 482 899		78 941 097	-
		-	-	-	-	1 568 622 671	(78 458 692)	1 621 953 719	(7 770 613)
6	**Taxation**								
	Income tax								
	Current tax expenses								
	Current year	(114 973 172)	(17 628 275)	(90 720 516)	(3 299 147)	(181 300)	(295 831)	(181 300)	(35 772)
	Deferred tax expense	(114 973 172)	(17 628 275)	(90 720 516)	(3 299 147)	(181 300)	(295 831)	(181 300)	(35 772)
	Origination and reversal of temporary differences	(168 835 478)	(3 135 989)	(18 574 472)	(77 279)	(41 794 822)	(5 692 355)	(41 794 822)	(688 320)
	Income (credit)/tax reported in the income statement	**(283 808 650)**	**(20 764 263)**	**(109 294 988)**	**(3 376 426)**	**(41 976 122)**	**(5 988 185)**	**(41 976 122)**	**(724 092)**
		-	-	-	-	-	-	-	
	Amounts recognised in other comprehensive income								
	Revaluation of property, plant and equipment	-	-	228 998 524	573 856	3 786 934	-	(3 786 934)	-
	Income tax charged directly to other comprehensive income	-	-	228 998 524	573 856	3 786 934	-	(3 786 934)	-

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2019

Reconciliation of effective tax charge								
Profit/(loss) before tax			195 696 866	4 259 915	1 088 269 767	760 539 968	1429 038 206	9 292 067
	%	%	%	%	%	%	%	%
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)	(6.57)	(7.26)	(7.26)	0.08	0.08	0.08	0.08
Tax incentive subject to lower rates	20.69	20.69	21.42	20.69	0.09	0.05	0.05	0.05
Permanent differences-associated companies	35.40	35.35	35.38	35.35	-	-	-	-
Gain on loss of control	0.55	0.55	-	0.55	-	-	-	-
Disallowable expenses	(24.35)	(24.35)	(24.35)	(24.35)	25.54	25.57	25.59	25.54
Other (non taxable)/non deductible items	-	-	-	-	-			
Total	**(0.72)**	**(0.08)**	**(0.56)**	**(0.77)**	**(0.04)**	**(0.05)**	**(0.03)**	**(0.08)**

7 **Deferred taxation**

Net deferred tax analysed as follows								
Deferred tax liabilities	253 782 287	80 521 637	266 485 027	20 070 599	49 984 573	3 841 976	49 984 573	4 033 165
Deferred tax asset	(22 335 174)	(15 758 131)	(3 987 229)	(896 967)	-	-	-	(191 190)
	231 447 113	**64 763 507**	**262 497 798**	**19 173 632**	**49 984 573**	**3 841 976**	**49 984 573**	**3 841 975**
Deferred tax comprises of the tax effect on temporary differences arising from:								
Property, plant and equipment	199 956 601	87 290 005	166 915 206	15 221 114	3 776 189	75 212	3 776 189	75 212
Receivables	271 756	1 985 843	271 756	245 293	-	-	-	-
Investments	93 757 221	3 965 045	93 757 221	3 892 840	84 955 653	3 790 340	84 955 651	3 790 340
Inventory	(1 866 268)	-	(619 490)	-	-	-	-	-
Revaluations	81 655	(3 653 002)	44 013 122	437 772	-	-	-	-
Prepayments	(1 537 680)	(9 233 867)	274 989	105 967	-	-	-	(191 190)
Provisions	(7 021 103)	(8 089 519)	(10 196 620)	551 803	(560 840)	(191 190)	(560 840)	-
Assessed loss	(15 314 071)	(7 668 612)	6 209 391	(1 448 770)	-	-	-	-
Unrealised exchange loss	(38 747 266)	167 613	(38 747 267)	167 613	(38 747 269)	167 613	(38 747 267)	167 613
	229 580 845	**64 763 507**	**261 878 308**	**19 173 632**	**49 423 733**	**3 841 976**	**49 423 733**	**3 841 975**

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 $6 209 391(2018 : $1 448 768)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

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 2018	874 219 717	226 813 293	66 105 964	14 943 690	854 918	8 230 189	1 191 167 771
Additions	60 630 107	8 016 720	12 875 180	2 116 842	-	6 893 697	90 532 546
Transfers	116 795	69 276	-	6 744	-	(192 815)	-
Revaluation	44 206 011	2 006 516	382 065	674 331	-	-	47 268 923
Reclassification to Investment property	-	-	-	-	-	-	-
Disposals	(2 308 721)	(3 640 589)	(4 683 021)	(230 524)	-	-	(10 862 855)
Assets held for sale	(19 525 481)	(2 006 516)	(382 065)	(674 331)	-	-	(22 588 393)
As 31 December 2018	**957 338 428**	**231 258 700**	**74 298 123**	**16 836 752**	**854 918**	**14 931 071**	**1 295 517 993**
Additions	1 425 578	1 572 283	2 730 270	1 477 845	-	8 813 605	16 019 581
Transfers	(119 036)	256 135	544 820	267 718	-	(1 095 013)	(145 376)
Revaluation	529 004 761	40 488 189	931 127	1 102 469	23 292 422	(3 614 420)	591 204 547
Disposals	-	(176 442)	(208 554)	(27 036)	-	-	(412 032)
Assets held for sale	-	-	-	-	-	-	-
At 31 December 2019	**1 487 649 731**	**273 398 865**	**78 295 786**	**19 657 748**	**24 147 340**	**19 035 243**	**1 902 184 713**
Accumulated depreciation							
At 1 January 2018	2 126 978	12 131 428	7 270 731	2 502 347	854 918	1 169 813	26 056 215
Charge for the year	18 690 316	8 255 980	3 936 735	1 643 546	-	-	32 526 577
Impairment loss recognised in Profit or loss	(2 639 910)	-	(691 840)	-	-	-	(3 331 750)
Transfers	-	-	-	-	-	-	-
Disposals	(21 041)	(256 057)	(3 393 055)	(178 007)	-	-	(3 848 160)
Assets held for sale	(1 017 077)	(1 835 754)	(382 065)	(668 422)	-	-	(3 903 318)
As 31 December 2018	**17 139 266**	**18 295 597**	**6 740 506**	**3 299 464**	**854 918**	**1 169 813**	**47 499 564**
Charge for the year	77 942 571	49 098 152	27 560 931	5 256 167	-	-	159 857 821
Impairment loss recognised in Profit or loss	45 374 739	23 938 752	-	(1 259 248)	-	(370 735)	67 683 508
Disposals	-	(128 773)	(2 021 467)	(27 400)	20 108 989	-	17 931 349
Assets held for sale	-	-	-	-	-	-	-
At 31 December 2019	**140 456 576**	**91 203 728**	**32 279 970**	**7 268 983**	**20 963 907**	**799 078**	**292 972 242**
Net book value							
As 31 December 2019	**1 347 193 156**	**182 195 137**	**46 015 815**	**12 388 765**	**3 183 433**	**18 236 165**	**1 609 212 471**
As 31 December 2018	**940 199 162**	**212 963 103**	**67 557 617**	**13 537 288**	**-**	**13 761 258**	**1 248 018 429**

Historical Cost - 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 2018	102 022 615	29 882 281	4 028 742	1 163 224	370 627	4 176 330	141 643 819
Additions	9 760 081	1 050 736	1 750 533	301 817	-	1 731 886	14 595 053
Transfers	116 795	306 026	-	33 841	-	(465 157)	(8 495)
Revaluation	6 197 469	-	-	-	-	-	6 197 469
Reclassification to Investment property	-	-	-	-	-	-	-
Disposals	(398 384)	(739 480)	(783 507)	(19 775)	-	-	(1 941 146)
Assets held for sale	-	-	-	-	-	-	-
As 31 December 2018	**117 698 576**	**30 499 563**	**4 995 768**	**1 479 107**	**370 627**	**5 443 059**	**160 486 700**
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
Disposals	-	(27 616)	(106 389)	(22 597)	-	(204 532)	(361 134)
Assets held for sale	(40 428 431)	(1 043 198)	(108 108)	(290 531)	-	-	(41 870 268)
At 31 December 2019	**1 457 566 634**	**250 295 479**	**54 667 778**	**13 383 652**	**23 663 049**	**11 027 873**	**1 810 604 466**
Accumulated depreciation							
At 1 January 2018	24 866 630	19 961 574	3 614 006	1 120 321	370 627	178 393	50 111 551
Charge for the year	2 689 270	1 144 808	672 994	155 393	-	-	4 662 466
Impairment loss recognised in Profit or loss	(2 864 263)	-	(141 342)	-	-	-	(3 005 605)
Transfers	-	-	-	-	-	-	-
Disposals	(21 041)	(255 939)	(613 532)	(18 273)	-	-	(908 785)
Assets held for sale	-	-	-	-	-	-	-
As 31 December 2018	**24 670 596**	**20 850 443**	**3 532 126**	**1 257 441**	**370 627**	**178 393**	**50 859 627**
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)	20 108 988	-	81 560 093
Disposals	-	(20 017)	(95 681)	(20 415)	-	-	(136 113)
Assets held for sale	-	-	-	-	-	-	-
At 31 December 2019	**102 973 335**	**66 493 231**	**15 751 732**	**3 649 767**	**20 479 615**	**178 393**	**209 526 073**
Net book value							
As 31 December 2019	**1 354 593 299**	**183 802 248**	**38 916 046**	**9 733 885**	**3 183 434**	**10 849 480**	**1 601 078 392**
As 31 December 2018	**93 027 980**	**9 649 120**	**1 463 642**	**221 666**	**-**	**5 264 666**	**109 627 073**

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

Sunway City : During the 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 2019.

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 2019. 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 2019 are as follows:

Group	Inflation Adjusted		Historical Cost	
	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	940 199 162	872 092 739	93 027 980	77 155 985
Additions	1 425 578	60 630 107	112 750	9 760 081
Reclassification to Investment property	(119 036)	116 795	(119 039)	116 795
Changes in fair values	529 004 761	44 206 011	1 380 302 778	6 197 469
Disposals	-	(2 308 721)	-	(398 384)
Assets held for sale	-	(19 525 481)	(40 428 431)	-
Depreciation	(123 317 310)	(15 012 288)	(78 302 739)	196 034
Balance at 31 December	**1 347 193 156**	**940 199 162**	**1 354 593 299**	**93 027 980**
	-			

	Level 1	Level 2	Level 3	Fair value as at 31 December 2019	
	ZWL$	ZWL$	ZWL$	ZWL$	
Land and buildings	-	-	1 347 193 156	1 347 193 156	**Inflation adjusted**
	-	-	1 354 593 299	1 354 593 299	**Historical cost**

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

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% Expetced 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 - 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 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. Aveage yield was 10.50% Expetced market rental growth was lower due to constrained economic condition	
The Depreciation Replacement Value was used on specialised properties whose values cannot be aeasily observable in the market. Gross replacement costs were applied per square metre of plinth areas of a building and then a depreciation factor was effected 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 2019, due to reduction in market value for some assets, the Group tested its assets for impairment and recognised an impairment loss of $0 (2018 : $26 176).

(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 onwership to IDCZ. It is expected that the transfer of ownership would be completed by end 2020.

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

*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 2019 was $25 221 168 (2018 : $13 067 937)

The leased assets are pledged as security for the related finance lease.

The Group entered into a a long and short term loan agreeements with other financial institutions to fund its operations. The carrying value ofnon-current assets pledged as security at 31 December 2019 was $25 221 169 (2018 : $ 13 067 345)

*Title deeds for Lot 1 OF Lot 6, Willowvale in the District of Salisbury have been pledged as security for th ZAMCO facility.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

	Inflation Adjusted				Historical Cost			
	Land, buildings & permanent works	Motor vehicles	Office furniture & equipment	Total	Land, buildings & permanent works	Motor vehicles	Office furniture & equipment	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Cost or valuation								
At 1 January 2018	642 243	568 647	838 177	2 049 067	73 000	64 635	96 272	233 907
Additions	-	2 099 587	214 184	2 313 771	-	253 882	25 899	279 781
Revaluation adjustment	-	-	-	-	-	-	-	-
Disposals	-	(24 848)	(26 468)	(51 316)	-	(4 000)	(4 260)	(8 260)
As 31 December 2018	**642 243**	**2 643 386**	**1 025 893**	**4 311 521**	**73 000**	**314 517**	**117 911**	**505 428**
Additions	-	-	61 115	61 115	-	-	61 115	61 115
Revaluation adjustment	9 077 757	656 014	938 595		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**	**2 025 602**	**15 045 003**	**9 720 000**	**3 299 400**	**2 026 604**	**15 046 004**
Accumulated depreciation								
At 1 January 2018	14 171	400 269	340 735	755 174	2 281	64 434	55 851	122 566
Charge for the year	14 171	166 067	72 597	252 835	2 281	26 734	11 687	40 702
Revaluation adjustment	-	-	-		-	-	-	
Disposals	-	(24 848)	(26 469)	(51 317)	-	(4 000)	(4 258)	(8 258)
At 31 December 2018	**28 342**	**541 488**	**386 863**	**956 693**	**4 562**	**87 168**	**63 279**	**155 010**
Charge for the year	8 808	196 052	77 268	282 128	2 281	50 776	20 012	73 070
Revaluation adjustment	(37 150)	(737 540)	(464 130)	(1 238 821)	(6 844)	(87 945)	(82 289)	(177 077)
Disposals	-	-	-	-	-	(50 000)	-	(50 000)
At 31 December 2019	**-**	**-**	**-**	**-**	**-**	**-**	**1 003**	**1 002**
Net book value								
As 31 December 2019	**9 720 000**	**3 299 400**	**2 025 602**	**15 045 002**	**9 720 000**	**3 299 400**	**2 025 602**	**15 045 002**
As 31 December 2018	**613 901**	**2 101 898**	**639 029**	**3 354 826**	**68 438**	**227 349**	**54 632**	**350 418**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

8.1 Intangible assets

Group	Inflation Adjusted				Historical Cost			
	Patents and licences	QS software	Other	Total	Patents and licences	QS software	Other	Total
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Cost at 1 January 2018	-	70 128	2 559	72 687	114 882	11 289	30 627	156 798
Additions	-	3 727	11 112	14 839	-	600	1 789	2 389
Balance at 31 December 2018	**-**	**73 855**	**13 671**	**87 526**	**114 882**	**11 889**	**32 416**	**159 187**
Additions	389 824	-	-	389 824	-	53 897	-	53 897
Balance at 31 December 2019	**389 824**	**73 855**	**13 671**	**477 350**	**114 882**	**65 786**	**32 416**	**213 084**
Accumulated amortisation and impairment losses								
Balance at 1 January 2018	-	66 754	-	66 754	114 882	10 746	30 215	155 843
Amortisation	-	3 367	-	3 367	-	542	-	542
Balance at 31 December 2018	**-**	**70 121**	**-**	**70 121**	**114 882**	**11 288**	**30 215**	**156 385**
Amortisation	71 805	3 734	13 671	89 210	-	300	-	300
Balance at 31 December 2019	**71 805**	**73 855**	**13 671**	**159 331**	**114 882**	**11 588**	**30 215**	**156 685**
Carrying amounts								
At 31 December 2019	**318 019**	**-**	**-**	**318 019**	**-**	**54,198**	**2 201**	**56 399**
At 31 December 2018	**-**	**3 734.00**	**13 671.00**	**17 405**	**-**	**601**	**2 201**	**2 802**

9 Investment properties

	Inflation Adjsuted		Historical Cost	
	2019	2018	2019	2018
Group	$	$	$	$
Balance at 1 January	23 068 199	23 353 904	3 742 000	3 760 000
Reclassification from property, plant and equipment	178 224	3 130 923	48 869	523 246
Disposals	-	(4 969 640)	-	(800 000)
Fair value gain	50 892 527	1 553 013	70 348 081	258 754
Balance at 31 December	**74 138 950**	**23 068 200**	**74 138 950**	**3 742 000**

Rental Income generated from investment property amounted to ZWL$3 343 521 (2018 : ZWL$437 283). 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 2019 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 $74 138 950 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 2019	3 742 000
Acquisitions	48 869
Disposals	-
Change in fair value	70 348 081
Balance at 31 December 2019	**74 138 950**

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 were 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

10 Investments

10.1 Investment in subsidiaries

Corporation

The Corporation uses the cost model to account for its investment in subsidiaries. At 31 December 2019, the amount of the investment in subsidiaries and the percentages of shareholding are as follows:

		Inflation Adjusted		Historical Cost	
		2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Willowvale Motor Industries Private Limited	100%	124 952 902	-	122 596 195	-
Chemplex Corporation Limited	100%	934 365 153	504 274 360	765 684 208	19 669 575
Ginhole Investments (Private) Limited t/a Last Hope Estate	100%	-	-	-	-
Deven Engineering (Private) Limited	100%	64 356 018	528 289	55 644 450	528 289
Sunway City (Private) Limited	99.98%	608 624 927	294 646 539	765 684 208	37 789 323
Industrial Sands (Private) Limited	100%	-	-	-	-
		1 732 299 000	799 449 188	1 709 609 061	57 987 187

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.

***Industrial Sands (Private) Limited**

Over the years Industrial Sands (Private) Limited(Industrial Sands) was reported as a subsidiary of Zimbabwe Glass(Private) Limited (Zimglass). However, documentation in place is not clear to support whether Industrial Sands should be a subsidiary of Zimglass or the Corporation. The directors are of the view that Industrial Sands is a subsidiary of the Corporation and regularisation of the legal documents to support the ownership is in process.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

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 (Private) Limited	35%	Zimbabwe	Cement manufacturer and distributor
Amtec Motors (private) Limited	27.5%	Zimbabwe	Sales of brand new vehicles and servicing of vehicles
Sable Chemicals Limited	36%	Zimbabwe	Producer of Ammonium Nitrate Fertilizer
Zimbabwe Grain Bag (Private) Limited	49%	Zimbabwe	Munufacturer 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 2019 was $269 160 058 (2018 : $22 632 399)

Summarised associate's statement of financial position:

Group 2019	Inflation Adjusted				Historical Cost			
	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	214 593 615	58 411 819	717 781 031	13 873 254	129 427 244	41 660 077	133 421 588	13 873 254
Non-current assets	626 116 187	133 437 550	358 493 168	91 055 142	238 692 557	127 853 326	358 493 168	91 055 142
Current liabilities	(70 840 023)	(43 225 577)	(93 635 057)	(4 834 710)	(70 840 023)	(36 987 778)	(86 428 855)	(4 834 710)
Non-current liabilities	(154 908 074)	(25 237 406)	(89 106 789)	(20 973 307)	(55 793 205)	(19 774 055)	(89 106 789)	(20 973 307)
Equity	**614 961 705**	**123 386 386**	**893 532 353**	**79 120 379**	**241 486 573**	**112 751 570**	**316 379 112**	**79 120 379**
Additional information on associate companies								
Revenue	388 727 070	136 064 576	77 795 222	27 671 871	190 724 953	78 007 358	45 183 965	27 671 871
Cost of sales	(173 582 611)	(86 099 337)	(68 421 047)	(14 200 820)	(94 907 797)	(53 491 649)	(36 060 118)	(14 200 820)
Other income/(expenses)	106 137 291	25 950 106	63 888 403	863 567	22 662 845	4 078 220	20 716 126	0
Administration expenses	(81 433 649)	(39 037 236)	(32 540 244)	(5 086 849)	(37 554 572)	(18 070 266)	(8 820 779)	(5 086 849)
Net finance costs	(518 996)	(1 912 881)	(6 155 342)	(17 508)	(362 580)	(1 116 657)	(2 149 372)	846 059
Profit/(Loss) before tax	239 329 105	34 965 228	34 566 992	9 230 261	80 562 849	9 407 006	18 869 822	9 230 261
Tax	(57 995 313)	(13 057 741)	(7 050 180)	(3 082 730)	(18 162 419)	(1 408 717)	(7 050 180)	(3 082 730)
Profit	**181 333 792**	**21 907 487**	**27 516 812**	**6 147 531**	**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 2019

	Inflation Adjusted			Historical Cost		
Group	Sino - Zimbabwe Cement Company (Private) Limited	Amtec Motors (Private) Limited	Sable Chemicals Limited	Sino - Zimbabwe Cement Company (Private) Limited	Amtec Motors (Private) Limited	Sable Chemicals Limited
2018	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Current assets	91 591 151	38 799 295	96 218 786	14 742 818	4 756 100	13 330 062
Non-current assets	306 917 679	87 942 653	144 768 603	49 430 239	8 854 687	18 616 715
Current liabilities	(35 692 238)	(60 048 099)	(119 612 343)	(6 168 164)	(7 361 532)	(19 186 708)
Non-current liabilities	(71 041 132)	(13 306 324)	(26 385 788)	(11 019 173)	(1 004 589)	(3 183 766)
Equity	**291 775 460**	**53 387 525**	**94 989 258**	**46 985 720**	**5 244 666**	**9 576 303**
Additional information on associate companies						
Revenue	186 466 011	141 420 053	144 905 252	186 466 011	141 420 053	17 258 822
Cost of sales	(113 516 141)	(101 738 371)	(143 166 585)	(113 516 141)	(101 738 371)	(17 144 373)
Other income	(577 925)	3 816 388	57 317 386	(577 925)	3 816 388	487 421
Administration expenses	(43 643 644)	(33 019 940)	(29 175 032)	(43 643 644)	(33 019 940)	(3 493 748)
Net finance costs	(927 964)	(785 806)	(14 444 138)	(927 964)	(785 806)	(1 776 635)
(Loss)/Profit before tax	27 800 337	9 692 324	15 436 883	27 800 337	9 692 324	(4 668 513)
Tax	(12 026 986)	(12 649 204)	2 850 521	(12 026 986)	(12 649 204)	-
(Loss)/Profit	**15 773 351**	**(2 956 880)**	**18 287 404**	**15 773 351**	**(2 956 880)**	**(4 668 513)**

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

Group's share from associates	Inflation Adjusted					Historical				
Group 2019	Sino - Zimbabwe Cement Company (Private) Limited	Amtec Motors (Private) Limited	Sable Chemicals Limited	Zimbabwe Grain Bag (Private) Limited	TOTAL	Sino - Zimbabwe Cement Company (Private) Limited	Amtec Motors (Private) Limited	Sable Chemicals Limited	Zimbabwe Grain Bag (Private) Limited	TOTAL
	35%	27.5%	49%	36%		35%	27.5%	36%	49%	
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Current assets	75 107 765	16 063 250	61 841 171	14 039 327	167 051 513	45 299 535	11 456 521	48 031 772	6 797 894	111 585 723
Non-current assets	219 140 665	36 695 326	129 057 540	44 617 019	429 510 551	83 542 395	35 159 665	129 057 540	44 617 020	292 376 620
Current liabilities	(24 794 008)	(11 887 034)	(33 708 621)	(2 405 390)	(72 795 052)	(19 509 541)	(10 171 639)	(31 114 388)	(2 369 008)	(63 164 576)
Non-current liabilities	(54 218 541)	(6 940 287)	(32 078 444)	(10 549 650)	(103 786 921)	(19 527 622)	(5 437 865)	(32 078 444)	(10 276 920)	(67 320 851)
Net equity	**215 235 882**	**33 931 256**	**125 111 647**	**45 701 306**	**419 980 091**	**89 804 767**	**31 006 682**	**113 896 480**	**38 768 986**	**273 476 915**
Carrying amount recognised	**215 235 882**	**33 931 256**	**125 111 647**	**45 701 306**	**419 980 091**	**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	13 559 217	136 054 475	18 708 879	28 006 280	168 322 570	66 753 734	21 452 023	16 266 227	13 559 217	118 031 201
Profit/(Loss)	3 012 290	23 581 302	4 033 247	9 906 052	30 626 839	21 840 150	2 161 441	4 255 071	3 012 290	31 268 952
Profit/(loss) of associate recognised	3 012 290	23 581 302	4 033 247	9 906 052	40 532 891	21 840 150	2 161 441	4 255 071	3 012 290	31 268 952
Profit/(Loss) of associate not recognised	-	-	-	-	-	-	-	-	-	-

2018	Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$	Amtec Motors (Private) Limited 27.5% ZWL$	Sable Chemicals (Private) Limited 36% ZWL$	TOTAL ZWL$	Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$	Amtec Motors (Private) Limited 27.5% ZWL$	Sable Chemicals (Private) Limited 36% ZWL$	TOTAL ZWL$
Current assets	32 056 903	10 669 806	29 807 878	72 534 587	5 159 986	1 307 928	4 798 822	11 266 736
Non-current assets	116 633 874	24 184 231	52 114 911	192 933 015	17 293 924	2 435 039	8 390 070	28 119 033
Current liabilities	(12 492 284)	(21 068 640)	(42 903 831)	(76 464 755)	(2 158 857)	(2 024 421)	(6 907 215)	(11 090 493)
Non-current liabilities	(24 864 396)	(1 715 587)	(9 498 886)	(36 078 869)	(3 857 426)	(276 262)	(1 529 189)	(5 662 877)
Net equity	**111 334 096**	**12 069 810**	**29 520 073**	**152 923 979**	**16 437 628**	**1 442 283**	**4 752 489**	**22 632 399**
Carrying amount recognised	**111 334 096**	**12 069 810**	**29 520 073**	**152 923 979**	**16 437 628**	**1 442 283**	**4 752 489**	**22 632 399**

Share of associate's revenue and loss:	Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$	Amtec Motors (Private) Limited 27.5% ZWL$	Sable Chemicals (Private) Limited 36% ZWL$	TOTAL ZWL$	Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$	Amtec Motors (Private) Limited 27.5% ZWL$	Sable Chemicals (Private) Limited 36% ZWL$	TOTAL ZWL$
Revenue	65 263 104	29 607 670	38 593 134	133 463 908	10 506 821	4 767 741	6 213 176	21 487 737
Profit/(loss) of associate	5 520 673	1 490 119	(10 439 446)	(3 428 654)	879 615	239 955	(1 680 665)	(561 095)
Profit/(loss) of associate recognised	5 520 673	1 490 119	(10 439 446)	(3 428 654)	879 615	239 955	(1 680 665)	(561 095)
(Loss) of associate not recognised	-	-	-	-	-	-	-	-

Investments in associates	Inflation Adjusted		Historical Cost	
Group	**2019**	**2018**	**2019**	**2018**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Opening balances	155 628 722	18 024 312	22 632 399	18 024 312
Additions/(Disposals)	-	134 899 667	(1 442 284)	3 728 472
Movement in reserves-associates	264 351 369	-	252 286 800	879 615
Carrying amount of interests in associates	**419 980 091**	**152 923 979**	**273 476 915**	**22 632 399**
Share of:				
Profit	40 532 891	(3 428 654)	31 268 952	(561 095)
Other comprehensive income	-	-	-	-
	40 532 891	(3 428 654)	31 268 952	(561 095)

Corporation	**2019**	**2018**	**2019**	**2018**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Sino - Zimbabwe Cement Company (Private) Limited	169 307 075	102 121 411	130 331 677	12 923 804
Amtec Motors Private Limited	33 931 256	-	-	-
Stone Holdings (Private) Limited	-			
Zimbabwe Grain Bag (Private) Limited	45 209 401	-	-	-
	248 447 732	**102 121 411**	**130 331 677**	**12 923 804**

The Group holds 10% interest in Surface Wilmar (Private) Limited as at 31 December 2019 classified as a financial asset with fair value through other comprehensive income(FVTOCI).

10.3 Discontinued operations

In 1986, IDCZ acquired Zimglass and Industrial Sands for ZW$4 million from Consol Limited. As an administrative issue, Industrial Sands (Private) Limited was being consolidated under Zimglass over the years.
During the year, the Directors decoupled the two companies thereby reversing the administrative directive.

(a) **Results of discontinued operation**

	Inflation Adjusted		Historical Cost	
	2019	**2018**	**2019**	**2018**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Revenue	561 761	862 467	272 474	145 333
Expenses	(1 379 514)	(6 350 587)	(5 766 586)	(323 256)
Profit/(loss) for the year from discontinued operation	**(817 753)**	**(5 488 120)**	**(5 494 112)**	**(177 923)**
Results from operating activities, net of tax	**(817 753)**	**(5 488 120)**	**(5 494 112)**	**(177 923)**
Impairment on derecognition of assets and liabilities	-	-	-	-
Profit/(loss) for the year from a discontinued operation	**(817 753)**	**(5 488 120)**	**(5 494 112)**	**(177 923)**

		Inflation Adjusted		Historical Cost	
		2019	2018	2019	2018
		ZWL$	ZWL$	ZWL$	ZWL$
(b)	**Cash flows from (used in) discontinued operation**				
	Net cash used in operating activities	(141 453)	(141 453)	(7 141)	(141 453)
	Net cash from investing activities	22 728	22 728	-	22 728
	Net cash flow from financing activities	-	-	-	-
	Net cash flow for the year	**(118 725)**	**(118 725)**	**(7 141)**	**(118 725)**
(c)	**Effects of classification as held for sale on the financial position**				
	of the Group				
	Property, plant and equipment	43 849 737	20 808 264	43 849 737	2 020 082
	Trade and other receivables	98 512	144 471	98 512	144 471
	Inventories	17 567	289 894	17 567	289 894
	Cash & cash equivalents	5 313	172 085	5 313	172 085
	Interest bearing loans	-	-	-	-
	Trade and other payables	(5 988 739)	(5 164 148)	(295 266)	(461 836)
	Bank overdraft	-	-	(5 693 473)	-
	Net assets and liabilities	**37 982 390**	**16 250 566**	**37 982 390**	**2 164 696**

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10.4 Fair Value through other comprehensive income(FVTOCI)

	Group			
	Inflation Adjusted		Historical Cost	
	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	**63 570 479**	**1 675 450**	**1 472 813**	**1 548 696**
Additions	-	-	3 307	65 258
Reclassification of investment	-	-	-	-
Fair value adjustment	688 742	49 557 578	53 331 048	(12 478)
Disposals	-	-	(50 000)	(128 663)
Balance at 31 December	**64 259 221**	**51 233 028**	**54 757 168**	**1 472 813**

	Corporation			
	Inflation Adjusted		Historical Cost	
	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	**31 974 806**	**1 261 412**	**1 261 412**	**1 261 412**
Additions	-	-	-	-
Reclassification of investment	-	-	53 331 049	-
Fair value adjustment	31 595 673	48 566 029	-	-
Disposals	-	-	-	-
Balance at 31 December	**63 570 479**	**49 827 441**	**54 592 461**	**1 261 412**

There was appreciation in the values of available for sale investment.

The available for sale consists of IDCZ's 10% shareholding in Surface Wilmar Investments $53 733 000 (2018 : $1 229 513) and 2.25% shareholding in Allied Insurance $859 459 (2018 : $31 897)

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.

	Group			
10.5 Non-current assets held for sale	**Inflation Adjusted**		**Historical Cost**	
	2019	**2018**	**2019**	**2018**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Balance at 1 January	50 917 180	4 048 238	3 585 249	6 169 372
Additions	-	-	41 870 268	-
Disposals	-	-	-	(2 584 123)
Fair value adjustments	30 045 481	46 868 942	35 507 081	-
Balance at 31 December	**80 962 662**	**50 917 180**	**80 962 598**	**3 585 249**
Liabilities held for sale	**5 988 680**	**5 209 871**	**-**	**461 836**

	Corporation			
Non-current assets held for sale	**Inflation Adjusted**		**Historical Cost**	
	2019	**2018**	**2019**	**2018**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Balance at 1 January	31 974 806	3 634 389	3,634,389	3 808 538
Additions	-	-	-	-
Disposals	-	28 340 417	-	-
Fair value adjustments	-	-	34 871 706	(174 149)
Balance at 31 December	**31 974 806**	**31 974 806**	**38 506 095**	**3 634 389**
Liabilities held for sale	-	-	-	-

In line with 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 2019 the disposal group comprised of the following assets and liabilities :

	Inflation Adjusted		**Historical Cost**	
	2019	**2018**	**2019**	**2018**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Asset held for sale				
Property, plant and equipment	43 849 738	20 808 264	43 849 737	2 020 082
Inventories	144 471	144 471	98 512	144 471
Trade and other receivables	289 894	289 894	17 567	289 894
Cash and cash equivalents	172 085	172 085	5 313	172 085
	44 456 188	21 414 714	43 971 129	2 626 532
Liabilities held for sale				
Trade and other payables	337 611	337 611	295 266	337 611
Deferred Tax	4 826 537	4 826 537	5 693 473	124 225
Taxation	-	-	-	-
	5 164 148	5 164 148	5 988 739	461 836

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 2019 ZWL$
Non-current assets held for sale	-	-	80 962 662	**80 962 662**
Available for sale financial assets(FVTOCI)	-	-	64 259 221	**64 259 221**
	-	-	145 221 883	**145 221 883**

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**

Inflation Adjusted	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair value as at 31 December 2018 ZWL$
Non-current assets held for sale	-	-	50 917 180	**50 917 180**
Available for sale financial assets(FVTOCI)	-	-	51 233 028	**51 233 028**
	-	-	102 150 208	**102 150 208**

Historical Cost	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair value as at 31 December 2018 ZWL$
Non-current assets held for sale	-	-	3 585 249	**3 585 249**
Available for sale financial assets(FVTOCI)	-	-	1 472 813	**1 472 813**
	-	-	5 058 062	**5 058 062**

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.

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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 2019	**Inflation adjusted**			**Historical Cost**		
Principal place of business	**ZFC (Private) Limited in Chemplex Corporation Zimbabwe**	**Intra-group eliminations**	**Total**	**ZFC (Private) Limited in Chemplex Corporation Zimbabwe**	**Intra-group eliminations**	**Total**
NCI percentages	**50%**			**50%**		
	ZWL$		**ZWL$**	**ZWL$**		**ZWL$**
Non current assets	325 869 918			325 869 918		
Current assets	577 957 513			354 484 835		
Non current liabilities	(63 355 321)			(63 355 321)		
Current liabilities	(212 734 698)			(212 734 698)		
Net assets	**627 737 413**			**404 264 735**		
Carrying amount of NCI	324 698 591	13 210 054	**337 908 645**	216 059 224	12 888 119	**228 947 343**
Revenue	599 139 089			44 751 237		
Profit	148 123 478			2 988 200		
OCI	-			-		
Total Comprehensive (loss)/ Income	**148 123 478**			**2 988 200**		
Profit allocated to NCI	81 946 707	11 671 275	**93 617 982**	78 019 591	340 814	**78 360 405**
OCI allocated to NCI	-			-		
Cash flows from operating activities	87 570 318			124 948 462		
Cash flows from investing activities	(3 758 836)			(2 428 789)		
Cash flows from financing activities	(16 039 850)			1 108 691		
Net increase (decrease) in cash and cash equivalents	**67 771 632**			**123 628 364**		

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31 December 2018	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	441 693 044			19 195 915		
Current assets	209 677 187			33 756 298		
Non current liabilities	(19 323 240)			(3 218 558)		
Current liabilities	(138 494 254)			(21 819 948)		
Net assets	**493 552 737**			**27 913 707**		
Carrying amount of NCI	249 721 285	(2 424 558)	**247 296 727**	14 731 979	(3 496 459)	**11 235 520**
Revenue	277 972 255			44 751 237		
Profit	15 597 619			2 988 200		
OCI	-			-		
Total Comprehensive Income/(loss)	**15 597 619**			**2 988 200**		
Profit allocated to NCI	9 020 674	8 755 515	**17 776 189**	1 452 255	(202 687)	**1 249 568**
OCI allocated to NCI	-			-		
Cash flows from operating activities	(6 389 393)			(1 028 692)		
Cash flows from investing activities	(11 800 512)			(1 899 697)		
Cash flows from financing activities	32 284 795			2 277 839		
Net increase (decrease) in cash and cash equivalents	**14 094 890**			**(650 550)**		

11 Inventories	Inflation Adjusted		Historical Cost	
Group	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Raw materials	281 945 727	33 505 869	114 176 168	5 351 105
Finished goods	148 943 618	84 029 996	71 199 719	13 559 779
Land held for trading	-	-	-	-
Stores	35 272 498	29 901 776	11 516 363	4 813 951
Work in progress	4 637 608	8 155 712	826 845	1 312 884
Consumables	10 774 225	13 088 488	4 549 161	2 139 985
Total inventories at lower of cost and net realisable value	**481 573 676**	**168 681 841**	**202 268 256**	**27 177 704**

12 Non-current portion of land held for sale	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	74 744 311	13 201 910	12 032 149	13 201 910
Additions/(Disposals)	(26 723 073)	61 542 401	(3 470 382)	(1 169 761)
Balance at 31 December	**48 021 238**	**74 744 311**	**8 561 767**	**12 032 149**

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	
	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Trade receivables	195 653 801	85 606 955	148 641 815	13 704 226
Other receivables	9 867 431	69 014 170	44 059 333	11 186 858
Expected credit losses	-	(682 371)	(2 117 891)	(682 371)
Total	**205 521 232**	**153 938 754**	**190 583 257**	**24 208 713**
Related party receivables	-	-	-	-

	Corporation			
	Inflation Adjusted		Historical Cost	
	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Trade receivables	145 475	1 286 548	145 475	241 640
Other receivables	-	214 516	-	-
Expected credit losses	-	-	-	-
Total	**145 475**	**1 501 064**	**145 475**	**241 640**
Related party receivables	-	19 670 361	-	2 593 992

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.

As at 31 December 2019, the ageing analysis of trade receivables is as follows :

Group	Total	Neither due nor impaired	15 - 30 days	30 - 60 days	60 - 90 days	Past due but not Impaired 120 days	
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	
2019	**195 653 801**	46 715 118	47 183 668	60 548 634	24 157 480	17 048 901	**Inflation adjusted**
2018	**14 308 646**	68 840 176	704 246	2 527 950	1 841 832	11 692 751	
2019	**148 641 815**	46 793 092	220 055	60 548 634	24 165 653	16 914 381	**Historical Cost**
2018	**14 308 646**	9 125 767	10 519	2 040 113	566 511	2 565 736	

As at 31 December 2019, included in trade receivables is an allowance of ZWL$9 616 804 (2017 : ZWL$3 548 440) relating to doubtful debts. Below is the movement for doubtful debts.

	Inflation Adjusted		Historical Cost	
	Individually Impaired 2019	Individually Impaired 2018	Individually Impaired 2019	Individually Impaired 2018
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	-	3 548 440	3 693 202	3 548 440
Charge for the year	9 616 804	22 735 339	5 923 602	144 762
Balance at 31 December	**9 616 804**	**26 283 779**	**9 616 804**	**3 693 202**

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

	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Four or more years trading history with the Group	9 595 846	9 595 846	42 113 783	9 595 846
Less than four years of trading history with the Group	37 119 272	59 244 330	4 679 309	(470 079)
Higher risk	-	-	-	-
	46 715 118	**68 840 176**	**46 793 092**	**9 125 767**

The Group believes that the unimpaired amounts that are past due by more that 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	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Group companies				
Subsidiary Companies				
Almin Metal Industries	430	399 089	430	64 245
Chemplex Corporation	3 649 601	17 268 323	3 649 601	2 779 835
Allied Insurance (Pvt) Ltd	11 400	-	11 400	-
Last Hope t/a Ginhole Investments	117 244	515 002	117 244	82 904
Willowvale Mazda Motor Industries	242 913	1 092 467	242 913	175 864
Deven Engineering	84 507	96 406	84 507	15 519
Olivine Industries	3 960	24 600	3 960	3 960
Sunway City Harare	-	33 221	-	5 348
Industrial Sands	103 712	501 170	103 712	80 678
	4 213 767	**19 930 275**	**4 213 767**	**3 208 354**
Associate Companies				
Sino-Zimbabwe Cement Company	25 263	-	25 263	-
Stone Holdings	-	138 423	-	22 283
Motira Tractors	1 031	284 030	1 031	45 723
Zimbabwe Grain Bag	1 800	-	1 800	-
	28 094	**422 453**	**28 094**	**68 006**
Expected credit losses	(2 117 901)	(682 368)	(2 117 901)	(682 368)
	2 123 960	**19 670 361**	**2 123 960**	**2 593 992**

During the year a provision for credit losses amounting to $2 117 901 was provided for against intercompany receivables from Chemplex and Willowvale Motor Industries 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

14 Cash and cash equivalents

	Inflation Adjusted			
	Group		Corporation	
	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Cash at banks and on hand	209 941 979	96 342 952	54 654 728	47 378

	Historical Cost			
	Group		Corporation	
	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Cash at banks and on hand	209 941 978	15 517 475	54 654 728	47 378

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	
	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Cash at bank and on hand	209 941 979	96 342 952	54 654 728	47 378
Bank overdrafts (note 16.2)	(2 283 451)	(1 517 695)	-	-
	207 658 528	94 825 257	54 654 728	47 378

	Historical Cost			
	Group		Corporation	
	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Cash at bank and on hand	209 941 978	15 517 475	54 654 728	47 378
Bank overdrafts (note 16.2)	(2 283 451)	(244 330)	-	-
	207 658 527	**15 273 145**	**54 654 728**	**47 378**

Details of banking facilities

As at 31 December 2019, the Group had the following undrawn banking facilities:

Agricultural Development Bank of Zimbabwe	-	-	-	-
Reserve Bank of Zimbabwe	-	-	-	-
Central African Building Society	5 000 000	5 000 000	-	-
CBZ Bank Limited	5 873	5 873	-	-
FBC Bank Limited	1 690 630	1 690 630	-	-
Infrastructure Development Bank of Zimbabwe Limited	-	-	-	-
Stanbic Bank Limited	2 555 347	2 555 347	-	-
	9 251 850	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 2.5 (c) and 2.8(l)

		Inflation Adjusted		Historical Cost	
15	**Share Capital and Reserves**	**2019**	**2018**	**2019**	**2018**
(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$2	**46 258 772**	**14 258 771**	**46 258 772**	**14 258 771**
(c)	**Share capital movement**	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
	In issue at 1 January	250 893 024	28 517 543	28 517 543	28 517 543
	Share capital restatement	-	222 375 481	-	-
	Increase in share capital	103 374 834	-	64 000 000	-
	In issue at 31 December	**354 267 857**	**250 893 024**	**92 517 543**	**28 517 543**

(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.

	Inflation Adjusted			
Mark to market reserve	**Group**		**Corporation**	
	2019	**2018**	**2019**	**2018**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Balance at 1 January	-	-	-	-
Fair value through other comprehensive income	-	-	-	-
Loss of control	-	-	-	-
Balance at 31 December	**-**	**-**	**-**	**-**

	Historical Cost			
Mark to market reserve	**Group**		**Corporation**	
	2019	**2018**	**2019**	**2018**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Balance at 1 January	248 787	248 787	248 787	248 787
Fair value through other comprehensive income	53 331 050	-	53 331 050	-
Loss of control	-	-	-	-
Balance at 31 December	**53 579 837**	**248 787**	**53 579 837**	**248 787**

(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 change over period and has been designated as a capital reserve

Foreign currency translation reserve	Inflation Adjusted			
	Group		Corporation	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Balance at 1 January	-	-	-	-
Movements during the year	-	-	-	-
Balance at 31 December	**-**	**-**	**-**	**-**

Foreign currency translation reserve	Historical Cost			
	Group		Corporation	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Balance at 1 January	94 409 305	91 714 374	98 770 578	105 631 081
Movements during the year	(94 409 305)	2 694 931	(98 770 578)	(6 860 503)
Balance at 31 December	**-**	**94 409 305**	**-**	**98 770 578**

The foreign currency translation reserve balance was transferred to Retained Eranings as at 31 December 2019

(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 relates to the same asset previously recognised in equity.

Revaluation reserve	Inflation Adjusted			
	Group		Corporation	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Balance at 1 January	-	-	-	-
Transfer to/(from) revenue reserves	-	-	-	-
Other comprehensive income net of deferred tax	-	-	-	-
Balance at 31 December	**-**	**-**	**-**	**-**

Revaluation reserve	Historical Cost			
	Group		Corporation	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Balance at 1 January	21 776 945	8 465 015	-	-
Transfer to/(from) revenue reserves	-	2 355 285	-	-
Other comprehensive income net of deferred tax	1 319 305 906	10 956 645	10 919 605	-
Balance at 31 December	**1 341 082 850**	**21 776 945**	**10 919 605**	**-**

16 Loans and borrowings

16.1 Loans and borrowings - Non current

	Inflation Adjusted			
	Group		Corporation	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
China Import Export Bank (Renminbi Yuan 102 324 925)	-	4 327 596	-	4 327 596
Central African Building Society	-	-	-	-
Zimbabwe Asset Management Company	5 899 250	66 642 309	-	-
FBC Bank Limited	303 564	7 332 296	-	-
Finance Lease Liability : RBZ	-	97 839 989	-	-
	6 202 814	**176 142 190**	**-**	**4 327 596**
Other Liabilities - Non current				**-**
Financial Liabilities - Long Term	-	33 870 817	-	-
	6 202 814	**210 013 007**	**-**	**4 327 596**

Loans and borrowings - Non current

	Historical			
	Group		Corporation	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
China Import Export Bank (Renminbi Yuan 102 324 925)	-	523 293	-	523 293
Central African Building Society	-	165 955	-	-
Zimbabwe Asset Management Company(ZAMCO)	4 946 680	10 796 427	-	-
FBC Bank Limited	303 564	1 039 656	-	-
Finance Lease Liability : RBZ	-	15 751 431	-	-
	5 250 244	**28 276 762**	**-**	**523 293**
Other Liabilities - Non current				
Financial Liabilities - Long Term	952 570	5 286 967	-	-
	6 202 814	**33 563 729**	**-**	**523 293**

Title deeds for Lot 1 OF Lot 6, Willowvale in the District of Salisbury have been pledged as security for th ZAMCO facility.

16.2 Loans and borrowings - Current

	Inflation Adjusted			
	Group		Corporation	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Agricultural Development Bank of Zimbabwe	2 376 751	14 764 368	-	14 764 368
ZAMCO	1 583 287	9 984 046	-	-
Central African Building Society (CABS)	6 062 767	37 670 200	-	-
China Import Export Bank (Renminbi Yuan 13 408 173)	161 751 167	58 492 149	160 249 749	58 492 150
CBZ Bank Limited	244 127	-	-	-
FBC Bank Limited	745 285	4 656 893	-	-
Motira Tractors	-	81 713	-	-
Reserve Bank of Zimbabwe	-	-	-	-
Stanbic Bank Limited	1 613 653	10 023 204	-	-
Sino Zimbabwe Cement Company	1 867 291	11 482 712	1 867 291	11 482 712
	176 244 329	**147 155 286**	**162 117 040**	**84 739 231**

Loans and borrowings - Current

	Historical			
	Group		Corporation	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Agricultural Development Bank of Zimbabwe	-	2 376 751	-	2 376 751
ZAMCO	2 309 390	1 583 287	-	-
Central African Building Society (CABS)	10 450 702	6 062 767	-	-
China Import Export Bank (Renminbi Yuan 13 408 173)	160 249 749	9 416 002	160 249 749	9 416 002
CBZ Bank Limited	-	244 127	-	-
FBC Bank Limited	649 868	745 285	-	-
Motira Tractors	-	81 713	-	-
IDC of Zimbabwe Ltd	717 241	-	-	-
Stanbic Bank Limited	88	1 613 653	-	-
Sino Zimbabwe Cement Company	1 867 291	1 848 474	1 867 291	1 848 474
	176 244 329	**23 972 060**	**162 117 040**	**13 641 228**

China Import Export Bank

A 13 year old loan(Loan 1) of RMB Yuan82.2 million(ZWL$12.1 million) repayable in 16 equal bi-annual instalments of RMB Yuan4.1 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 Yuan48.2 million(ZWL$7.1 million) repayable in 20 equal bi-annual instalments of RMB Yuan2 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	Guaranteed by Industrial Development Corporation of Zimbabwe Limited
Stanbic Bank Limited	Secured by NCGB ove debts and movable assets of Chemplex Corporation
Steward Bank	Secured against mortgage bonds on Zimbabwe Phosphate Limited's land.
Central African Building Society	Secured against cession of stocks and book debt and plant(NCGB)
FBC Bank Limited	Secured against mortgage bonds on Zimbabwe Phosphate Limited's land.
CBZ Bank Limited	Secured against mortgage bonds on Chemplex Properties. The interest on the facility is 5% per annum.
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) and have a tenure of 5 years.
China Import Export Bank	Guaranteed by the Government of Zimbabwe.
Motira Private Limited	Guaranteed by Industrial Development Corporation of Zimbabwe Limited

	Inflation Adjusted			
	Group		**Corporation**	
	2019	**2018**	**2019**	**2018**
Overdrafts	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
CBZ Bank Limited	2 035 144	1 516 932	-	-
FBC Bank Limited	248 307	763	-	-
	2 283 451	**1 517 695**	**-**	**-**

	Historical Cost			
	Group		**Corporation**	
	2019	**2018**	**2019**	**2018**
Overdrafts	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
CBZ Bank Limited	2 035 144	244 214	-	-
FBC Bank Limited	248 307	116	-	-
	2 283 451	**244 330**	**-**	**-**

The bank overdrafts are secured against immovable property(non-current assets) with a tenure of up to 12 months and were utilised to finance procurement of spare parts and fuels . Interest rates vary from 5% to 15% and matured between January 2019 and December 2019. The overdraft penalty rates vary from 15% to 30%.

17 Trade and other payables

	Inflation Adjusted			
	Group		Corporation	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Trade payables	140 437 482	146 613 765	-	-
Accruals	44 991 870	171 443 197	3 441 119	6 787 764
VAT control account	15 858 576	45 969 675	2 947 891	11 083 257
Other payables	116 221 431	152 700 382	969 259	100 541 439
	317 509 359	**516 727 019**	**7 358 269**	**118 412 460**
Related party payables	-	-	13 568 022	12 647 873

	Historical Cost			
	Group		Corporation	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Trade payables	134 623 586	23 023 138	-	-
Accruals	46 553 159	23 444 947	3 441 118	1 092 687
VAT control account	9 203 032	7 004 051	2 947 891	1 784 170
Other payables	94 985 472	24 174 885	969 260	16 185 048
	285 365 249	**77 647 021**	**7 358 269**	**19 061 905**
Related party payables	-	-	13 568 022	2 036 041

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, refer Note 20.

Corporation
Trade payables are non interest bearing and are normally settled on 15 to 30 day terms. Other payables include mainly the Zimglass Provision of $15 649 943 which accrues interest at 5% per annum.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

18 Loans receivable

	Inflation Adjusted				Historical Cost			
	Group		Corporation		Group		Corporation	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Long term loans to companys								
Sunway City (Private) Limited	-	-	-	-	-	-	-	-
Aquamist Beverages (Pvt) Ltd	363 125	-	363 125	-	-	-	-	-
Almin Metal Industries Limited	-	-	-	-	-	-	-	-
Ginhole Investments (Private) Limited	-	-	-	-	-	-	-	-
	363 125	-	363 125	-	-	-	-	-
Other								
Olivine Holdings (Private) Limited	-	-	-	-	-	-	-	-
Modzone Enterprises Limited		-	-	-		-	-	-
Motira (Private) Limited	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total long term loans receivable	**363 125**	**-**	**363 125**	**-**	**-**	**-**	**-**	**-**
Short term loans receivable								
Ascend Concrete (Pvt) Ltd	1 283 677	-	1 283 677	-	1 283 677	-	1 283 677	-
Reeldon Timbers Investments (Pvt) Ltd	916 667		916 667	-	916 667		916 667	-
Willowvale Motor Industries	499 000	-	717 000	1 353 780	499 001	-	717 000	218 000
Silkchin (Pvt) Ltd	4 032 258	-	4 032 258	-	4 032 258	-	4 032 258	-
Aquamist Beverages (Pvt) Ltd	674 375		674 375	-	674 375		674 375	-
Ginhole Investments (Private) Limited	-	-	88 673	551 271	-	-	88 673	88 673
	7 405 977	-	7 712 649	1 905 051	7 405 977	-	7 712 649	306 673
Other								
Olivine Holdings (Private) Limited	5 040 323	-	5 040 323	-	5 040 323	-	5 040 323	-
	5 040 323	-	5 040 323	-	5 040 323	-	5 040 323	-
Total short term loans receivable	**12 446 300**	**-**	**12 752 972**	**1 905 051**	**12 446 300**	**-**	**12 752 972**	**306 673**

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 2019 the Group is committed to incur capital expenditure of ZWL$39 301 452 (2018: $30 027 452). These commitments are
expected to be settled in 2019. 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

At 31 December, the future minimum lease payments under non-cancellable leases were as follows:

Group	Group		Corporation	
	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Less than one year	1 999 917	-	178 098	-
Between one and five years	16 156 633	15 751 431	714 738	-
More than five years	-	-	-	-
	18 156 550	**15 751 431**	**892 836**	**-**

(ii) Amounts recognised in profit or loss

	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Lease expense	-	-	-	-

(c) Contingent liabilities

Chemplex Corporation Limited

(a) Zimra pending investigation

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

(b) Pension Fund disputed interest charges

The Group's Pension Fund administrators(Comartin Consultants (Private) Limited) levied interest charges to outstanding pension contributions which Chemplex Corporation is disputing.
The Board of Trustees, in their meeting of February 2019, have indicated an approximate interest of $1.2 million. The agreement is yet to be finalised.

(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 succesfully 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% 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$11 598 779 with interest and costs included. It is considered that the judgement sum of US$11 598 779 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 2019	equity interest 2018
Chemplex Corporation Limited	Zimbabwe	100%	100%
Ginhole Investments (Private) Limited T/A Last hope Estate	Zimbabwe	100%	100%
Willowvale Motor Industries (Private) Limited	Zimbabwe	91%	91%
Deven Engineering (Private) Limited	Zimbabwe	100%	100%
Motira (Private) Limited	Zimbabwe	99.68%	99.68%
Sunway City (Private) Limited	Zimbabwe	99.86%	99.86%
Industrial Sands (Private) Limited	Zimbabwe	100%	100%

The parent, Government of Zimbabwe, has a 100 % equity interest in the Corporation.

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

	Inflation Adjusted				Historical			
31 December 2019								
Group	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Associates:	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Stone Holdings (Private) Limited								
Sino-Zimbabwe Cement Company (Private) Limited	-	-	25 263	-	-	-	25 263	-
Zimbabwe Grain Bag (Private) Limited	-	-	1 800	-	-	-	1 800	-
Sable Chemical Limited	-	-	727	964	-	-	727	964
	-	-	-	-	-	-	-	-
	-	**-**	**27 790**	**964**	**-**	**-**	**27 790**	**964**
31 December 2018								
Group								
Associates:	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Stone Holdings (Private) Limited	-	-	-	-	-	-	22 283	-
Sino-Zimbabwe Cement Company (Private) Limited	-	-	138 423	-	-	-	6 759	-
Sable Chemical Limited	-	-	727	964	-	-	24 095	-
	-	**-**	**139 150**	**964**	**-**	**-**	**53 137**	**-**

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

Corporation December 2019	Inflation Adjusted			Historical		
	Management fees receivable ZWL$	Amounts owed by related parties ZWL$	Amounts owed to related parties ZWL$	Management fees receivable ZWL$	Amounts owed by related parties ZWL$	Amounts owed to related parties ZWL$
Almin Metal Industries (Private) Limited	-	-	-	-	-	-
Chemplex Corporation Limited	5 569 439	3 649 601	-	5 569 439	3 649 601	-
Last Hope	-	117 244	-	-	117 244	-
Willowvale Motor Industries (Private) Limited	178 393	242 913	-	69 563	242 913	-
Deven Engineering (Private) Limited	8 488	84 507		8 488	84 507	
Olivine Industries Limited	-	3 960	-	-	-	-
Sunway City Private) Limited	846 420	-	-	837 231	-	-
Motira Tractors (Private) Limited	-	1 031	-	-	-	-
Industrial Sands (Private) Limited	399 828	103 712	-	151 944	103 712	-
Associated companies :						
Stone Holdings (Private) Limited	-	-	-	-	25 263	-
Zimbabwe Grain Bag (Pvt) Ltd	-	1 800		-	-	-
Sino-Zimbabwe Cement Company (Private) Limited	-	25 263	-	-	-	-
	7 002 568	**4 230 031**	**-**	**6 636 665**	**4 223 240**	**-**

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 arms 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 2019, 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.

20.1 Compensation to key management personnel

	Group			
	Inflation Adjusted		Historical Cost	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Short term employee benefits	5 918 599	2 289 578	6 660 104	2 289 578
Post employment benefits	50 005	38 260	74 343	38 260
Termination benefits	-	-	-	-
Total compensation paid to key management personnel	**5 968 604**	**2 327 838**	**6 734 447**	**2 327 838**

	Corporation			
	Inflation Adjusted		Historical Cost	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Short term employee benefits	2 098 095	3 154 745	1 007 502	370 861
Post employment benefits	-	440 721	-	-
Termination benefits	-	-	-	-
Total compensation paid to key management personnel	**2 098 095**	**3 595 466**	**1 007 502**	**370 861**

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

Amount recoverable from reinsurance are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Group's replacement of reinsurance is diversified such that neither dependant on a single reinsurer nor are the operations of the Group substantially dependant upon any single reinsurance 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, which are 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.

21.3 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 Zimbabwean Dollar.

The Group foreign currency exposures are as follows:

Inflation Adjusted		2019 Foreign amount	2019 ZWL$	2018 Foreign amount	2018 ZWL$
Renminbi Yuan	ZWL$/0.4264	68 534 327	160 727 785	68 367 442	82 197 225
Rand	ZWL$/10.4251	-	-	-	-

Historical Cost		2019 Foreign amount	2019 ZWL$	2018 Foreign amount	2018 ZWL$
Renminbi Yuan	ZWL$/0.4264	68 534 327	160 727 785	68 367 442	9 939 295
Rand	ZWL$/10.4251	-	-	-	-

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

2019	Inflation Adjusted			Historical Cost		
	Change in rate	Effect on profit before tax	Effect on equity	Change in rate	Effect on profit before tax	Effect on equity
	%	ZWL$	ZWL$	%	ZWL$	ZWL$
Renminbi Yuan	+2%	3 151 525	2 332 129	+2%	3 151 525	2 332 129
	- 2%	57 445 859	42 509 936	- 2%	57 445 859	42 509 936
Rand	+ 5%	-	-	+ 5%	-	-
	- 5%	-	-	- 5%	-	-

2018	Change in rate	Effect on profit before tax	Effect on equity	Change in rate	Effect on profit before tax	Effect on equity
	%	ZWL$	ZWL$	%	ZWL$	ZWL$
Renminbi Yuan	+2%	1 340 447	991 931	+2%	215 853	159 731
	- 2%	3 449 903	2 552 929	- 2%	555 540	411 100
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.

The Group manages its interest cost and risk by using debt with fixed rate 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	
		2019	2018	2019	2018
		ZWL$	ZWL$	ZWL$	ZWL$
Change in interest rate of:	+10%	(1 615 033)	(3 158 864)	(279 388)	(10 050 241)
	-10%	1 615 033	3 158 864	279 388	10 050 241

		Historical Cost			
		Group		Corporation	
		2019	2018	2019	2018
		ZWL$	ZWL$	ZWL$	ZWL$
Change in interest rate of:	+10%	(592 958)	(471 500)	(86 330)	(110 480)
	-10%	592 958	(471 500)	86 330	(110 480)

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 2019 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 2019						
Interest bearing loans and borrowings	17 574 157	246 797	162 907 664	20 153 486	-	200 882 104
Other liabilities	127 285 325	-	13 568 022	-	-	140 853 347
Trade and other payables	253 327 005	7 030 388	-	952 570	-	261 309 963
	398 186 487	**7 277 185**	**176 475 686**	**21 106 056**	**-**	**603 045 414**
Year ended 31 December 2018						
Interest bearing loans and borrowings	-	-	13 641 228	523 291	-	14 164 519
Other liabilities	15 649 943	-	2 036 041	-	-	17 685 984
Trade and other payables	-	3 411 994	-	-	-	3 411 994
	15 649 943	**3 411 994**	**15 677 268**	**523 291**	**-**	**35 262 496**

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 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**
Year ended 31 December 2018						
Interest bearing loans and borrowings	10 725 161	-	14 044 770	5 935 787	16 760 176	47 465 894
Other liabilities	826 357	-	1 297 383	680 676	-	2 804 416
Trade and other payables	59 647 327	3 270 745	-	8 141 818	140 305	71 200 195
	71 198 845	**3 270 745**	**15 342 153**	**14 758 281**	**16 900 481**	**121 470 505**

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 2019						
Interest bearing loans and borrowings	-	-	162 117 040	-	-	162 117 040
Other liabilities	327 882	-	13 746 119	-	-	14 074 001
Trade and other payables	-	7 030 388	-	-	-	7 030 388
Amounts owed to Group companies	-	-	-	-	-	-
	327 882	**7 030 388**	**175 863 159**	**-**	**-**	**183 221 429**
Year ended 31 December 2018						
Interest bearing loans and borrowings	-	-	84 739 984	3 250 710	-	87 990 694
Other liabilities	97 218 221	-	12 647 988	-	-	109 866 209
Trade and other payables	-	21 195 476	-	-	-	21 195 476
Amounts owed to Group companies	-	-	-	-	-	-
	97 218 221	**21 195 476**	**97 387 972**	**3 250 710**	**-**	**219 052 379**

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 2019						
Interest bearing loans and borrowings	-	-	162 117 040	-	-	162 117 040
Other liabilities	327 882	-	13 568 022	-	-	13 895 904
Trade and other payables	-	7 030 388	-	-	-	7 030 388
Amounts owed to Group companies	-	-	-	-	-	-
	327 882	**7 030 388**	**175 685 062**	**-**	**-**	**183 043 332**
Year ended 31 December 2018						
Interest bearing loans and borrowings	-	-	11 963 165	2 812 369	-	14 775 534
Other liabilities	-	-	1 474 104	-	-	1 474 104
Trade and other payables	17 002 732	3 197 470	-	-	-	20 200 202
Amounts owed to Group companies	-	-	-	-	-	-
	17 002 732	**3 197 470**	**13 437 269**	**2 812 369**	**-**	**36 449 841**

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 adjust 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 2019. The Group's capital comprise net debt and equity as detailed below:

	Inflation Adjusted		Historical	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Interest bearing loans and borrowings	182 447 143	357 168 293	182 447 143	47 465 895
Bank overdrafts	2 283 451	1 517 695	2 283 451	364 646
Trade and other payables	317 509 359	516 727 019	285 365 249	71 200 195
Less cash and short term deposits	(209 941 979)	(96 342 952)	(209 941 978)	(14 160 513)
Net debt	292 297 974	779 070 055	260 153 865	104 870 222
Equity	2 021 277 016	811 363 673	1 642 656 949	29 934 259
Capital and debt	2 313 574 990	1 590 433 728	1 902 810 814	134 804 481
Gearing ratio	13%	49%	14%	78%
Target gearing ratio	60%	60%	60%	60%

21.4 Credit risk

Credit risk is the risk that a counterparty 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 control 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 2019, the Group had ZWL$9 616 804 (2018 : $3 963 202) 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.

(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 counterparties and within credit limits assigned to each counterparty. Counterparty 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 counterparty's failure.

The Group's maximum exposure to credit risk arising from its financial assets as at 31 December 2019 and 2018 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			
	2019 Carrying amount ZWL$	2019 Fair value ZWL$	2018 Carrying amount ZWL$	2018 Fair value ZWL$	2019 Carrying amount ZWL$	2019 Fair value ZWL$	2018 Carrying amount ZWL$	2018 Fair value ZWL$
Financial assets								
Trade and other receivables	205 521 232	205 521 232	153 938 754	153 938 754	190 583 257	190 583 257	19 884 236	19 884 236
Cash and short term deposits	209 941 979	209 941 979	96 342 952	96 342 952	209 941 978	209 941 978	14 160 513	14 160 513
Available for sale financial assets	64 259 221	64 259 221	51 233 028	51 233 028	54 757 168	54 757 168	1 548 696	1 548 696
Financial liabilities								
Interest bearing loans and borrowings	182 447 143	182 447 143	357 168 293	357 168 293	182 447 143	182 447 143	47 465 895	47 465 895
Trade and other payables	317 509 359	317 509 359	516 727 019	516 727 019	285 365 249	285 365 249	71 200 195	71 200 195
Overdraft	2 283 451	2 283 451	1 517 695	1 517 695	2 283 451	2 283 451	364 646	364 646

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	145 475	145 475	1 501 064	1 501 064	145 475	145 475	283 673	283 673
Cash and short term deposits	54 654 728	54 654 728	294 310	294 310	54 654 728	54 654 728	34 376	34 376
Loans receivable	13 116 097	13 116 097	1 905 051	1 905 051	13 116 097	13 116 097	88 673	88 673
Amounts receivable from group companies	2 123 960	2 123 960	19 670 361	19 670 361	2 123 960	2 123 960	2 908 152	2 908 152
Financial liabilities								
Interest bearing loans and borrowings	162 117 040	162 117 040	89 066 827	89 066 827	162 117 040	162 117 040	14 775 534	14 775 534
Trade and other payables	7 358 269	7 358 269	118 412 460	118 412 460	7 358 269	7 358 269	20 200 203	20 200 203
Overdraft	-	-	-	-	-	-	-	-
Amount owed to group companies	13 568 022	13 568 022	12 647 873	12 647 873	13 568 022	13 568 022	1 474 103	1 474 103

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 at the measurement date.

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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 2019, 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 creditworthiness 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, credit risk and remaining maturities.

Fair value hierarchy	Inflation Adjusted				Historical			
2019	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial and non- financial assets	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Land and buildings	-	-	1 347 193 156	**1 347 193 156**	-	-	1 354 593 299	**1 354 593 299**
Available for sale financial assets	-	-	64 259 221	**64 259 221**	-	-	54 757 168	**54 757 168**
Investment properties	-	-	74 138 950	**74 138 950**	-	-	74 138 950	**74 138 950**
Assets held for sale	-	-	80 962 662	**80 962 662**	-	-	80 962 598	**80 962 598**
2018	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial and non-financial assets	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Land and buildings	-	-	872 092 739	**872 092 739**	-	-	77 155 985	**77 155 985**
Available for sale financial assets	-	-	64 259 221	**64 259 221**	-	-	1 548 696	**1 548 696**
Investment properties	-	-	74 138 950	**74 138 950**	-	-	3 760 000	**3 760 000**
Assets held for sale	-	-	80 962 662	**80 962 662**	-	-	4 048 238	**4 048 238**

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 2019, 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.

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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.

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Revenue												
External customer	984 580 140	493 569 700	-	-	42 435 311	48 896 638	128 049 201	14 369 009	-	-	1 155 064 652	556 835 347
Intersegment sales	(432 754)	(454 325)	-	-	-	-	-	-		-	(432 754)	(72 442)
Total revenue	**984 147 386**	**493 115 375**	**-**	**-**	**42 435 311**	**48 896 638**	**128 049 201**	**14 369 009**	**-**	**-**	**1 154 631 898**	**556 762 905**
Results												
Depreciation	158 502 093	25 789 349	-	-	1 690 565	1 408 118	1 222 805	5 329 111	-	-	161 415 463	32 526 578
Impairment of assets	-	-	-	-	-	-	-	-	-	-	-	-
Share of profit of associates	9 906 052	(10 439 446)	-	-	1 966 986	1 490 119	28 659 853	5 520 673	-	-	40 532 891	(3 428 654)
Segment profit/ (loss)	**338 887 492**	**8 000 435**	**-**	**-**	**117 921 576**	**88 560 142**	**1 159 612 782**	**566 921 363**	**-**	**-**	**1 616 421 850**	**663 481 940**
Operating assets	**1 645 796 388**	**1 313 797 011**	**-**	**-**	**189 263 904**	**77 945 204**	**839 934 406**	**397 053 079**	**-**	**-**	**2 674 994 698**	**1 788 795 294**
Operating liabilities	**264 482 170**	**288 351 845**	**-**	**-**	**15 885 263**	**41 600 002**	**39 720 643**	**188 676 200**	**-**	**-**	**320 088 076**	**518 628 047**
Other disclosures												
Investment in an associate	125 111 646	29 520 073	-	-	-	12 069 809	294 868 445	111 334 097	-	-	419 980 091	152 923 979
Capital expenditure	12 547 984	26 717 013	-	-	739 725	139 555	2 731 872	3 048 151	-	-	16 019 581	29 904 719

1. Inter- segment revenues are eliminated on consolidation.
2 .Segment assets exclude loans receivable ZWL$ 12 482 625; (2018 : ZWL$462 597)
3. Segment liabilities do not include deferred tax ZWL$229 580 845 (2018 : $64 763 507), current tax payable ZWL$92 836 345 (2018 : $16 301 889) and loans ZWL$182 447 173 (2018 : $357 168 294)

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	Historical Cost											
	Chemicals & fertilizers		Engineering & glass		Motor & transport		Corporate & other		Adjustments and eliminations		Consolidated	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Revenue												
External customer	572 762 929	94 403 988	-	-	17 813 342	4 586 762	39 978 020	2 824 924	-	-	630 554 291	101 815 674
Intersegment sales	(180 342)	(72 442)	-	-	-	-	-	-		(72 442)	(180 342)	(72 442)
Total revenue	572 582 587	94 331 546	-	-	17 813 342	4 586 762	39 978 020	2 824 924	-	(72 442)	630 373 949	101 743 232
Results												
Depreciation	76 426 905	3 288 314	-	-	538 530	320 942	277 032	201 673	-	-	77 242 467	3 810 929
Impairment of assets	-	69 219	-	-	-	-	-	(180 000)	-	-	-	(110 781)
Share of profit of associates	4 255 071	(1 086 126)	-	-	438 509	(30 683)	26 575 372	132 423	-	-	31 268 952	(984 386)
Segment profit/ (loss)	**143 156 086**	**685 420**	**-**	**-**	**3 022 399**	**(3 532 982)**	**1435 925 789**	**(1 063 878)**	**-**	**-**	**1 582 104 275**	**(3 911 440)**
Operating assets	**1 346 063 611**	**100 238 595**	**-**	**-**	**186 790 656**	**15 210 456**	**799 863 764**	**46 993 134**	**-**	**-**	**2 332 718 031**	**162 442 185**
Operating liabilities	**233 483 102**	**32 980 266**	**-**	**-**	**15 069 082**	**11 212 321**	**39 391 782**	**27 823 011**	**-**	**-**	**287 943 966**	**72 015 598**
Other disclosures												
Investment in an associate	113 896 479	1 263 972	-	-	-	1 202 329	159 580 436	15 558 011	-	-	273 476 915	18 024 312
Capital expenditure	6 918 304	2 449 574	-	-	564 054	20 385	2 731 872	232 846	-	-	10 214 230	2 702 805

1. Inter- segment revenues are eliminated on consolidation.

2 .Segment assets exclude loans receivable ZWL$ 12 809 632; (2018 : ZWL$0)

3. Segment liabilities do not include deferred tax ZWL$267 587 265 (2018 : $19 173 632), current tax payable ZWL$81 804 209 (2018 : $2 624 462) and loans ZWL$182 447 173 (2018 : $57 535 789)

23. Events after the Reporting Period

23.1 Impact of the Coronavirus disease 2019(COVID-19)

The Group has according to International Accounting Standard (IAS10) – "Events after the Reporting Period" identified events emanating from the COVID-19 pandemic and the national lockdown as a non-adjusting subsequent event for the financial year ended 31 December 2019, since the pandemic arose after the reporting date.

The Group's business operations have and will be affected by the recent and current outbreak of the COVID-19 (coronavirus). COVID-19 was declared a global pandemic by the World Health Organisation (WHO) on 11 March 2020. The first cases in Zimbabwe were diagnosed on 20 and 21 March 2020 with the first fatality recorded on 23 March 2020. On 27 March the Government of Zimbabwe announced a 21-day lockdown period commencing on 30 March 2020, during which the public would be expected to stay at home and the business activity will be limited only to essential services with country borders closed. The lockdown was subsequently extended to 21 May 2020 and has since been extended indefinitely.

The country, continental and global economies have and will be negatively impacted by the pandemic. The overall disruption and financial effect on the Group's businesses cannot be quantified with certainty due the nature, complexity, the unknown duration and severity the COVID-19 pandemic and dynamic responses and interventions to be implemented by the country to counteract the negative impact.
Potential areas of short to medium term risk for the business include:

- cashflow challenges may force clients to reduce insurance cover or default on premiums for business in force.
- cash outflows from managed fund may increase as clients seek to cover liquidity needs due the business lockdown, or a longer lasting economic down turn.
- reduced business activity on the part of our clients may lead to defaults on loan payment obligations in the banking and micro finance business, or contractual rental payments in the property business.
- tight liquidity conditions in the economy in general will affect the availability of funds available for lending.
- impacting on commercial activity, thus contributing to significant declines and volatility in financial markets.
- government responses are creating disruptions national, regional and global supply chains of many industries, thus affecting revenue stream, operating costs and liquidity positions.
- decline in new business and potential retrenchments.

The intervention by the regulatory authorities to introduce a $18.2 billion stimulus package to mitigate the risks of the pandemic will impact on the financial position of the Group's operations. The Chemicals and Fertiliser sector has been declared an essential services sector, enabling the Chemplex divisions to offer services to its customers.

The Group has taken the following measures to strengthen its financial position and reinforce its liquidity and flexibility in the foreseeable future:

- continued management of client relations to maintain and grow the current portfolio
- continued proactive monitoring of facilities to mitigate migrations into a non-performing status
- continued critical credit assessment of new loan disbursements
- suspending unnecessary capital expenditure
- reviewing operating expenses
- not allowing new facility drawdowns
- Rationalizing the branch network by temporary and permanently closing some branches
- revamping our ICT systems to enhance Group's performance.
- restructuring of previous performing facilities taking into account the extent clients are secured and have been affected by the COVID-19 outbreak.
- adjusting certain aspects of Group operations to protect our employees and customers while still meeting customers' needs for product services.

Based on the above assessment COVID-19 will not have significant impact on the Group's ability to continue to operate as a going concern. The Directors cannot reliably estimate and gauge its future impact on the Group, but at the date of preparation of the financial statements and using the current information available, the liquidity position of the Group is not expected to be materially impacted. The Group is leveraging on its financial position which had adequate cash resources as at the end of March 2020 to preserve the financial flexibility in the unpredictable environment. The Group currently believes that it has adequate liquidity and business plans to continue operating as a going concern using the systems to mitigate the risks associated with the pandemic.

The Group continues to evaluate the potential short to long term implications on the consolidated financial statements. The potential impacts include, but not limited to:

- impairment of loans and advances, property, plant and equipment and right of use asset;
- fair value of financial assets and other investments;
- valuation of inventory
- capacity to meet foreign obligations
- net interest income
- levels of non-funded income and expenses.

Since there is such a broad range of outcomes that can materialise, more time is required to fully assess the implications and make any decisions thereafter, once we have more clarity. Furthermore, assumption setting has a long term focus and changes in assumptions will not necessarily be determined by one event.

24. GOING CONCERN

Group

The Group made a profit for the year of ZW$111 316 469 (2018: ZW$676 724 185) in inflationary terms. For the second time since dollarization, the Group has made a profit and it is projecting to make a profit in the ensuing year.

However, the macro-economic environment continued to be precarious mainly as a result of the acute foreign currency and cash shortages, subdued domestic demand, a widening trade deficit and the recent COVID-19 pandemic that drove economies into lockdown.

The following measures are being implemented by management to sustain the Group's profitability.

- Chemplex Group 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.
- The Group is working on increasing export earnings through supply of magnetite to Vale and ICVL and exports of fertilisers.
- Willowvale Motor Industries will continue importing Mazda vehicles from Japan, Thailand and South Africa for resale in partnership with Itouchu and Mazda Corporation.
- The Group has entered into an agreement with an Original Equipment Manufacturer (OEM) for Semi-Knocked Down (SKD) assembly. Modalities of which are 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 an increase in profit for the year ended 31 December 2019 of ZW$1 046 293 645 (2018: ZW$532 423 233) in inflationary terms, a significant improvement mainly attributable to the net impact of recognising investments fair value gains of Z$1 568 274 029 (2018: Z$7 770 613). For the second time since dollarization, the Corporation made a profit and its projecting to make a profit in year 2020. The investments fair value gains consisting of the investment in Sunway City (Private) Limited, Chemplex Corporation Limited, Ginhole investments (Private) Limited, Willowvale Motor Industries (Private) LimitedI and Deven Engineering (Private) Limited.

The Ministry of Finance and Economic Development (MOFED) as guarantor to the China Exim bank loan to the Corporation is expected to pay US$9.8 million outstanding instalment to expunge the loan in 2021. As approved by the Government, the payments by Treasury on behalf of the Corporation will be capitalised as part of the rights issue funding.

The Government, as the sole shareholder of the Corporation, injected fresh capital of ZW$64.0 million in 2019 and approved an additional ZW$240.0 million in the 2020 National Budget as seed capital for the new lending role. Only ZW$60.0 million of the ZW$240.0 million was received, leaving a balance of ZW$180.0 million. The Corporation commenced lending in July 2019, with six borrowers accessed the funds during the year under review.

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 is ongoing for both investments. Both transactions are expected to be concluded in the second quarter of 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 on 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 $180 million balance allocated in 2020 National Budget for Industrial Development Fund (IDF) for on lending to the manufacturing sector. The funds will be expected to be released in the fourth quarter of 2020.

The financial statements are prepared on the basis that both the Group and the Corporation will continue to 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.

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