# INDUSTRIAL DEVELOPMENT CORPORATION

OF ZIMBABWE LIMITED

# 2022 ANNUAL REPORT

**No. 59 FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2022**

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

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

# INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

**59TH ANNUAL REPORT**

**FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2022**

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## ABOUT THIS REPORT

We are pleased to present our 59th 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 2022.

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), Industrial Development Corporation Act (Chapter 14:10), International Financial Reporting Standards (IFRSs) and all relevant legislation and regulations.

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

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

# GROUP PROFILE

Shareholding: 100% owned by the Mutapa Investment Fund

## BOARD OF DIRECTORS

| | | |
|---|---|---|
| 1. | Winston Makamure | Chairman |
| 2. | Elizabeth Zvaitwa Rabvukwa (Mrs) | Vice Chairman |
| 3. | Joyce Aqualine Malaba (Mrs) | |
| 4. | Linos Mapfumo (Dr) | |
| 5. | Marjorie Fadziso Mutemererwa (Ms) | |
| 6. | Spiwe Nyamatore (Ms) | |
| 7. | Victoria Sigauke (Ms) | |
| 8. | Edward Tome | (General Manager) |

*Dr Linos Mapfumo was appointed as Non-executive Board member on 18 July,2022.

## REGISTERED OFFICE

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

## AUDITORS

HLB Chartered Accountants (Zimbabwe)
24 Eastcourt, Belvedere, **Harare**

## BANKERS

**AFC COMMERCIAL BANK**
Hurudza House, 14-16 Nelson Mandela Avenue,
**Harare**

**ZB BANK LIMITED**
Corner First Street/ Speke Avenue,
**Harare**

**STANBIC BANK ZIMBABWE**
Stanbic Centre
59 Samora Machel Avenue, **Harare**

## LAWYERS

**Dube Manikai & Hwacha Legal Practice**
No. 4 Fleetwood Road
Alexandra Park,
**Harare**

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

**Mhishi Nkomo Legal Practice**
86 McChlery Avenue
**Harare**

# BOARD COMMITTEES

## BUSINESS DEVELOPMENT COMMITTEE

| | |
|---|---|
| J. A. Malaba (Mrs) | Chairman |
| E.Z. Rabvukwa (Mrs) | |
| L. Mapfumo (Dr) | |
| M.F. Mutemererwa (Ms) | |
| V. Sigauke (Ms) | |
| E.N. Tome (Mr) | |

## FINANCE COMMITTEE

| | |
|---|---|
| E.Z. Rabvukwa (Mrs) | Chairman |
| J.A. Malaba (Mrs) | |
| M.F. Mutemererwa (Ms) | |
| E.N. Tome (Mr) | |

## AUDIT COMMITTEE

| | |
|---|---|
| S. Nyamatore (Ms) | Chairman |
| L. Mapfumo (Dr) | |
| V.K. Sigauke (Ms) | |
| E.N. Tome (Mr) | |

## RISK, COMPLIANCE AND LEGAL COMMITTEE

| | |
|---|---|
| M.F. Mutemererwa (Ms) | Chairman |
| L. Mapfumo (Dr) | |
| S. Nyamatore (Ms) | |
| V.K. Sigauke (Ms) | |
| E.N. Tome (Mr) | |

## HUMAN RESOURCES, NOMINATIONS & STRATEGY COMMITTEE

| | |
|---|---|
| V.K. Sigauke (Ms) | Chairman |
| W. Makamure (Mr) | |
| J.A. Malaba (Mrs) | |
| E.N. Tome (Mr) | |

## CREDIT AND INVESTMENTS COMMITTEE

| | |
|---|---|
| L. Mapfumo (Dr) | Chairman |
| E.Z. Rabvukwa (Mrs) | |
| J.A. Malaba (Mrs) | |
| S. Nyamatore (Ms) | |
| E.N. Tome (Mr) | |

## CORPORATE MANAGEMENT

| | |
|---|---|
| Edward Tome | General Manager |
| Ngonidzashe Musungwa | Finance Manager |
| Christopher Mutiti | Group Internal Audit Manager |
| Tranos Ngwebu | Senior Manager: Development Finance and Investment analysis Manager |
| Gilbert Tapfuma | Projects Manager: Agro Processing |
| Rindirai Shoko | Projects Manager: Chemicals, Knowledge & Market Research |
| Brian Mushohwe | Acting Director: Group Development Finance, Projects and Operations |
| Derek Sibanda | Head Corporate Services |
| Leni Koni | Acting Corporate Secretary. |

## SUBSIDIARY COMPANIES

| | |
|---|---|
| James Chigwende | Acting Chief Executive Officer, Chemplex Corporation Limited |
| Machivei Tawandirwa | Acting General Manager, Ginhole Investments (Private) Limited t/a Last Hope Estate |
| Dzinhesu Matanhire | Acting Managing Director, Willowvale Motor Industries (Private) Limited (WMI) |
| Tranos Ngwebu | Acting Managing Director, Deven Engineering (Private) Limited |
| Collin Mutingwende | Chief Executive Officer: Sunway City (Private) Limited |
| Varison Makaya | Acting Managing Director, G&W Industrial Mineral (Private) Limited |

## ASSOCIATED AND OTHER COMPANIES

| | |
|---|---|
| Mohammed Abbasi | Chief Operating Officer, Afroran Spinners (Private) Limited |
| Wang Yong | Managing Director, Sino-Zimbabwe Cement Company (Private) Limited |
| Sylvester Dendere | Acting Chief Executive Officer Olivine Holdings (Private) Limited |
| Cavin Nkiwane | General Manager, Zimbabwe Grain Bag |
| Lucas Taruvinga | Chief Executive Officer, Amtec (Private) Limited |

## IDCZ CORPORATE PROFILE AND MISSION

The Industrial Development Corporation of Zimbabwe Limited was incorporated through its enabling Act in 1963 to invest in industry as a state agency. The Industrial Development Corporation Act (Chapter 14:10) 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 59 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 Vision, Mission, and Values:**

**VISION**

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

**MISSION**

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

**VALUE STATEMENTS**

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

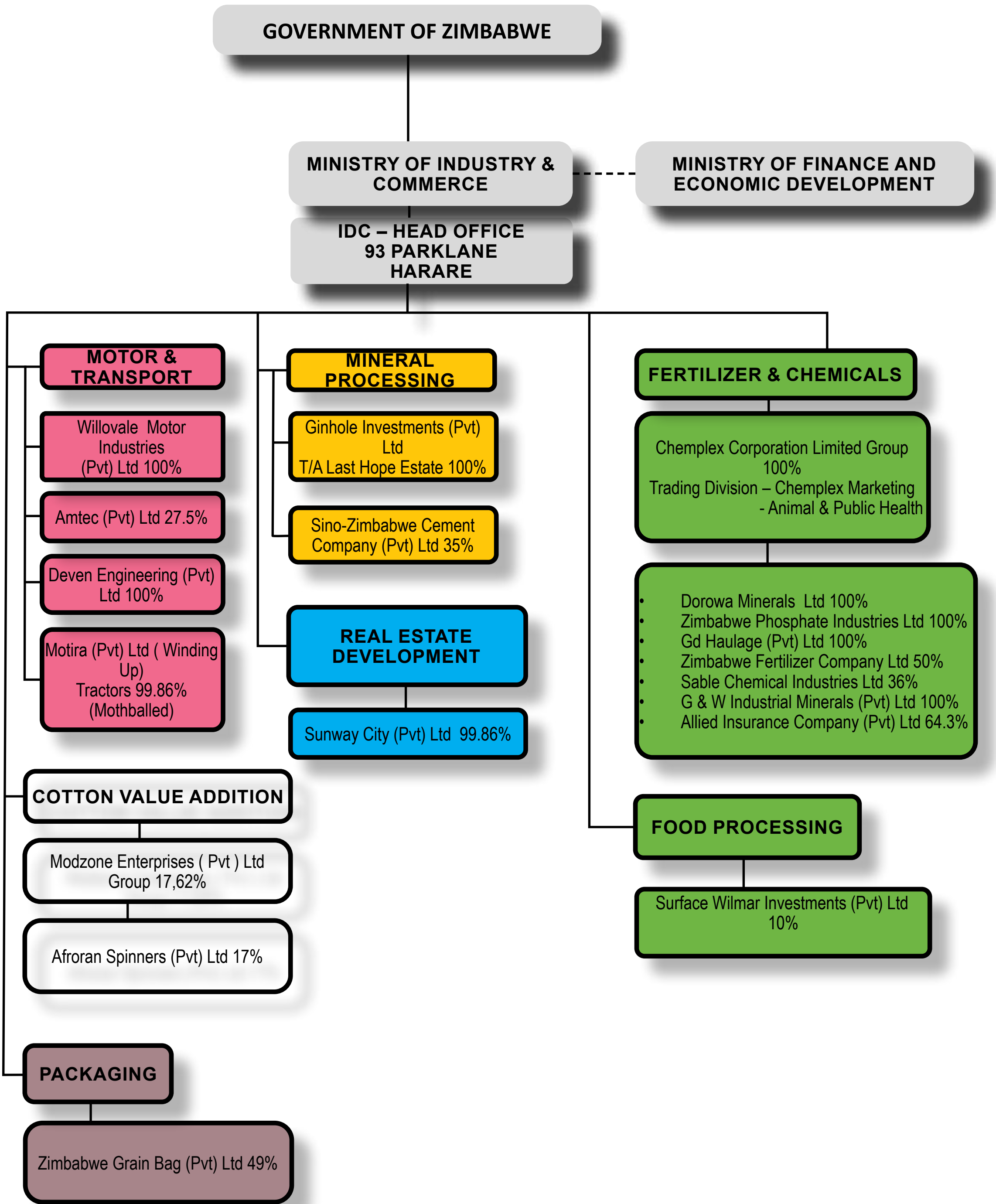
**STRATEGIC PILLARS**

Our Strategy Resides on Four Pillars:

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

# Group Investment And Shareholding, Structure And Sector Composition

## GROUP SUBSIDIARY & ASSOCIATED COMPANIES



# LETTER TO THE CHAIRMAN OF MUTAPA INVESTMENT FUND

The Chairman
Mutapa Investment Fund
P.O. Box CY201
Causeway
Harare

*C. Mutasa*
*Chairman*
*Mutapa Investment Fund*

**Dear C. Mutasa**

**Industrial Development Corporation of Zimbabwe Limited Annual Report No 59**

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 2022 in terms of Section 19(1) of the Industrial Development Corporation Act (Chapter 14:10).

Yours faithfully,

**W. Makamure**

**Chairman**

**18 December 2023**

# NOTICE TO THE SHAREHOLDER

Notice is hereby given that the 59th Annual General Meeting of the Shareholder will be held virtually on the Microsoft teams platform on Thursday 01 February 2024 at 10: 30 hours to transact the following business:

1. Tabling of Proxies, Quorum and Constitution of the meeting.
2. To receive, consider and adopt the financial statements and the reports of the directors and auditor for the financial year ended 31 December 2022.
3. To approve the remuneration of the Auditors for the year ended 31 December 2022.
4. To approve the remuneration of directors for the year ended 31 December 2022.
5. To approve that the ZW$1 350 000 000 received in the year 2022 by the Corporation from Treasury be and is hereby capitalised.
6. To approve that the legal fees paid by Treasury amounting to ZW$511 055 008 to Kimbrough and Associates for and on behalf of the IDCZ in the matter between the IDCZ and Romsit, be and is hereby treated as a capital advanced to the IDCZ by the shareholder.
7. To approve that a Share Certificate of 930 527 504 ordinary shares of ZW$2.00 each with a value of ZW$1 861 055 008.00 be issued to Mutapa Investment Fund in recognition of the equivalent capital injected into the Corporation in the year ended 31 December 2022.
8. To note the retirement of HLB Chartered Accountants.
9. To note the appointment of PKF Chartered Accountants for the ensuing year.
10. Appointment, Resignation and Retirement of Directors.
11. To consider the declaration of $300 million dividend as recommended by the Directors.
12. 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

Leni Koni

**Acting Corporate Secretary**

**18 December 2023**

# CHAIRMAN'S STATEMENT

## *FOR THE YEAR ENDED 31 DECEMBER 2022*

**Mr Winston Makamure**
**Chairman**

**Dear Shareholder**

It is a pleasure to present an update on the financial and strategic performance of the Industrial Development Corporation of Zimbabwe Limited (IDCZ) for the year ended 31 December 2022.

The 59th annual report and financial performance results are reflective of a re-invigorated and re-positioned IDCZ that is discharging its mandate in line with the National Development Strategy 1 (NDS1 – 2021 to 2025) and Vision 2030 to create sustainable industrial capacity by moving the economy up the value chain and structural transformation.

**Operating Environment**

The IDCZ Group continued to contend with the challenging macroeconomic environment characterized by the exchange rate depreciation and high inflation. Average annual inflation increased from 143.3% in 2021 to 184.1% in 2022. The monthly average exchange rate depreciated from US$1: Z$115.4 in January 2022 to US$1: Z$ 671.5 in December 2022. The Corporation has to contend with the tight liquidity environment and fiscal space, geo-political tensions, and global inflation. Consequently, the country's economic growth was revised downwards from 5.5% to 4.0% in 2022.

**Contribution to Vision 2030**

In 2022, the IDCZ had commendable progress towards the expansion of the fertilizer value chain by commissioning the Zimbabwe Phosphates Industries (ZimPhos) fertilizer blending plant. This is a first for the IDCZ Group to produce blended fertilizers to meet the market demand.

The IDCZ also successfully resuscitated the brand-new bus assembly at Deven Engineering through a toll assembly arrangement and refurbishment of old bus shells for the private operators and Zupco. The IDCZ continued in its quest to secure Original Equipment Manufacturers (OEMs) for its bus, coach building and motor assembly businesses.

There was continued progress in implementing various joint venture and infrastructural projects in the Sunway City Special Economic Zone in order to attract industrial and value adding investors to establish and locate their operations in the Special Economic Zone.

The various projects and initiatives support the country's developmental thrust under Vision 2030 and fulfils objective (iii) of the National Development Strategy 1 (2021-2025) of "promoting new enterprise development, employment and job creation". The Corporation also extended funding to various manufacturing companies along the prioritised value chains.

## GROUP FINANCIAL PERFORMANCE SUMMARY

The Group's turnover for the year 2022 was Z$35 479 462 889 (2021: Z$38 293 721 690). The Gross Profit increased to Z$15 964 539 658 (2021: Z$12 823 262 389) and the after-tax operating loss decreased to Z$1 577 181 814 (2021: Z$4 886 148 464). The total comprehensive profit for the year increased to $25 928 549 838 (2021: 9 925 107 890)

**Governance and Directorship**

The Board remains resolute in its commitment to ensuring that the IDCZ conducts its business according to the highest stands of ethics and good corporate governance.

**Strategy**

As we continue to deliver on our mandate, financial sustainability remains one of the key pillars and strategic priority imperative in the Corporation's strategic framework, which is premised on sustainable industrial development, creation of functional value chains, empowerment of communities in which the IDCZ operates and economic inclusion in pursuance of National Development Strategy 1 and Vision 2030.

**Outlook**

The just concluded 2023 harmonised elections ushered in His Excellency Dr E.D. Mnangagwa into his second term of office which will see an accelerated, consolidated, and renewed mandate for rural industrialisation and increased beneficiation and value addition of our natural resources to enable Zimbabwe to penetrate the global markets and global value chains through quality "Made in Zimbabwe" goods and products.

**Appreciation**

The IDCZ remains indebted to the Government of Zimbabwe, the Office of the President and Cabinet, Ministry of Finance and Economic Development, the Ministry of Industry and Commerce, and the Reserve Bank of Zimbabwe for their continued support.

I also acknowledge my Board colleagues whose dedication and wise counsel ensured that the Board was able to diligently execute its duties and enable the Corporation do deliver on its mandate.

Finally, I wish to record my sincere appreciation to the Group Management and Staff for their great efforts in sustaining the business in the challenging operating environment.

**For and on behalf of the Board**

**Mr Winston Makamure**
**Chairman**

**18 December 2023**

# BOARD OF DIRECTORS' PROFILE

**For the year ended 31 December 2022**

| | |
|---|---|
|  **Mr Winston Makamure** **Chairman** | Winston is 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. He is a holder of a BSc Information Technology, Masters in Business Administration from the University of Hertfordshire UK, Masters in Defence and Security from Zimbabwe National Defence University. The professional journey has taken him through the banking and financial services, telecommunication, transport, security and public sectors. He has 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. He also sits on the Sable Chemicals Limited and Sino-Zimbabwe Cement company Board of Directors |
|  **Mrs Elizabeth Zvaitwa Rabvukwa** **(Vice Chairman)** | Elizabeth qualified as a Chartered Accountant. She trained with PricewaterhouseCoopers after completing a BComm Accounting degree with Rhodes University in South Africa. She also acquired a Master's in Business Leadership with UNISA School of Business Leadership and another Executive Leadership course with GIBS in South Africa. Elizabeth has more than 15 years' experience at Executive level with most of the experience within the financial services sector.<br><br>Her current role is Executive Director at Zimnat Financial Cluster. Elizabeth is a married woman and a mother. She enjoys naturing young ladies into strong professionals or entrepreneurs. |

## BOARD OF DIRECTORS' PROFILE *(continued)*

**Mrs Joyce Aqueline 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.

**Dr Linos Mapfumo**

Dr Linos is an established professional in the public governance sector spanning a period of over 20 years. He is a career diplomat, entrepreneur, academic, researcher and consultant. He currently sits on the Board of Directors of the Chemplex Corporation, Sunway City and Olivine Industries. He has previously served on the Powertel, Zimbabwe Iron and Steel Company, Buchwa Iron Mining Company as well as Lancashire Steel Boards. Dr Mapfumo is a holder of a PhD in Administration (Public Administration) with the University of KwaZulu-Natal in South Africa. He also acquired a Master's Degree in War and Strategic Studies, BA Special Hons Degree in Economic History as well as a Bachelor of Arts General Degree, all from the University of Zimbabwe. He is currently studying for his Law Degree at the University of Zimbabwe. Dr MAPFUMO has authored, co-authored several research papers, and articles in governance and development.

**Ms Marjorie Fadziso Mutemererwa**

Marjorie 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 30 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.

## BOARD OF DIRECTORS' PROFILE *(continued)*

| | |
|---|---|
| | 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 critical stakeholders.<br><br>In 2005, Marjorie pioneered the Public and Communications Department 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. |
| <br>**Ms Spiwe Nyamatore** | Spiwe is a Director - Economic Affairs and Investment, Office of the President and Cabinet, Harare Metropolitan Province. She holds an Honours Degree in Economics and a Master Honours Degree in Economics from the University of Zimbabwe and a Masters Degree in Public Sector Management from Africa University. She 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. |
| <br>**Ms Victoria Kudzai Sigauke** | Victoria is a lawyer by profession and an industrialist by expertise having practiced both in the private and public sectors. She has served the Government of Zimbabwe in different capacities, from working with the Judiciary, the Ministry of Public Service, Labour and Social Welfare and the Ministry of Industry and Commerce refining her corporate governance expertise in the process particularly in State Owned Entities. She is a holder of a Masters in Corporate Finance Law from the University of Zimbabwe. She has a keen interest in Public Administration, Corporate Governance, Industrial Development. Victoria also serves as a Non - Executive Director on ZFC Limited and Sino Zimbabwe Cement Company (Pvt) Ltd. |

## BOARD OF DIRECTORS' PROFILE *(continued)*

| | |
|---|---|
|  **Mr Edward Nhamoinesu Tome** **(General Manager)** | Mr Edward is a well-seasoned corporates' turn-around strategist. Mr Tome is an all -rounder and very experienced commercial industrialist. He is also a seasoned banker and financial expert par excellence. Mr Edward Tome is a well experienced international projects' director. Mr Tome brings with him a wealth of knowledge in development finance and international banking. He is a guru in structured trade finance, structured project finance, structure infrastructure finance, and structured sovereign finance. He has worked with various multinational corporations and sovereigns across Africa and beyond. He has held directorship for various corporates in several economic sectors across the continent such as banking, mining, agriculture, infrastructure, pharmaceuticals, fertilisers, chemical manufacturing, power, food processing, packaging, real estate, mineral processing, textiles, motor, bus, and truck. He has a Masters in Banking and Finance among other qualifications. He is the General Manager of Industrial Development Corporation of Zimbabwe Limited (IDCZ). |

# REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report, together with the audited financial statements of Industrial Development Corporation of Zimbabwe Limited, for the year ended 31 December 2022.

### SHARE CAPITAL

The authorised share capital remained at 2 500 000 000 shares of ZWL$2 each, with a value of ZWL$5 000 000 000 as per section 13(1) of the IDC Act (Chapter 14:10).

During the year, the shareholder injected ZWLZ$1 350 000 000.00 in capital for onward lending. The amount injected is awaiting allotment.

**GROUP INCOME AND APPROPRIATIONS**

| | Inflation Adjusted | | Historical Cost | |
|---|---|---|---|---|
| | 2022<br>ZW$ | 2021<br>ZW$ | 2022<br>ZW$ | 2021<br>ZW$ |
| **Profit from operations** | 1 856 521 897 | 5 130 811 562 | 1 177 200 868 | 1 368 889 994 |
| **Net finance charges** | ( 545 870 296) | ( 796 517 621) | ( 329 418 815) | ( 203 720 435) |
| **Fair value gain: Investment property** | 1 197 141 307 | 62 031 728 | 2 588 015 616 | 226 713 600 |
| **Share of profit/(loss): associated companies** | 928 679 449 | ( 427 306 639) | 1 350 443 463 | ( 79 787 921) |
| **Impairments of assets and investments** | - | (3 281 969 465) | - | (33 724 475) |
| **Monetary Loss** | (12 829 552 755) | (6 460 584 185) | - | - |
| **Exchange gains** | 9 990 056 647 | 1 105 155 831 | 5 718 625 163 | 243 559 640 |
| **Profit/(Loss) before taxation** | 596 976 249 | (4 668 378 789) | 10 504 866 295 | 1 521 930 403 |
| **Income tax** | (2 174 158 064) | ( 217 769 675) | 3 620 048 930 | 587 306 763 |
| **Loss from discontinued operations** | - | ( 419 501) | - | ( 167 449) |
| **Profit/(Loss) after tax** | (1 577 181 814) | (4 886 567 964) | 14 124 915 226 | 2 109 069 717 |
| **Other Comprehensive Income** | 27 505 731 652 | 14 811 675 854 | 58 799 788 696 | 7 392 742 501 |
| **Total Comprehensive Income for the year** | **25 928 549 838** | **9 925 107 890** | **72 924 703 922** | **9 501 812 218** |
| **Attributable to:-** | | | | |
| **Equity holders of the parent** | 23 533 840 466 | 10 490 120 191 | 65 799 588 710 | 9 158 280 055 |
| **Non-controlling interest** | 2 394 709 372 | ( 565 012 301) | 7 125 115 212 | 343 532 163 |
| | **25 928 549 838** | **9 925 107 890** | **72 924 703 922** | **9 501 812 218** |
| **CORPORATION** | | | | |
| **Revenue** | 1 320 190 902 | 710 624 292 | 616 095 847 | 153 895 612 |
| **Operating profit** | ( 106 909 125) | 1 032 942 797 | ( 557 746 874) | 252 342 644 |
| **Profit /(Loss) before taxation** | ( 73 061 674) | (256 124 240) | 1 032 534 508 | 189 326 509 |
| **Profit / (Loss) after taxation** | (2 864 989 685) | (760 997 127) | 751 540 075 | 42 561 135 |
| **Total comprehensive income** | **(2 807 753 842)** | **(760 997 127)** | **914 037 426** | **(15 397 369)** |

The Board comprised Mr. W. Makamure, Mrs. E. Rabvukwa, Ms V. Sigauke, Mrs. J. Malaba, Ms M. F. Mutemererwa, Ms S. Nyamatore, and Mr E. Tome was in place on 28 of May 2020. Dr L. Mapfumo was appointed on 18 July 2022.

### Dividend

The directors propose to declare a dividend of ZW$300 000 000.00 for the year ended 31 December 2022.

### Auditors

At the 59th Annual General Meeting scheduled on 1st of February 2024; 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

**Leni Koni**
**Acting Corporate Secretary**
**18 December 2023**


# 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 and Other Business Entities 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 catalysing industrialization, the IDCZ is classified as a Development Finance Institution (DFI) and shall not be wound up except by or under the authority of an Act of Parliament.

**Board of Directors**

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

The Board of Directors is appointed by the Mutapa Investment Fund. The IDC Act determines the constitution, rights, powers, and obligations of the board. The Board's composition is eight (8) directors. Of the eight (8) directors led by a non-executive chairman, seven (7) are from the private sector, one (1) from parent ministry and all are non-executive with the General Manager being the only executive director.

The Board is responsible 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 Finance and Audit Committee was in April 2022 split into a stand-alone Finance Committee and stand-alone Audit Committee in line with the Public Entities Corporate Governance Act (Chapter 10:31). The six 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 IDCZ'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 its 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, six (6) Board Committees have




been constituted with clear terms of reference, which are reviewed periodically. These are Business Development, Finance, Audit, Human Resources, Nominations and Strategy, Risk, Compliance and Legal and Credit & Investments Committees. All Board Committees are chaired by a non-executive Director. These six (6) existing committees meet ahead of the normal scheduled Board Meetings.

**Business Development Committee**

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

**Finance Committee**

The Finance and Audit Committee was split in April 2022 into a stand-alone Finance Committee and stand-alone Audit Committee in line with the provisions of the Public Entities Corporate Governance Act (Chapter 10:31). The Finance and Audit Committee met once in 2022 before the split.

The Finance Committee is chaired by a non-executive director and comprises mainly non-executive directors. The Committee met four (4) times during the year under review. It deals with accounting matters, budgets, financial reporting, and related internal controls. The Committee monitors proposed changes and continuous reviews of accounting policies, internal controls, and reporting matters.

**Audit Committee**

The Audit Committee is chaired by a non-executive director and comprises mainly non-executive directors. The Committee met four (4) times during the year under review.

The Committee reviews the plans and reports of both the Internal Audit and Independent External Auditors. 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's investment at least four times per annum.

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

**Human Resources, Nominations and Strategy Committee**

The Committee is chaired by a non-executive director and majority members are non-executives. The Committee met six (6) times during the year under review. The committee is responsible for review of executive management remuneration in line with the Remuneration Policy approved by the Board. The Remuneration Policy was put in place in terms of Sections 12 and 23 of the IDC Act (Chapter 14:10) and 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 Committee recommends to the Board names of qualified persons from the Corporate


## CORPORATE GOVERNANCE REPORT *(continued)*

Governance Unit database, 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 also responsible for the formulation and recommendation to the Board of the Corporation's Strategy which is in line with the Ministry of Industry and Commerce's Strategy, and to the National Development Strategy 1 (NDS1).

**Risk, Compliance and Legal 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 four (4) times during the year under review and it has oversight on the following matters:

- To review the adequacy and effectiveness of the Group's external market and internal risk management policies and systems
- To review major non-compliances with risk policies
- To review and recommend risk limits and related matters

The most important risks that the Group is exposed to are listed below:

- Credit risk,
- Market risk,
- Liquidity risk,
- Reputational risk,
- Strategic risk,
- Operational and compliance risk.

**Credit & Investments Committee**

This Committee is chaired by a non-executive director. The Committee reviews credit strategy, credit risk management policy and programmes, 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:-

| 2022 | BOARD | RISK | FINANCE & AUDIT | AUDIT | FINANCE | BUSINESS DEVELOPMENT | CREDIT & INVESTMENTS | HUMAN RESOURCES, NOMINATIONS & STRATEGY |
|---|---|---|---|---|---|---|---|---|
| **No. of Meetings** | **6** | **4** | **1** | **4** | **4** | **4** | **4** | **6** |
| Mr. W. Makamure | 6 | NM | NM | NM | NM | NM | NM | 3 |
| Mrs. E. Rabvukwa | 5 | NM | 1 | NM | 4 | 2 | 3 | 2 |
| Dr. L. Mapfumo | 4 | 2 | NM | 2 | NM | 2 | 2 | NM |
| Mrs. J. Malaba | 6 | NM | 1 | NM | 4 | 4 | 4 | 4 |
| Ms. M. Mutemererwa | 6 | 4 | NM | NM | 4 | 3 | NM | 2 |
| Ms. S. Nyamatore | 6 | 2 | 1 | 4 | NM | NM | 4 | NM |
| Ms. V. Sigauke | 6 | 3 | NM | 2 | NM | 3 | 1 | 6 |
| Mr. E. Tome | 6 | 4 | 1 | 4 | 4 | 4 | 4 | 6 |

**Key/Notes**

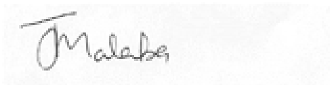
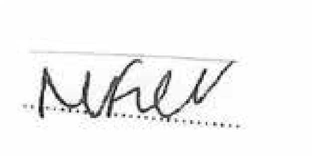
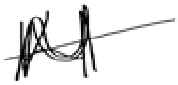
I. NM – Not Member of Committee

II. The Finance and Audit Committee was on 29 April 2022 split into a stand-alone Finance

III. The Composition of the Committees were reconstituted on 29 April 2022 and 31 August 2022. Dr. Linos Mapfumo was appointed to the Board with effect from 18 July 2022.

## CODE OF CONDUCT AND BUSINESS ETHICS CHARTER

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

| | | |
|---|---|---|
| E.Z. Rabvukwa (Mrs) | J. Malaba (Mrs) | M. F. Mutemererwa (Ms) |
| **Finance Committee Chairman** | **Business Development Committee Chairman** | **Risk, Compliance and Legal Committee Chairman** |
|  |  |  |
| L. Mapfumo | V. Sigauke (Ms) | S. Nyamatore (Ms) |
| **Credit & Investments Committee Chairman** | **Human Resources, Nominations and Strategy Committee Chairman** | **Audit Committee Chairman** |
|  |  |  |

# RESPONSIBILITY OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022.

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 (IFRSs). The external auditors are responsible for independent review and reporting on the financial statements.

The Directors have assessed the ability of the Group to continue to operate as a going concern and believe that the preparation of these financial statements on a going concern is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the Group to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

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

The Group's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and ability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that came to the attention of the Directors have been addressed and the Directors confirm that the system of internal control and accounting control is operating in a satisfactory manner.

The consolidated financial statements and the related notes set out on pages 35-150 which have been prepared on the going concern basis, were approved by the Board of Directors at its meeting held on 18 December 2023 and were signed on their behalf by the Chairman of the Board, Mr W. Makamure, and the General Manager, Mr E. Tome.

These financial statements were prepared under the supervision of:

Mr N. Musungwa, Finance Manager.
**Registered Public Accountant (PAAB Number 03702).**

| | |
|---|---|
| **Winston Makamure** | **Edward N. Tome** |
| **Chairman** | **General Manager** |
| **18 December 2023** | **18 December 2023** |

# GENERAL MANAGER'S REPORT ON OPERATIONS

**Mr Edward N. Tome**
**General Manager**

1.0. **RECAPITALISATION**
During the year, the Shareholder injected Z$1.350 billion fresh capital for onward lending to the manufacturing and value adding sectors.

2.0. **LITIGATION**
As at 31 December 2022, the net final award of US$12 673 710.29 plus interest at 8.5% per annum (p.a) against Romsit remains outstanding. Efforts to effect collection are yet to yield results.

3.0. **ZIDERA SANCTIONS**
Out of the US$4.2 million intercepted by Office of Foreign Assets Control (OFAC) in the Group, US$455 366 remains outstanding as at 31 December 2022.

**4.0. PERFORMANCE REPORTS BY SECTOR**
**4.1. Fertiliser and Chemicals Sector**
Chemplex continued to aggressively pursue its mandate to support the National Development Strategy 1 (NDS 1) deliverable of moving the economy up the value chains. Chemplex business emphasis during the year remained primarily that of increasing production of affordable products ranging from fertilizers, crop chemicals, agricultural lime, stock feeds, water treatment chemicals, veterinary products, industrial chemicals, and public health products for supply in the local and export markets. This was achieved while leveraging on the value chains through cost reduction and creating a platform for long-term growth.

However, the increased borrowing costs and lack of local lines of credit to fund working capital affected, to a greater extent, the Chemplex Corporation's ability to achieve the planned low-cost strategy. During the year under review, in pursuance of, import substitution and national food security agenda, Chemplex Corporation launched new products and resumed manufacturing of products whose production had been suspended in the recent past. These products are as follows:

1. **Chemplex Corporation (Chemplex) launched the new NPK basal fertilizer at ZimPhos** into the local market. The introduction of this new affordable product led to over 40% reduction in fertilizer costs and caused all competitors to reduce prices to the same level as our products' prices.

2. **Chemplex introduced the new Contratik dipping chemical and the new Mite buster cotton spray** which were successfully launched by His Excellency, The President of the Republic of Zimbabwe, Cde Dr. E.D. Mnangagwa in February 2022. This contributed to the abatement of cattle deaths due to January disease and achievement of high yields in cotton respectively.

## GENERAL MANAGER'S REPORT ON OPERATIONS *(continued)*

3. Chemplex introduced a new livestock de-wormer called **Benvet** in the fourth quarter of 2022 to complement the existing brand called Closavet. This contributed to the abatement of cattle deaths in support of the Government livestock restocking program.

4. Chemplex resumed production and supply of agricultural lime, stockfeed lime, and industrial lime. The new products, especially agricultural lime was introduced at affordable prices which resulted in reduction of prices to the farmer by 40% and increased viability of the farming business. This also enhanced increased availability of the product in the market and increased crop yields.

Foreign currency availability was a major challenge during the year although Chemplex continued to be prioritized on the auction market. The realized foreign currency allocations were not sufficient to meet the demand for raw materials' importation. Letters of Credit (LCs) were availed for fertilizer raw materials importation. However, Chemplex had limited access to Zimbabwe dollars for the cash cover of the LCs and/or for the purchase of foreign currency at the auction market. This challenge affected production resulting in lower performance than the previous year for both fertiliser volumes and chemicals.

Whilst demand for Chemplex products remained high during the year under review, production capacity remained constrained dropping to 30% from 40% achieved in the prior year. This was caused by inadequate working capital, and frequent plant breakdowns especially the Dorowa phosphate plant which has not yet received refurbishment funding. The Dorowa plant was last refurbished in 1978. The plant urgently requires US$16 million to increase production to name-plate capacity of 150 000 tonnes per annum from the current 40 000 tonnes per annum. This refurbishment is paramount to the achievement of synchronization with the brand new fertilizer plants at ZimPhos and total import substitution of NPK basal fertilizer for Zimbabwe. Efforts are underway to mobilize refurbishment funding through an Engineering, Procurement and Construction (EPC) plus funding model from local and offshore funders.

Chemplex is also mobilizing ideal working capital to finance production and supply towards the Government agricultural inputs programs.

Chemplex successfully installed and technically commissioned the following production plants that enhance increased local beneficiation of raw materials and significantly contribute towards import substitution:

1. The G&W Industrial Minerals Rushinga plant with a production capacity of 100 000 tonnes per annum for agricultural, stockfeed, and industrial lime.
2. The Zimbabwe Phosphates Industries (ZimPhos) fertilizer blending plant with a production capacity of 200 000 tonnes per annum of NPK basal fertilizers.
3. The Chemplex Agro-Pharma dipping chemicals plant with a production capacity of 6 000 tonnes per annum.
4. The Chemplex Agro-Pharma grain protectant plant with a production capacity of 6 000 tonnes per annum.

For the period under review, production and supply of all products was affected by inadequate working capital. However, Chemplex continued to exploit supply credit and tolling arrangements as sources of working capital to improve production output.

Magnetite exports to Tete Mozambique decreased by 21% to 10 000 tonnes in 2022 from 12 800 tonnes exported in 2021 in line with decreased phosphates production. However, magnetite demand remained higher than supply capacity. Chemplex is embarking on a new magnetite plant project to increase production to 72 000 tonnes per annum.

The production and supply of aluminum sulphate for portable water treatment reduced by 45% from 37 000 tonnes in 2021 to 21 200 tonnes in 2022. This was due to constrained working capital

## GENERAL MANAGER'S REPORT ON OPERATIONS *(continued)*

caused by delayed payments from customers like the City of Harare which owed on average of US$1.6 million throughout the year despite continuous high-level engagements for improved payments.

**4.2 Cement**
Sino Zimbabwe Cement Company maintained an annual clinker production above 200 000 tonnes during the period under review as the company continued to consolidate its market position and locational advantage in the Midlands Province.

**4.3. MOTOR AND TRANSPORT**
**4.3.1. Deven Engineering**
The toll assembling of Chinese Zhong tong buses started in the third quarter of 2022 at Deven Engineering. The company also completed the assembling of Golden Dragon Chinese buses during the first quarter of 2022. The company managed to refurbish ten Zimbabwe United Passenger Company (ZUPCO) old bus carcasses.

There was subdued activity in both truck bodies manufacturing and selling of completely built units (CBUs). A few truck body refurbishments were done during the year under review.

**4.3.2. Willowvale Motor Industries (WMI)**
The 2022 new vehicle volumes remained stable compared to prior year. The company was unable to take advantage of the 19% market recovery in total industry volumes. This was due to very constrained levels of working capital for the vehicles' pipelines and also long lead times for stock deliveries.
The company engaged several Original Equipment Manufacturers (OEMs) for both internal combustion engine vehicles and new energy vehicles with mainly positive responses. The company ended the year with market technical test of a product for pick-ups which may result in production re-starting at WMI in 2023.

There was no receipt of new pick up semi knocked down consignments from BAIC China during the year due to the long outstanding "blocked funds" at Beiqi Zimbabwe. There was no production of the BAIC pick-up range at the factory throughout the year. All assembled vehicle stocks and completely built-up units (CBUs) were sold-out during the year. WMI is also actively pursuing possible semi knocked down (SKD) assembly opportunity for small sports utility vehicles from BAIC on a self-funding business model. The Mazda completely built-up unit business remained stable from sales of the all-new BT-50 pick-up.

**4.4. POLYPROPYLENE PACKAGING**

**Grain Bags**
The grain bags sales decreased by 50% in tonnage terms, compared to same period last year.

**Stock Feeds**
The stock feed bags sales increased by 8.3% in tonnage terms, compared to the same period last year.

**Fertiliser Bags:**
The fertiliser bags sales decreased in tonnage terms compared to same period last year.

**Bopp Packaging**
The BOPP mealie meal bags' sales increased by 17% in tonnage terms, compared to the same period last year. We hope this will continue to the next the year.

**Surface Print Mealie Meal Bags:**
The surface print mealie meal bags decreased by 14% in tonnage terms compared to the same period last year.

**Bulk Bags**

The bulk bags sales increased by 37% in tonnage terms compared to the same period last year. Demand is slowly picking up but most mines are operating below capacity.

**4.5. REAL ESTATE**
Sunway City is actively searching and engaging potential investors for the Special Economic Zone (SEZ) through a multi-faceted approach which includes engaging institutional and corporate investors. A Special Purpose Vehicle (SPV) called Sunway Inland Port (Pvt) Ltd was registered between Sunway City (Pvt) Ltd and Logistics Development Company (LDC) to jointly develop a dry port.

Following a Government Due Diligence Process, for the solar park project, GPC Energy (Pvt) Ltd and

## GENERAL MANAGER'S REPORT ON OPERATIONS *(continued)*

their Engineering, Procurement and Construction (EPC) Partner (Europower Enerji from Turkey) were cleared by Government to partner Sunway City to develop a100 Megawatt solar plant.

Sunway City is also in advanced discussions with a local firm to enter into a development agreement to develop a regional shopping mall. The servicing of 30 industrial stands and the water main line is expected to be completed by the end of 2023.

### 4.6. CERAMIC PRODUCTS

The Dete Ceramics plant operated at subdued levels due to working capital challenges.

### 4.7. FOOD PROCESSING

#### 4.7.1. Olivine Industries (Pvt) Ltd

The Group's US$73 million margarine and bakery fats plant, ketchup and mayonnaise plant, spice mix plant, and milling plant projects are being implemented in three phases in that order. The first phase of the margarine and bakery fats plant project is nearly complete.

In August 2022 the Ministry of Finance and Economic Development was requested to extend the National Project Status to the Olivine Industries projects. This was initially granted in October 2022.

The Ministry of Finance and Economic Development subsequently advised that it would ring fence the ketchup and mayonnaise plant project to benefit from provisions of the Approved Project Status. The margarine and bakery fats plant project technical commissioning commenced in February 2023. The spice mixes plant project is targeted to be commissioned by end of 2023 and the ketchup and mayonnaise plant to be officially commissioned early 2026.

#### 4.7.2. Surface Wilmar

As part of the agro-processing value chain, the company engaged contract farmers to provide 1500 tonnes of soya beans from a 1630-hectare field during the 2022-2023 growing season. This initiative was a great success and contributed to the development of local crops/farmers, the production of less expensive edible crude oil through crushing and increased shareholder profitability.

#### 4.7.3. Proposed Merger of Olivine Industries and Surface Wilmar

The Olivine Holdings Board established an ad hoc Board Transaction Committee to spearhead the proposed merger of Olivine Industries and Surface Wilmar.

### 5.0. BANK OF INDUSTRY AND COMMERCE (BIC)

The registration of the Bank of Industry and Commerce with the Reserve Bank of Zimbabwe (RBZ) is expected to be completed before the end of 2023.

### 6.0. CAPACITY BUILDING

The Corporation staff continued to benefit from the Southern African Development Community-Development Finance Resource Centre (SADC DFRC) capacity building workshops, other relevant workshops and education programmes which were run locally during the year.

### 7.0. EXHIBITIONS AND EXPO'S

The Industrial Development Corporation of Zimbabwe (IDCZ) Group exhibited its products and services at the Zimbabwe International Trade Fair, Mine Entra and Zimbabwe Agricultural Show. The Group also attended the Mining Indaba held in South Africa.

### 8.0. OUTLOOK

The demand for fertilizers, agricultural lime, veterinary products, water treatment chemicals, grain protectants, industrial mining chemicals, crop chemicals and stock feeds will increase in 2023/2024 season and is likely to surpass the 2022 output.

The Group's strategic thrust remains focused on:

- Mobilization of adequate working capital funding to sweat both the newly installed and existing production plants and equipment.
- Mobilization of the requisite funding for the completion of projects underway and new projects aimed at achieving import substitution, rural industrialization, devolution, and foreign currency generation.
- Diversification of products' portfolio that meets customer needs and growth of the business.
- Development of a robust talent, and

succession planning that is aligned to the Group's growth strategy.

- Collaboration with Universities' innovation hubs.
- Leveraging growth through the exploitation of our mineral endowments.

The Group intends to further increase production of fertilizers when the new granulation plant is installed at ZimPhos in quarter four of 2023 to augment the commissioned fertilizer blender. The Group will continue to exploit other sources of fertilizer and chemicals raw materials from Africa, Asia, and Europe. This is especially so for products like potash and other chemicals manufactured from minerals not found in Zimbabwe. The Group will seek ideal funding structures for working capital to sweat both the new and existing production plants and drive the growth strategy forward.

The Group will ensure seamless implementation of retooling projects that target total import substitution of various products and meet national demand. The Group is also focusing on expansion projects that are aligned to future growth of both the local and regional fertilizer and chemicals markets. A project feasibility study and evaluation is underway for a new All-In-One fertilizer and chemicals plant at Shawa. The new plant will cost a minimum of US$500 million. The new plant will produce over 1 200 000 tonnes per annum of phosphates concentrates which will be used to manufacture over 3 000 000 tonnes of NPK basal fertilizers. The production output would be for the local and global markets.

The Group is also conducting feasibility studies for the refurbishment and resuscitation of the following production mines and plants.

i. The yellow oxide production plant in Binga.
ii. The Mica production plant in Karoi.
iii. The Kaoline production plant in Makonde.
iv. The Kyanite production plant in Mudzi.
v. The red oxide production plant in Silobela.

**9.0. ACKNOWLEDGEMENTS**

All we have achieved and aspire to do will not be possible without the support and guidance of our shareholder representative, the Ministry of Industry and Commerce and the Board. I thank them for their commitment to the IDCZ.

I also thank IDCZ Group staff, who continue to give their best in our pursuit to industrialize Zimbabwe. Lastly, I recognize our partners and stakeholders who continue to work with us in all our endeavors, even in challenging times.

**Edward N. Tome**
**General Manager**
**18 December 2023**

HLB ZIMBABWE
CHARTERED ACCOUNTANTS

# REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS

## Report on the Audit of the Inflation Adjusted Consolidated Financial Statements Qualified Opinion

We have audited the inflation adjusted consolidated financial statements of Industrial Development Corporation of Zimbabwe Limited and its subsidiaries ("the Group") set out on pages **35-150**, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for twelve months ended 31 December 2022, and the notes to the consolidated financial statements including a summary of significant major accounting policies.

In our opinion, except for effects of the matter described in the Basis for Qualified Opinion section of our report, the inflation adjusted consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and consolidated cash flows for twelve months then ended in accordance with International Financial Reporting Standards ("IFRS").

## Basis for Qualified Opinion

### *Non-compliance with International Accounting Standard (IAS) 21 - 'The Effect of Changes in Foreign Exchange Rates' in prior financial years*

A modified opinion was issued on the consolidated inflation adjusted financial statements for the year ended 31 December 2021. This was due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign currency denominated transactions and balances, as required by IAS 21 'The Effects of Changes in Foreign Exchange Rates' and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29 'Financial Reporting in Hyperinflationary Economies'

As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year consolidated inflation adjusted financial statements in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the retained earnings as at 31 December 2022 may contain misstatements.

As a result, our opinion on the current year consolidated inflation adjusted financial statements is modified because of the possible residual effects of the non-compliance with IAS 21 and the comparability of the current period's figures to that of the comparative period.

The effects of this non-compliance were considered material but not pervasive to the inflation adjusted consolidated financial statements.

### *Consolidation of unaudited results of subsidiary*

Unaudited inflation adjusted results of Ginhole Investments (Pvt) Ltd, a 100% subsidiary of IDCZ, were consolidated in the Group's inflation adjusted financial statements for year ended 31 December 2022. We were unable to satisfy ourselves that all the necessary adjustments and disclosures have been made to the unaudited financial statements of Ginhole Investments (Pvt) Ltd for the year ended 31 December 2022. The materially affected inflation adjusted financial statement line items are as follows: Inflation adjusted consolidated statement of financial position:

- Property, plant and equipment ZWL1, 299,375,351 (2021: ZWL68,112,400)

Inflation adjusted consolidated statement of other comprehensive income

- Other comprehensive income for the year: ZWL868, 061,728 (2021: Nil)

We were unable to satisfy ourselves that the above balances were fairly stated

***Consolidation of un-restated historical cost results of associates into the Group's inflation adjusted financial statements in contravention of IAS 29 – Financial Reporting in Hyperinflationary Economies.***

Reference is made to note 10.2 to the consolidated group financial statements

Sable Chemicals Limited and Zimbabwe Grain Bag (Pvt) Ltd did not produce inflation adjusted financial statements. Unaudited historical results of Sable Chemicals Limited and audited historical cost results of Zimbabwe Grain Bag (Pvt) Ltd were consolidated in the Group's inflation adjusted financial statements without restating them for movements in inflation in accordance with the requirements of IAS 29 – ***Financial Reporting in Hyperinflationary Economies.*** The materially affected inflation adjusted financial statement line items are as follows;

Inflation adjusted consolidated statement of financial position:
Investment in associates ZWL8, 057,318,635 (2021: ZWL4, 034,515,984) comprising of:

- *Investment in Sable Chemicals Limited – ZWL6, 733,584,122 (2021: ZWL3, 399,946,304).*
- *Investment in Zimbabwe Grain Bag (Pvt) Ltd – ZWL1,323,734,513 (2021 ZWL634, 569, 680)*

Inflation adjusted consolidated statement of profit or loss:
Share of loss in associates – ZWL173, 265,613 (2021: ZWL740, 685,514) comprising of:

- *Share of Sable Chemicals Limited losses – ZWL758, 293,581 (2021: ZWL701, 091,023 loss)*
- *Share of Zimbabwe Grain Bag (Pvt) Ltd profits – ZWL 585,027,968 (2021: ZWL40, 405,511)*

Inflation adjusted consolidated statement of other comprehensive income (OCI):
Share of associates' OCI: ZWL3, 457,185,821 (2021: ZWL1, 108,193,980) comprising of:

- *Share of Sable Chemicals Limited OCI – ZWL 4,079,547,458 (2021: ZWL1, 108,193,980)*
- *Share of Zimbabwe Grain Bag (Pvt) Ltd OCI – ZWL 622,361,637 negative (2021: Nil)*

We were unable to satisfy ourselves that the above balances were fairly stated

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 Inflation Adjusted Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe.

We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Other information

The directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibility for Financial Reporting but does not include the inflation adjusted consolidated financial statements and our auditor's report thereon.

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

As described in the Basis for Qualified Opinion section above, we concluded that the inflation adjusted consolidated financial statements were materially misstated for the reasons stated. Consequently, we have determined that the other information is misstated for the same reasons.

### Responsibilities of the Directors for the Inflation Adjusted Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance International Financial Reporting Standards ("IFRS, and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated financial statements, the 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 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 Inflation Adjusted Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated 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 inflation adjusted consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 inflation adjusted consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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, actions taken to eliminate threats or safeguards applied.

The engagement partner on the audit resulting in this independent auditor's report is Clement M. Ruzengwe.

HLB ZIMBABWE

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**HLB Zimbabwe Chartered Accountants**
**Harare**
**Clement Ruzengwe**
**PAAB Practicing Certificate No. 099**

**19 December 2023**

# INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE

*CONSOLIDATED FINANCIAL STATEMENTS*
*For the year ended 31 December 2022*

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| for the year ended 31 December 2022 | | GROUP | | | | CORPORATION | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | INFLATION ADJUSTED | | HISTORICAL COST | | INFLATION ADJUSTED | | HISTORICAL COST | |
| | Note | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Continuing operations | | | | | | | | | |
| Revenue from contracts with customers | 5.1 | 35,479,462,889 | 38,293,721,690 | 24,021,616,811 | 8,836,859,936 | 1,320,190,902 | 710,624,292 | 616,095,847 | 153,895,612 |
| Cost of sales | | (19,514,923,231) | (25,470,459,300) | (13,350,366,734) | (5,714,074,879) | - | - | - | - |
| **Gross profit** | | **15,964,539,658** | **12,823,262,389** | **10,671,250,077** | **3,122,785,057** | **1,320,190,902** | **710,624,292** | **616,095,847** | **153,895,612** |
| Other income | 5.2 | 1,393,834,394 | 1,522,948,317 | 1,035,774,436 | 359,949,180 | 958,937,934 | 1,199,445,278 | 535,223,067 | 305,188,443 |
| Selling and distribution expenses | | (425,091,275) | (581,000,119) | (437,489,634) | (143,915,743) | - | - | - | - |
| Administration expenses | 5.3 | (15,076,760,879) | (8,634,399,026) | (10,092,334,010) | (1,969,928,500) | (2,386,037,961) | (877,126,773) | (1,709,065,788) | (206,741,411) |
| Net finance (costs)/Income | 5.4 | (545,870,296) | (796,517,621) | (329,418,815) | (203,720,435) | 2,508,833,334 | (14,558,352) | 2,010,122,913 | (4,232,079) |
| Investment property fair value gain | 9 | 1,197,141,307 | 62,031,728 | 2,588,015,616 | 226,713,600 | - | - | - | - |
| Share of profit/(loss) of equity-accounted investees net of tax | 10.2 | 928,679,449 | (427,306,639) | 1,350,443,463 | (79,787,921) | - | - | - | - |
| Impairment of assets and exceptional items | | - | (3,281,969,465) | - | (33,724,475) | - | (70,168,238) | - | (32,803,959) |
| Monetary loss | | (12,829,552,755) | (6,460,584,185) | - | - | (2,055,144,352) | (1,077,104,826) | - | - |
| Exchange (loss)/gain | | 9,990,056,647 | 1,105,155,831 | 5,718,625,163 | 243,559,640 | (419,841,531) | (127,235,621) | (419,841,531) | (25,980,097) |
| **Profit/(Loss) before tax** | | **596,976,249** | **(4,668,378,789)** | **10,504,866,295** | **1,521,930,403** | **(73,061,674)** | **(256,124,240)** | **1,032,534,508** | **189,326,509** |
| Tax credit/(expense) | 6 | (2,174,158,064) | (217,769,675) | 3,620,048,930 | 587,306,763 | (2,791,928,011) | (504,872,887) | (280,994,433) | (146,765,374) |
| **Profit/(Loss) after tax from continuing operations** | | **(1,577,181,814)** | **(4,886,148,464)** | **14,124,915,226** | **2,109,237,166** | **(2,864,989,685)** | **(760,997,127)** | **751,540,075** | **42,561,135** |
| **Discontinued operations** | | | | | | | | | |
| Loss from discontinued operations, net of tax | 10.3 | - | (419,500) | - | (167,449) | - | - | - | - |
| | | | | | | | | | |
| **Profit/(Loss) after tax** | | **(1,577,181,814)** | **(4,886,567,964)** | **14,124,915,226** | **2,109,069,717** | **(2,864,989,685)** | **(760,997,127)** | **751,540,075** | **42,561,135** |
| Attributable to: | | | | | | | | | |
| Equity holders' of the parent | | (1,620,766,759) | (4,301,350,112) | 10,879,985,268 | 1,772,968,547 | (2,864,989,685) | (760,997,127) | 751,540,075 | 42,561,135 |
| Non - controlling interest | | 43,584,945 | (585,217,853) | 3,244,929,958 | 336,101,170 | - | - | - | - |
| | | **(1,577,181,814)** | **(4,886,567,964)** | **14,124,915,226** | **2,109,069,717** | **(2,864,989,685)** | **(760,997,127)** | **751,540,075** | **42,561,135** |

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*

| for the year ended 31 December 2022 | | GROUP | | | | CORPORATION | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | INFLATION ADJUSTED | | HISTORICAL COST | | INFLATION ADJUSTED | | HISTORICAL COST | |
| | Note | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| **Profit/(Loss) after tax** | | **(1,577,181,814)** | **(4,886,567,964)** | **14,124,915,226** | **2,109,069,717** | **(2,864,989,685)** | **(760,997,127)** | **751,540,075** | **42,561,135** |
| Share of other comprehensive income of an associate | | 3,807,446,032 | 1,108,979,608 | 5,644,279,478 | 748,001,672 | - | - | - | - |
| Items that will not be reclassified to profit or loss: | | | | | | | | | |
| Revaluation of property, plant and equipment | | 23,698,285,620 | 13,702,696,246 | 53,155,509,218 | 6,702,699,333 | 57,235,843 | - | 162,497,351 | - |
| **Items that are or may be reclassified to profit or loss:** | | | | | | | | | |
| Fair Value through other comprehensive income | | - | - | - | (57,958,504) | - | - | - | (57,958,504) |
| **Other comprehensive income for the year net of tax** | | **27,505,731,652** | **14,811,675,854** | **58,799,788,696** | **7,392,742,501** | **57,235,843** | **-** | **162,497,351** | **(57,958,504)** |
| **Total comprehensive income for the year** | | **25,928,549,838** | **9,925,107,890** | **72,924,703,922** | **9,501,812,218** | **(2,807,753,842)** | **(760,997,127)** | **914,037,426** | **(15,397,369)** |
| Attributable to: | | | | | | | | | |
| Equity holders of the parent | | 23,533,840,466 | 10,490,120,191 | 65,799,588,710 | 9,158,280,055 | (2,807,753,842) | (760,997,127) | 914,037,426 | (15,397,369) |
| Non - controlling interests | | 2,394,709,372 | (565,012,301) | 7,125,115,212 | 343,532,163 | - | - | - | - |
| | | **25,928,549,838** | **9,925,107,890** | **72,924,703,922** | **9,501,812,218** | **(2,807,753,842)** | **(760,997,127)** | **914,037,426** | **(15,397,369)** |

# STATEMENTS OF FINANCIAL POSITION

**as at 31 December 2022**

| | Note | GROUP | | | | CORPORATION | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | INFLATION ADJUSTED | | HISTORICAL COST | | INFLATION ADJUSTED | | HISTORICAL COST | |
| | | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| **ASSETS** | | | | | | | | | |
| **Non-current assets** | | | | | | | | | |
| Property, plant and equipment | 8 | 82,585,000,683 | 53,153,301,476 | 82,246,129,845 | 15,370,959,096 | 712,307,129 | 704,579,203 | 374,362,731 | 140,041,383 |
| Investment properties | 9 | 3,158,303,702 | 1,961,791,030 | 3,158,303,702 | 570,288,090 | - | - | - | - |
| Intangible assets | 8.1 | 9,746,194 | 9,644,539 | 362,061 | 153,758 | - | - | - | - |
| Non-current portion of land held for sale | 12 | 113,744,913 | 118,271,995 | 19,230,980 | 21,354,903 | - | - | - | - |
| Investment in subsidiaries | 10.1 | - | - | - | - | 49,647,645,049 | 48,651,791,244 | 1,517,280,430 | 1,479,506,756 |
| Investment in associates | 10.2 | 14,523,892,775 | 9,787,767,293 | 8,656,374,848 | 1,661,651,907 | 4,188,191,424 | 4,188,191,424 | 130,331,677 | 130,331,677 |
| Other Investments | 10.4 | 1,127,015,219 | 1,083,762,636 | 59,331,336 | 10,351,647 | 1,067,780,555 | 1,067,780,555 | 7,916,099 | 7,916,099 |
| Right of Use Asset | | - | 23,881,849 | - | 6,942,398 | - | 23,881,849 | - | 6,942,398 |
| Loans receivable | 18 | 45,743,989 | 13,354,104 | 45,743,989 | 3,882,007 | 45,743,989 | 210,970,309 | 45,743,989 | 297,548,674 |
| | | 101,563,447,475 | 66,151,774,923 | 94,185,476,761 | 17,645,583,806 | 55,661,668,146 | 54,847,194,584 | 2,075,634,926 | 2,062,286,987 |
| **Current assets** | | | | | | | | | |
| Inventories | 11 | 9,989,892,265 | 14,687,010,374 | 4,421,221,979 | 1,614,928,345 | - | - | - | - |
| Trade and other receivables | 13 | 14,510,491,888 | 15,480,834,054 | 13,137,660,345 | 4,442,190,082 | 40,375,394 | 103,445,209 | 40,375,394 | 30,071,282 |
| Group balances receivables | 13.1 | - | - | - | - | 511,996,398 | 399,000,227 | 511,996,398 | 115,988,438 |
| Loans receivable | 18 | 409,382,921 | 723,214,606 | 409,382,920 | 210,236,804 | 2,317,262,874 | 1,318,733,419 | 2,317,262,873 | 383,352,738 |
| Non -current assets held for sale | 10.5 | - | 241,544,034 | - | 44,563,190 | - | 210,443,741 | - | 37,774,674 |
| Cash and cash equivalents | 14 | 4,197,196,111 | 4,827,717,720 | 4,197,196,111 | 1,403,406,314 | 1,394,287,477 | 726,373,028 | 1,394,287,477 | 211,154,950 |
| | | 29,106,963,185 | 35,960,320,788 | 22,165,461,355 | 7,715,324,735 | 4,263,922,143 | 2,757,995,624 | 4,263,922,142 | 778,342,082 |
| **TOTAL ASSETS** | | **130,670,410,660** | **102,112,095,711** | **116,350,938,116** | **25,360,908,541** | **59,925,590,289** | **57,605,190,208** | **6,339,557,068** | **2,840,629,069** |

## STATEMENTS OF FINANCIAL POSITION *(continued)*

**as at 31 December 2022**

| | | GROUP | | | | CORPORATION | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | INFLATION ADJUSTED | | HISTORICAL COST | | INFLATION ADJUSTED | | HISTORICAL COST | |
| | Note | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| **EQUITY AND LIABILITIES** | | | | | | | | | |
| Capital and reserves | | | | | | | | | |
| Issued capital | 15(c ) | 15,839,519,993 | 15,839,519,993 | 1,560,498,828 | 1,560,498,828 | 15,839,519,993 | 15,839,519,993 | 1,560,498,828 | 1,560,498,828 |
| Capital waiting allotment | 15(c )(i) | 2,097,078,969 | | 1,350,000,000 | | 2,097,078,969 | | 1,350,000,000 | |
| Revaluation reserve | 15(d)(iii) | 42,463,843,021 | 17,309,235,797 | 68,157,108,666 | 13,237,505,225 | 57,235,843 | - | 210,603,118 | 48,105,767 |
| Mark to market reserve | | - | - | 6,903,475 | 6,903,475 | - | - | 6,903,475 | 6,903,475 |
| Accumulated profits | | 32,978,598,557 | 34,912,152,148 | 13,079,804,030 | 2,499,818,761 | 37,365,484,596 | 40,543,261,113 | 1,328,884,652 | 877,344,578 |
| **Equity attributable to owners of the parent** | | **93,379,040,540** | **68,060,907,938** | **84,154,314,999** | **17,304,726,289** | **55,359,319,401** | **56,382,781,107** | **4,456,890,073** | **2,492,852,648** |
| Non - controlling interests | 10.7 | 9,930,801,893 | 8,144,666,842 | 8,307,314,137 | 1,368,323,243 | - | - | - | - |
| **Total equity** | | **103,309,842,432** | **76,205,574,780** | **92,461,629,136** | **18,673,049,532** | **55,359,319,401** | **56,382,781,107** | **4,456,890,073** | **2,492,852,648** |
| **Non-current liabilities** | | | | | | | | | |
| Loans and borrowings | 16.1 | 245,160,413 | 52,964,627 | 245,160,413 | 15,396,694 | - | - | - | - |
| Finance Lease Liability | | - | 21,047,819 | - | 2,849,780 | - | 11,244,576 | - | - |
| Deferred tax liability | 7 | 10,144,597,465 | 7,901,976,858 | 8,590,373,215 | 1,522,215,836 | 2,678,937,182 | 282,648,591 | 2,085,480 | 82,165,288 |
| | | 10,389,757,878 | 7,975,989,304 | 8,835,533,628 | 1,540,462,310 | 2,678,937,182 | 293,893,166 | 2,085,480 | 82,165,288 |
| **Current liabilities** | | | | | | | | | |
| Trade and other payables | 17 | 14,929,177,500 | 11,043,374,311 | 13,018,894,695 | 3,148,047,097 | 1,866,663,802 | 902,550,870 | 1,866,663,803 | 258,063,150 |
| Liabilities held for sale | 10.5 | - | 28,788,479 | - | 5,637,732 | - | - | - | - |
| Group balances payables | | - | - | - | - | 11,150,423 | 4,560,067 | 11,150,423 | 1,325,601 |
| Loans and borrowings | 16.2 | 849,947,725 | 4,871,699,730 | 843,195,533 | 1,416,191,780 | 9,519,481 | 9,519,477 | 2,767,289 | 2,767,289 |
| Bank overdrafts | 14 | 1,901,321 | 160,871,432 | 1,901,321 | 46,764,952 | - | - | - | - |
| Finance Lease Liability | | - | 31,808,999 | - | 9,246,802 | - | 11,885,521 | - | 3,455,093 |
| Current tax liability | | 1,189,783,803 | 1,793,988,676 | 1,189,783,803 | 521,508,336 | - | - | - | - |
| | | 16,970,810,349 | 17,930,531,627 | 15,053,775,352 | 5,147,396,699 | 1,887,333,706 | 928,515,935 | 1,880,581,515 | 265,611,133 |

## STATEMENTS OF FINANCIAL POSITION *(continued)*

**as at 31 December 2022**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **TOTAL LIABILITIES** | **27,360,568,227** | **25,906,520,932** | **23,889,308,980** | **6,687,859,009** | **4,566,270,888** | **1,222,409,101** | **1,882,666,995** | **347,776,421** |
| **TOTAL EQUITY AND LIABILITIES** | **130,670,410,660** | **102,112,095,711** | **116,350,938,116** | **25,360,908,541** | **59,925,590,289** | **57,605,190,208** | **6,339,557,068** | **2,840,629,069** |

**Mr Winston Makamure**

***Chairman***

18 December, 2023

**Mr Edward N.Tome**

***General Manager***

18 December, 2023

# GROUP INFLATION ADJUSTED STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 December 2022**

GROUP

**For the year ended 31 December 2022**

| | ---Attributable to the equity holders of the parent--- | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ISSUED CAPITAL ZWL | CAPITAL WAITING ALLOTMENT ZWL | REVALUATION RESERVE ZWL | MARK TO MARKET RESERVE ZWL | ACCUMULATED LOSSES ZWL | TOTAL ZWL | NON CONTROLLING INTERESTS ZWL | TOTAL EQUITY ZWL |
| **Balance as at 1 January 2022** | **15,839,519,993** | **-** | **17,309,235,797** | **-** | **34,912,152,148** | **68,060,907,938** | **8,144,666,842** | **76,205,574,781** |
| Loss for the period | - | - | - | | (1,620,766,759) | (1,620,766,759) | 43,584,945 | (1,577,181,814) |
| Other comprehensive income | - | - | 25,154,607,225 | - | - | 25,154,607,225 | 2,351,124,427 | 27,505,731,651 |
| Receipt of capital | - | 2,097,078,969 | - | | | 2,097,078,969 | - | 2,097,078,969 |
| Dividends Paid | - | - | - | | (312,786,832) | (312,786,832) | (608,574,321) | (921,361,153) |
| Balance at 31 December 2022 | 15,839,519,993 | 2,097,078,969 | 42,463,843,021 | - | 32,978,598,557 | 93,379,040,540 | 9,930,801,893 | 103,309,842,433 |
| **For the year ended 31 December 2021** | | | | | | | | |
| Balance as at 1 January 2021 | 8,909,156,584 | - | 2,082,458,259 | - | 42,383,361,706 | 53,374,976,549 | 9,634,497,454 | 63,009,474,003 |
| Loss for the period | - | - | - | | (4,301,350,111) | (4,301,350,111) | (585,217,853) | (4,886,567,963) |
| Other comprehensive income | - | - | 13,702,696,246 | | 1,108,979,608 | 14,811,675,854 | - | 14,811,675,854 |
| Revaluation adjustment | - | - | 1,524,081,291 | | (4,278,839,056) | (2,754,757,764) | (160,155,221) | (2,914,912,985) |
| Issue of new shares | 6,930,363,409 | - | - | | - | 6,930,363,409 | - | 6,930,363,409 |
| Dividend paid | - | - | - | | - | - | (744,457,538) | (744,457,538) |
| **Balance at 31 December 2021** | **15,839,519,993** | **-** | **17,309,235,797** | **-** | **34,912,152,148** | **68,060,907,938** | **8,144,666,842** | **76,205,574,780** |

## GROUP HISTORICAL COST STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 December 2022**

### GROUP

| | ----------Attributable to the equity holders of the parent---------- | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ISSUED CAPITAL ZWL$ | CAPITAL WAITING ALLOTMENT ZWL$ | REVALUATION RESERVE ZWL$ | MARK TO MARKET RESERVE ZWL$ | ACCUMULATED LOSSES ZWL$ | TOTAL ZWL$ | NON CONTROLLING INTERESTS ZWL$ | TOTAL EQUITY ZWL$ |
| **Balance as at 1 January 2022** | **1,560,498,828** | **-** | **13,237,505,225** | **6,903,475** | **2,499,818,761** | **17,304,726,289** | **1,368,323,243** | **18,673,049,532** |
| Profit for the period | - | - | - | - | 10,879,985,269 | 10,879,985,269 | 3,244,929,958 | 14,124,915,226 |
| Other comprehensive income | - | - | 54,919,603,441 | - | - | 54,919,603,441 | 3,880,185,254 | 58,799,788,696 |
| Dividends Paid | - | - | - | - | (300,000,000) | (300,000,000) | (186,124,318) | (486,124,318) |
| Receipt of Capital | - | 1,350,000,000 | - | - | - | 1,350,000,000 | - | 1,350,000,000 |
| **Balance at 31 December 2022** | **1,560,498,828** | **1,350,000,000** | **68,157,108,666** | **6,903,475** | **13,079,804,030** | **84,154,314,999** | **8,307,314,137** | **92,461,629,136** |
| **For the year ended 31 December 2021** | | | | | | | | |
| **Balance as at 1 January 2021** | **100,000,000** | **-** | **5,986,697,783** | **64,861,979** | **653,725,729** | **6,805,285,491** | **982,065,380** | **7,787,350,871** |
| Profit for the period | - | - | - | - | 1,772,968,547 | 1,772,968,547 | 336,101,170 | 2,109,069,717 |
| Other comprehensive income | - | - | 7,450,701,005 | (57,958,504) | - | 7,392,742,501 | - | 7,392,742,501 |
| Revaluation Adjustment | - | - | (199,893,563) | - | 73,124,485 | (126,769,078) | 199,893,702 | 73,124,624 |
| Dividend paid | - | - | - | - | - | - | (149,737,009) | (149,737,009) |
| Issue of new shares | 1,460,498,828 | - | - | - | - | 1,460,498,828 | - | 1,460,498,828 |
| **Balance at 31 December 2021** | **1,560,498,828** | **-** | **13,237,505,225** | **6,903,475** | **2,499,818,761** | **17,304,726,289** | **1,368,323,243** | **18,673,049,532** |

# COMPANY INFLATION ADJUSTED STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 December 2022**

| | ISSUED CAPITAL ZWL | CAPITAL WAITING ALLOTMENT ZWL | ASSET REVALUATION ZWL | MARK TO MARKET RESERVE ZWL | ACCUMULATED LOSS ZWL | TOTAL ZWL |
|---|---|---|---|---|---|---|
| **Balance as at 1 January 2022** | **15,839,519,993** | **-** | **-** | **-** | **40,543,261,113** | **56,382,781,107** |
| Loss for the period | - | - | | - | (2,864,989,685) | (2,864,989,685) |
| Other comprehensive income | - | - | 57,235,843 | - | - | 57,235,843 |
| Issue of new shares | - | 2,097,078,969 | | - | - | 2,097,078,969 |
| Dividend | - | - | | - | (312,786,833) | (312,786,862) |
| **At 31 December 2022** | **15,839,519,993** | **2,097,078,969** | **57,235,843** | **-** | **37,365,484,596** | **55,359,319,401** |

**For the year ended 31 December 2021**

| | ISSUED CAPITAL ZWL | CAPITAL WAITING ALLOTMENT ZWL | ASSET REVALUATION ZWL | MARK TO MARKET RESERVE ZWL | ACCUMULATED LOSS ZWL | TOTAL ZWL |
|---|---|---|---|---|---|---|
| **Balance as at 1 January 2021** | **8,909,156,584** | **-** | **-** | | **41,355,858,240** | **50,265,014,824** |
| Profit for the period | - | - | | - | (760,997,127) | (760,997,127) |
| Other comprehensive income | - | - | - | - | - | - |
| Issue of new shares | - | - | | - | - | - |
| Dividend paid | - | - | | - | (51,600,000) | (51,600,000) |
| Issue of new shares | 6,930,363,409 | - | | - | - | 6,930,363,409 |
| **At 31 December 2021** | **15,839,519,993** | **-** | **-** | **-** | **40,543,261,113** | **56,382,781,107** |

## COMPANY HISTORICAL COST STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 December 2022**

| | ISSUED CAPITAL ZWL | CAPITAL WAITING ALLOTMENT ZWL | ASSET REVALUATION ZWL | ACCUMULATED LOSS ZWL | MARK TO MARKET RESERVE ZWL | TOTAL ZWL |
|---|---|---|---|---|---|---|
| **Balance as at 1 January 2022** | **1,560,498,828** | **-** | **48,105,767** | **877,344,578** | **6,903,475** | **2,492,852,648** |
| Profit for the period | - | - | - | 751,540,074 | | 751,540,074 |
| Other comprehensive income | - | - | 162,497,351 | - | - | 162,497,351 |
| Dividend paid | - | - | - | (300,000,000) | - | (300,000,000) |
| Receipt of Capital | - | 1,350,000,000 | - | - | - | 1,350,000,000 |
| **At 31 December 2022** | **1,560,498,828** | **1,350,000,000** | **210,603,118** | **1,328,884,652** | **6,903,475** | **4,456,890,073** |

**For the year ended 31 December 2021**

| | ISSUED CAPITAL ZWL | CAPITAL WAITING ALLOTMENT ZWL | ASSET REVALUATION ZWL | ACCUMULATED LOSS ZWL | MARK TO MARKET RESERVE ZWL | TOTAL ZWL |
|---|---|---|---|---|---|---|
| **Balance as at 1 January 2021** | **100,000,000** | **-** | **48,105,767** | **849,783,443** | **64,861,979** | **1,062,751,189** |
| Profit for the period | - | - | - | 42,561,135 | - | 42,561,135 |
| Other comprehensive income | - | - | - | - | (57,958,504) | (57,958,504) |
| Dividend paid | - | - | - | (15,000,000) | - | (15,000,000) |
| Issue of new shares | 1,460,498,828 | - | - | - | - | 1,460,498,828 |
| **At 31 December 2021** | **1,560,498,828** | **-** | **48,105,767** | **877,344,578** | **6,903,475** | **2,492,852,648** |

## STATEMENTS OF CASH FLOWS

**For the year ended 31 December 2022**

| | Note | GROUP | | | | CORPORATION | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | INFLATIONADJUSTED | | HISTORICALCOST | | INFLATIONADJUSTED | | HISTORICALCOST | |
| | | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL | 2022 ZWL | 2021 ZWL |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | | | | |
| Profit/(loss) before tax | | 596,976,249 | (4,668,798,289) | 10,504,866,295 | 1,521,762,954 | (73,061,674) | (256,124,240) | 1,032,534,508 | 189,326,509 |
| -'from continuing operations | | 596,976,249 | (4,668,378,788) | 10,504,866,295 | 1,521,930,403 | (73,061,674) | (256,124,240) | - | - |
| -'from discontinued operations | | - | (419,501) | - | (167,449) | - | - | - | - |
| Adjustments for: | | | | | | | | | |
| -Exchange loss/(gain) | | - | (1,105,155,831) | - | (243,559,640) | - | 127,235,621 | - | 25,980,097 |
| -(Profit)/Loss on dercognition of ROU assets & lease liabilities | | (28,974,969) | - | (5,154,184) | - | 751,754 | - | 3,487,305 | - |
| -Depreciation on property, plant and equipment | | 1,312,578,146 | (28,534,332) | 645,939,962 | 417,005,421 | 237,127,633 | 49,924,187 | 59,141,004 | 13,234,668 |
| -Impairment losses/Other Expenses | | - | 3,281,969,465 | - | 33,724,475 | - | 1,243,863,587 | - | 32,071,540 |
| -Amortisation of intangible assets | | 125,452 | 447,881 | 70,535 | 97,219 | - | - | - | - |
| -Dividend received | | (172,727,014) | (300,334,780) | (94,924,288) | (66,057,144) | (749,283,030) | (628,576,367) | (411,777,835) | (159,889,156) |
| -Net Finance Costs/(Income) | | 545,870,296 | 796,517,621 | 329,418,815 | 203,720,435 | (2,508,833,334) | (410,071,616) | (2,010,122,913) | (90,712,459) |
| - (Profit)/loss on disposal of plant & equipment | | (317,057) | (144,518,549) | 4,759,271 | 3,742,185 | - | - | - | - |
| -Provision for credit losses | | 197,207,219 | (82,752,107) | 197,207,219 | (24,055,845) | - | - | - | - |
| -Effects of inflation | | (4,416,161,425) | 6,460,584,185 | - | - | (991,828,514) | 1,077,104,826 | - | - |
| - Share of (loss)/profit of associates | 10.2 | (928,679,449) | 427,306,638 | (1,350,443,463) | 79,787,921 | - | - | - | - |
| -Fair value adjustment on investment property | | (1,197,141,307) | (62,031,728) | (2,588,015,616) | (226,713,600) | - | - | - | - |
| **Operating gain/(deficit) before working capital changes** | | **(4,091,243,858)** | **4,574,700,175** | **7,643,724,546** | **1,699,454,381** | **(4,085,127,166)** | **1,203,355,998** | **(1,326,737,931)** | **10,011,199** |
| **Working capital adjustments** | | | | | | | | | |
| (Increase)/decrease in inventories | | 4,697,118,109 | 66,971,960 | (2,806,293,633) | (1,182,624,735) | - | - | - | - |
| (Increase)/decrease in trade and other receivables | | 970,342,166 | (7,856,385,578) | (8,472,903,418) | (3,064,766,401) | (49,926,355) | 502,445,437 | (427,306,955) | (101,430,657) |
| (Increase)/decrease in loan receivables | | 281,441,800 | | (241,008,098) | | (833,303,136) | | (1,682,105,450) | |
| (Decrease)/Increase in trade and other payables | | **3,557,014,703** | **2,768,491,560** | **9,565,209,866** | **1,819,680,672** | **670,703,286** | **(25,301,252)** | **1,318,425,475** | **82,154,515** |
| Cash from operating activities | | 5,414,672,920 | (446,221,884) | 5,688,729,262 | (728,256,083) | (4,297,653,371) | 1,680,500,183 | (2,117,724,861) | (9,264,943) |
| Taxation paid | | (2,574,184,233) | (2,001,891,681) | (2,188,237,229) | (578,452,357) | (414,434,159) | (12,666,524) | (414,434,160) | (3,682,129) |
| **Net cash flows (used)/generated in operating activities** | | **2,840,488,688** | **(2,448,113,565)** | **3,500,492,034** | **(1,306,708,440)** | **(4,712,087,529)** | **1,667,833,659** | **(2,532,159,021)** | **(12,947,072)** |

# STATEMENTS OF CASH FLOWS *(continued)*

**For the year ended 31 December 2022**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **INVESTING ACTIVITIES** | | | | | | | | | |
| Purchases of property, plant and equipment | | (1,284,367,772) | (935,211,727) | (1,471,335,301) | (256,980,037) | (170,637,095) | (24,647,665) | (79,383,874) | (5,552,519) |
| Sale/(purchases) of investment in Associates | | - | (405,651,164) | - | (154,369,146) | - | - | - | - |
| Sale/(purchases) of investments | | - | - | - | (226,713,600) | - | - | - | - |
| Disposal of land held for sale | | 4,527,082 | 432,535,497 | 2,123,923 | 1,308,708 | - | - | - | - |
| (Increase)/Decrease in non-current assets held for sale | | 241,544,034 | 848,847,245 | 44,563,190 | (375,574) | 210,443,741 | - | 37,774,674 | - |
| Decrease in Right of use Asset | | - | 49,161,240 | - | 6,246,084 | - | - | - | - |
| Increase/(Decrease) in liabilities held for sale | | - | (96,309,759) | - | 287,732 | - | - | - | - |
| Decrease in finance lease liability | | - | (80,197,515) | - | (2,805,020) | - | - | - | - |
| Purchase of intangible assets | | (227,107) | - | (278,838) | - | - | - | - | - |
| Proceeds on disposal of property and equipment | | (109,643,310) | 362,764,075 | 54,795,158 | (54,385,267) | - | - | - | - |
| Dividend received | | 172,727,014 | 300,334,780 | 94,924,288 | 66,057,144 | 749,283,030 | 628,576,367 | 411,777,835 | 159,889,156 |
| Increase in other investments | | (43,252,583) | 352,518,561 | (48,979,689) | - | - | - | - | - |
| Additions : available for sale financial assets | | - | (6,872,456) | - | - | - | - | - | - |
| Net interest receive/(Paid) | 5.4 | (545,870,296) | (796,517,621) | (329,418,815) | (203,720,435) | 2,508,833,334 | 410,071,616 | 2,010,122,913 | 90,712,459 |
| **Net cash (outflows)/inflows from investing activities** | | **(1,564,562,938)** | **25,401,156** | **(1,653,606,084)** | **(825,449,411)** | **3,297,923,010** | **1,014,000,317** | **2,380,291,548** | **245,049,096** |
| **Net cash (outflows)/inflows before financing** | | **1,275,925,750** | **(2,422,712,409)** | **1,846,885,950** | **(2,132,157,851)** | **(1,414,164,520)** | **2,681,833,976** | **(151,867,472)** | **232,102,024** |
| **FINANCING ACTIVITIES** | | | | | | | | | |
| Interest bearing borrowings: | | | | | | | | | |
| -Repayments | | (3,829,556,218) | (3,048,329,787) | (343,232,522) | 1,048,384,710 | 0 | (6,652,608,002) | - | (1,552,458,139) |

## STATEMENTS OF CASH FLOWS *(continued)*

| For the year ended 31 December 2022 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Share of Capital receipts | 2,097,078,969 | 6,930,363,412 | 1,350,000,000 | 1,460,498,828 | 2,097,078,968 | 6,483,163,409 | 1,350,000,000 | 1,460,498,829 |
| Dividends Paid | (15,000,000) | - | (15,000,000) | - | (15,000,000) | - | (15,000,000) | - |
| **Net cash inflow/(outflow) from financing activities** | **(1,747,477,249)** | **3,882,033,625** | **991,767,478** | **2,508,883,538** | **2,082,078,969** | **(169,444,593)** | **1,335,000,000** | **(91,959,310)** |
| | | | | | | | | |
| **Net Increase/(decrease) in cash and cash equivalents** | **(471,551,499)** | **1,459,321,217** | **2,838,653,428** | **376,725,687** | **667,914,449** | **2,512,389,383** | **1,183,132,527** | **140,142,714** |
| Cash and cash equivalents at 1 January | **4,666,846,288** | **3,207,410,561** | **1,356,641,362** | **979,882,387** | **726,373,028** | **(1,786,016,355)** | **211,154,950** | **71,012,236** |
| Held for sale for sale investment : cash | - | 114,511 | - | 33,288 | - | - | - | - |
| **Cash and cash equivalents at end of year** | **4,195,294,790** | **4,666,846,288** | **4,195,294,790** | **1,356,641,362** | **1,394,287,477** | **726,373,028** | **1,394,287,477** | **211,154,950** |
| | | | | | | | | |
| Made up of the following | | | | | | | | |
| -Bank overdrafts | (1,901,321) | (160,871,432) | (1,901,321) | (46,764,952) | - | - | - | - |
| -Cash at bank | 4,197,196,111 | 4,827,717,720 | 4,197,196,111 | 1,403,406,314 | 1,394,287,477 | 726,373,028 | 1,394,287,477 | 211,154,950 |
| **Cash and cash equivalents** | **4,195,294,790** | **4,666,846,288** | **4,195,294,790** | **1,356,641,362** | **1,394,287,477** | **726,373,028** | **1,394,287,477** | **211,154,950** |

# 1.0 CORPORATE INFORMATION

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

The consolidated and separate financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 18 December 2023.

- Significant accounting policies

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

# 2.0. BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Industrial Development Corporation Act (Chapter 14:10) and the Public Finance Management Act (Chapter 22:19).

The consolidated and separate financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below.

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

The local currency started to trade officially against other international currencies on 22 February, 2019 at a reference rate of US$1: ZWL$2.5.
In terms of S.I.33 all assets and liabilities that were expressed in US$ were deemed for accounting purposes, on and after the effective date, to be valued in the local currency at par with the US$. As a result, no adjustment has been made Historical to prior period figures, which were previously expressed in US$ and have been reckoned to have, assumed the same values in ZWL$. The convertibility of monetary balances as at the end of the prior year into other international currencies at the presumed rate of US$1: ZWL$1 was however significantly impaired resulting in various exchange rate scenarios being adopted by the market, substantially at variance with the exchange parity maintained at policy level.

These accounting policies are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out in note 3.

### *2.1. IAS 29 Financial Reporting in Hyperinflationary Economies*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

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

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

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 2021 | 3 977.46 | 3.44 |
| CPI as at 31 December 2022 | 13 672.91 | 1.00 |
| Average CPI 2021 | | 4.44 |
| Average CPI 2022 | | 1.82 |

### *2.2. Segmental reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating

resources and assessing performance of the operating segments, has been identified as the General Manager that makes strategic decisions.
The group has four reportable segments; Chemicals and Fertilisers, Engineering, Motor and Transport, Real Estate and Corporate and other which offer different products and services and are managed separately.

### *2.3. Consolidation*

#### a) Basis of consolidation

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

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 facts 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.

### *2.4. Investments in associates*

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

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 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 cost 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.

### *2.5. Significant judgements and sources of estimation uncertainty*

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

a) Critical judgments in applying accounting policies

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

*i. Lease classification*

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

*ii. Revenue recognition*

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

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

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

*iii. Expected manner of realisation for deferred tax*

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

b) Key sources of estimation uncertainty

*i. Impairment of financial assets*

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

*ii. Allowance for slow moving, damaged and obsolete inventory*
Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

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

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

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

*v. Useful lives of property, plant and equipment*
Management assesses the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of freehold buildings, plant and equipment, motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount, are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

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 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 Group records a provision for rehabilitation of its mines at Dorowa Minerals Limited and G&W Industrial Minerals Limited. The Group records 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 tailings 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. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development / construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

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

***2.6. Investment property***

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

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

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

**Fair value**

**Subsequent to initial measurement investment property is measured at fair value.**

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

***2.6.1. Property, plant and equipment***

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

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

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

Subsequent to initial recognition, the Group measures items of property, plant and equipment at revalued amounts, with changes in fair value being recognised in other comprehensive income. A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. The Group engaged independent valuation specialists to determine fair value of all items of property, plant and equipment as at 31 December 2022. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised. The revaluation reserve is realized upon disposal of the assets. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

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:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

| **Item** | **Useful life** |
|---|---|
| Freehold land | Not depreciated |
| Freehold buildings | 40 years |
| Plant and equipment | 10 - 15 years |
| Motor vehicle | 5 years |
| Office equipment | 3- 5 years |
| Office furniture | 10 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 8.

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

### *2.6.2. Leasehold property*

When the Group holds property under a long-term prepaid lease agreement, the lease is classified as a finance lease or an operating lease in accordance with the provisions of IFRS 16 Leases. When these leases are classified as finance leases, the property is classified as Right-of-use Asset and is depreciated over the lease term. Refer to note 2.10.

### *2.6.3. Site restoration and dismantling cost*

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

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period
- if a decrease in the liability exceeds the carrying amount of the asset; the excess is recognised immediately in profit or loss.

- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in profit or loss.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:

- a decrease in the liability is credited in other comprehensive income and accumulated in the revaluation reserve in equity, except that it is recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss.
- an increase in the liability is recognised in profit or loss, except that it is debited to other comprehensive income as a decrease to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

***2.6.4. Exploration and evaluation assets***

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

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

***2.6.5. Mining claims***

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

***2.6.6. Mining assets***

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

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.

### *2.7. Intangible assets*

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

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

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

| **Item** | **Useful life** |
|---|---|
| Automate License | 10 years |
| Dimension X3D software | 5 years |

### *2.8. Financial instruments*

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

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 receivables 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 installment 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.

**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 installment 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.

**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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

### 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.

**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 way 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**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.

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

*Financial liabilities*
The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any 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.

### *2.9. Tax*

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

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

**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 as well as adjustments made by Statutory Instrument 96 of 2022(SI96)and is calculated at 2 cents per dollar (2%) while IMTT on US dollar transfers goes up to 2 cents on the dollar (4%).The tax is charged provided that if a single transaction on which the tax is payable is equivalent to or exceeds sixty six million Zimbabwean Dollars or five hundred thousand United States dollars, a flat intermediated money transfer tax of one million three hundred and twenty thousand and ten thousand one hundred and fifty United States dollars respectively is chargeable on such transaction.

### *2.10. Leases*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**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.

### *2.11. Inventories*

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

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

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

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

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

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

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

### *2.12. 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.

### *2.13. Impairment of assets*

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

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

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

- tests goodwill acquired in a business combination for impairment annually.

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

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

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

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

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

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

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

### *2.14. Share capital and equity*

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

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

### *2.15. Employee benefits*

**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.

### *2.16. Provisions and contingencies*

**General**
Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

Contingent assets and contingent liabilities are not recognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

### *2.17. Government grants*

Government grants are recognised when there is reasonable assurance that:

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

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

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

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

Grants related to expenses are recognised as income on a systematic basis over the periods that the related costs, for which it is to compensate, are expensed.
Loans or similar assistance provided by the government or related institution, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as government grant.

Repayment of a grant related to income is applied first against any 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.

### *2.18. Revenue from contracts with customers*

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

*Step 1* Identification of the contract (s) with customers

*Step 2* Identification of separate performance obligations in the contract

*Step 3* Determination of the transaction price

*Step 4* Allocation of the transaction price to separate performance obligation in the contract

*Step 5* Recognition of the revenue when (or as) the Group satisfies a performance obligation

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

The Group recognises revenue from the following major sources:

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

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.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

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 installments over the duration of the contract based on the percentage of turnover. If the group has recognised revenue and not issued a bill then the entitlement to the consideration is recognised as a contract asset. The contract asset is then transferred to receivables when the entitlement to payment becomes unconditional.

b) Over time:

**Provision of general engineering services and coach building**

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

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

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

### *2.18. Turnover*

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

### *2.19. Other income*

**Interest income**

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

**Dividend income**
Dividend income is recognised when the group's right to receive payment is established which is generally when the shareholders approve the dividend.
**Rental income**
Rental income is recognised on a straight line basis over the lease term

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

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

### *2.20. Acquisition costs*

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

### *2.21. Claims*

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

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

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

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

### *2.22. Insurance contract*

Insurance contracts are those contracts when the company (the insurer) has accepted significant insurance risk from another party (the policy holder) by agreeing to compensate the 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.

### *2.23. Cost of sales*

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

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

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.
- Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the Group right to recover products from customers where customers exercise their right of return under the Group returns policy.

### *2.24. Borrowing costs*

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

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.

Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred. The capitalisation of borrowing costs commences when:

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

Capitalisation is suspended during extended periods in which active development is interrupted.
Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

### *2.25. Translation of foreign currencies*

***Foreign currency transactions***

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

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

- non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

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

# 3. 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.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

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.

For the year 2022, 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 instruments. 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 $197 207 219 to be recognised in the current year (2021: $8 644 577).

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

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

***3.2 Application of IFRS 15 Revenue from contracts with customers***

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

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 2021.

*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

a) The right to direct the use of the asset.

The detailed guidance to determine whether those conditions are met, including instances where the supplier has substantive substitution rights, and where the relevant decisions about how and for what purpose the asset is used are predetermined as outlined in Note 2.10 Leases.

***3.4 Revaluation of Property, Plant and Equipment (PPE)***

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

- Freehold Buildings are recognised at revalued amounts being the fair value at the date of revaluation, lease any subsequent accumulated depreciation and accumulated impairment losses (IFRS 13: Fair Value Measurement).
- Investment Property is recognised at revalued amounts being the fair value at the date of revaluation. (IFRS 13: Fair Value Measurement).
- Plant and Equipment is initially recognised at cost less accumulated depreciation and impairment losses (IAS 16: Property, Plant and Equipment). IAS 29: Financial Reporting in Hyperinflationary Economies requires the restatement of PPE from the date of purchase. The Group noted that detailed records of the acquisition dates might be impractical to obtain or estimate, hence the use of an independent professional 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: YEARS BEGINNING ON OR AFTER | EXPECTED IMPACT: |
|---|---|---|
| **IFRS 3: Business combinations**<br><br>The IASB has updated IFRS 3, Business combinations to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or liability in a business combination.<br><br>In addition, the IASB added the new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21, Levies, rather than the 2018 Conceptual Framework.<br><br>The IASB has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date | 1 January 2022 | Unlikely to have a material impact |
| **IAS 16 Property, Plant and Equipment: Proceeds before intended use**<br><br>*Executive Summary*<br>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before the asset is available for use ie proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. | 1 January 2022 with early adoption permitted | Unlikely to have a material impact |

| | | |
|---|---|---|
| **Amendments to IAS 37 Onerous Contracts: Cost of fulfilling a contract**<br><br>*Executive Summary*<br>The amendments specify that the 'cost of fulfilling' a contract comprises the cost that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental cost of fulfilling that contract and an allocation of other cots that relate directly to fulfilling contracts<br><br>The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of the initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. | 1 January 2022 with early adoption permitted | Unlikely to have a material impact |

### *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 2021 or later periods:

| STANDARD/ INTERPRETATION: | EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER | EXPECTED IMPACT: |
|---|---|---|
| **IAS 12: Income Taxes**<br><br>On 7 May 2021, the IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. | 1 January 2023 | Likely there will be a material impact. |
| **IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors), Definition of Accounting Estimates**<br><br>The amendment clarifies how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively.<br><br>The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. Changes in accounting policies are applied retrospectively while changes in accounting estimates are applied prospectively. | 1 January 2023 | Unlikely there will be a material impact |

| | | |
|---|---|---|
| **Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Non-current**<br><br>*Executive Summary*<br>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expense, or the information disclosed about those items.<br><br>The amendments<br>*clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period,<br>*specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability,<br>*explain that rights are inexistence if covenants are complied with at the end of the reporting period, and<br>*introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the documentary of cash, equity instruments, other assets or services. | 1 January 2024 | Unlikely there will be a material impact |
| **IFRS 17: Insurance contracts**<br><br>IFRS 17 provides the first comprehensive guidance on accounting for insurance contracts under IFRS Accounting Standards. It aims to increase transparency and reduce diversity in the accounting for insurance contracts. On 25 June 2020, the IASB issued 'Amendments to IFRS 17' to address concerns and implementation challenges that were identified after IFRS 17 'Insurance Contracts' was published in 2017. | 1 January 2023 | Unlikely there will be a material impact |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

| | | |
|---|---|---|
| **IFRS 16, Leases -Lease Liability in a Sale and Leaseback)**<br><br>The amendment requires a seller-lessee to account for variable lease payments that arise in a sale-and-leaseback transaction as follows:<br><br>• On initial recognition, include variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction.<br>• After initial recognition, apply the general requirements for subsequent accounting of the lease liability such that no gain or loss relating to the retained right of use is recognized.<br><br>Seller-lessees are required to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019. | January 2024 | Likely there will be a material impact |
| **IFRS 10: Consolidated Financial Statements and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**<br><br>*Executive Summary*<br>The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.<br><br>IAS 28 and IFRS 10 are amended as follows: | Postponed to a date to be advised (initially 1 January 2016) | Unlikely there will be a material impact |

| | | |
|---|---|---|
| IAS 28 now reflects the following:<br><br>• 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<br>• 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.<br><br>IFRS 10 now reflects the following:<br>• 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<br>• Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture.<br>• 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.<br>• Earlier application of these amendments is still permitted. | | |

**For the year ended 31 December 2022**

| | GROUP | | | | CORPORATION | | | |
|---|---|---|---|---|---|---|---|---|
| | INFLATION ADJUSTED | | HISTORICAL COST | | INFLATION ADJUSTED | | HISTORICAL COST | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 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 | 35,479,462,889 | 38,293,721,690 | 24,021,616,811 | 8,836,859,936 | - | - | - | - |
| Management fees | - | - | - | - | 1,320,190,902 | 710,624,292 | 616,095,847 | 153,895,612 |
| | 35,479,462,889 | 38,293,721,690 | 24,021,616,811 | 8,836,859,936 | 1,320,190,902 | 710,624,292 | 616,095,847 | 153,895,612 |
| **5.2 Other operating income** | | | | | | | | |
| Profit on disposal of items of property and equipment | 4,640,518 | 144,518,549 | 3,004,667 | 30,235,368 | 23,731 | - | 17,962 | - |
| Fees and commission | 128,014,163 | 49,627,112 | 103,770,383 | 11,846,476 | - | - | - | - |
| Rent received | 394,479,865 | 226,976,824 | 275,942,377 | 52,774,542 | - | - | - | - |
| Sundry income | 250,816,262 | 25,265,314 | 199,293,188 | 7,411,222 | 3,257,821 | 2,140,781 | 2,229,604 | 622,320 |
| Guarantee fees | 158,009,949 | 158,326,261 | 83,842,795 | 45,404,346 | 158,009,949 | 158,326,261 | 83,842,795 | 45,404,346 |
| Interest on DFI Loans | - | 395,513,264 | - | 94,944,538 | - | 395,513,264 | - | 94,944,538 |
| Directors fees | 7,847,664 | 42,524,121 | 12,857,819 | 10,324,279 | 48,363,403 | 14,888,606 | 37,354,871 | 4,328,083 |
| Scrap sales | 277,298,960 | 169,037,162 | 262,138,919 | 38,463,309 | - | - | - | - |
| Dividends | 172,727,014 | 300,334,780 | 94,924,288 | 66,057,144 | 749,283,030 | 628,576,367 | 411,777,835 | 159,889,157 |
| Exchange Gain | - | 9,059,556 | - | 2,487,957 | - | - | - | - |
| Export Incentive | - | 1,765,374 | - | - | - | - | - | - |
| | 1,393,834,394 | 1,522,948,317 | 1,035,774,436 | 359,949,180 | 958,937,934 | 1,199,445,278 | 535,223,067 | 305,188,443 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **5.3** | **Administration Expenses** | | | | | | | | |
| | Included in the administration expenses are the following items: | | | | | | | | |
| | Loss on disposal of items of property and equipment | - | - | 7,763,938 | 33,977,553 | 1,778,790 | - | 1,778,790 | - |
| | Audit fees | 50,290,621 | 29,239,147 | 51,604,979 | 6,407,040 | 556,914 | 1,915,784 | 3,063,066 | 556,914 |
| | Depreciation | 1,312,578,146 | (28,534,332) | 645,939,962 | 417,005,421 | 68,964,676 | 49,924,187 | 59,141,004 | 4,534,497 |
| | Amortisation of intangible assets | 125,452 | 447,881 | 70,535 | 97,219 | - | - | - | - |
| | Directors' emoluments: | | | | | | | | |
| | -for services as directors | 190,482,227 | 114,514,958 | 151,734,604 | 25,395,728 | 4,623,228 | 18,451,142 | 14,412,312 | 1,796,879 |
| | -for managerial services | 221,595,417 | 1,469,587,154 | 2,045,980,600 | - | 26,564,704 | 91,382,582 | 120,059,322 | 21,258,946 |
| | Employee benefits expense : | | | | | | | | |
| | -Salaries, wages and other | 9,282,694,501 | 3,955,596,440 | 5,540,396,696 | 893,426,029 | 1,076,495,294 | 394,681,888 | 701,160,275 | 91,951,679 |
| | -National Social Security Authority | 118,125,503 | 44,619,696 | 90,564,800 | 11,365,057 | 11,505,818 | 3,823,419 | 21,051,931 | 922,672 |
| | - Pension costs | 150,504,895 | 142,522,891 | 128,432,503 | 31,318,039 | 30,522,448 | 25,139,861 | 21,680,250 | 6,021,683 |
| | - Medical aid | 628,677,857 | 322,600,785 | 427,210,336 | 74,514,117 | 34,230,036 | 23,319,237 | 26,950,361 | 5,086,233 |
| | Other Administration expenses | 3,121,686,260 | 2,583,804,406 | 1,010,398,995 | 510,399,850 | 1,132,574,843 | 268,488,674 | 741,547,267 | 74,611,908 |
| **5.4** | **Net finance costs** | | | | | | | | |
| | Finance costs: | | | | | | | | |
| | Interest on debts and borrowings | (3,327,505,124) | (941,911,894) | (2,539,311,742) | (317,231,281) | (4,503,610) | (14,558,352) | (4,503,610) | (4,232,079) |
| | Finance income: | | | | | | | | |
| | Interest on accounts receivable | 2,781,634,828 | 145,394,273 | 2,209,892,927 | 113,510,846 | 2,513,336,944 | | 2,014,626,523 | - |
| | | **(545,870,296)** | **(796,517,621)** | **(329,418,815)** | **(203,720,435)** | **2,508,833,334** | **(14,558,352)** | **2,010,122,913** | **(4,232,079)** |
| | | - | - | - | - | - | - | - | |
| **5.5** | **Other operating expenses** | **-** | - | **-** | - | | - | **-** | - |

| | | GROUP | | | | CORPORATION | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | INFLATION ADJUSTED | | HISTORICAL COST | | INFLATION ADJUSTED | | HISTORICAL COST | |
| | | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| **5.6** | **Appreciation/(Impairment) of Subsidiaries and Associates** | | | | | | | | |
| | Motira (Private) Limited | - | - | - | - | - | - | - | - |
| | Sunway City (Private) Limited | - | - | - | - | - | 6,527,036,578 | - | - |
| | Ginhole Investments (Private) Limited | - | - | - | - | - | 468,191,647 | - | - |
| | Zimbabwe Grain Bag (Private) Limited | - | - | - | - | - | 267,604,363 | - | - |
| | Chemplex Corporation Limited | - | - | - | - | - | 14,492,602,586 | - | - |
| | Willowvale Motor Industries (Private) Limited | - | - | - | - | - | 1,729,856,721 | - | - |
| | Deven Engineering (Private) Limited | - | - | - | - | - | 739,106,429 | - | - |
| | Sino Zimbabwe Cement Company | - | - | - | - | - | 1,178,981,998 | - | - |
| | Other | - | - | - | - | - | 762,701,860 | - | - |
| | | - | - | - | - | - | 26,166,082,182 | - | - |
| **6** | **Taxation** | | | | | | | | |
| | Income tax | | | | | | | | |
| | Current tax expenses | | | | | | | | |
| | Current year | (2,574,184,233) | (2,001,891,681) | (2,188,237,229) | (578,452,357) | (414,434,159) | (504,872,887) | (414,434,160) | (146,765,374) |
| | | (2,574,184,233) | (2,001,891,681) | (2,188,237,229) | (578,452,357) | (414,434,159) | (504,872,887) | (414,434,160) | (146,765,374) |
| | **Deferred tax expense** | | | | | | | | |
| | Origination and reversal of temporary differences | 400,026,169 | 1,784,122,006 | 5,808,286,159 | 1,165,759,120 | (2,377,493,852) | - | 133,439,727 | - |
| | Income (credit)/tax reported in the income statement | | | | | | | | - |
| | | (2,174,158,064) | (217,769,675) | 3,620,048,930 | 587,306,763 | (2,791,928,011) | (504,872,887) | (280,994,433) | (146,765,374) |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2022

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Income tax charged directly to other comprehensive income** | 5,999,373,141 | 3,370,309,955 | 12,798,967,906 | 1,727,846,329 | - | - | (53,359,917) | - |
| **Reconciliation of effective tax charge** | | | | | | | | |
| Profit/(loss) before tax | 596,976,249 | (4,668,378,788) | 10,504,866,295 | 1,521,930,403 | (73,061,674) | (256,124,240) | 1,032,534,508 | 189,326,509 |
| | % | % | % | % | % | % | % | % |
| Standard rates | (24.72) | (25.75) | (24.72) | (25.75) | (24.72) | (25.75) | (25.75) | (25.75) |
| Unutilised assessed losses | - | - | - | - | - | - | - | - |
| Interest subject to lower rates of tax | (7.26) | (7.26) | (7.26) | (7.26) | 0.08 | 0.08 | 0.08 | 0.08 |
| Tax incentive subject to lower rates | 21.77 | 21.77 | 21.42 | 21.42 | 0.09 | 0.09 | 0.05 | 0.05 |
| Permanent differences-associated companies | 34.97 | 35.06 | 35.77 | 35.77 | - | - | - | - |
| Gain on loss of control | - | - | - | - | - | - | - | - |
| Disallowable expenses | (23.80) | (23.80) | (23.79) | (24.35) | 25.51 | 25.52 | 24.84 | 25.44 |
| Other (non taxable)/non deductible items | - | - | - | - | - | | | |
| **Total** | **0.96** | **0.02** | **1.42** | **(0.17)** | **0.96** | **(0.06)** | **(0.78)** | **(0.18)** |

**For the year ended 31 December 2022**

**7 Deferred taxation**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net deferred tax analysed as follows | | | | | | | | |
| Deferred tax liabilities | 11,344,431,966 | 9,508,972,394 | 8,869,962,429 | 1,688,427,959 | 2,805,386,911 | 331,541,545 | 137,641,646 | 96,378,356 |
| Deferred tax asset | (1,199,834,501) | (1,606,995,536) | (279,589,214) | (166,212,122) | (126,449,729) | (48,892,954) | (135,556,166) | (14,213,068) |
| | **10,144,597,465** | **7,901,976,858** | **8,590,373,215** | **1,522,215,836** | **2,678,937,182** | **282,648,591** | **2,085,480** | **82,165,288** |
| Deferred tax comprises of the tax effect on temporary differences arising from: | | | | | | | | |
| Property, plant and equipment | 6,832,767,183 | 8,543,156,064 | 7,024,259,680 | 1,420,259,910 | 60,206,060 | 47,448,415 | 51,967,310 | 13,793,144 |
| Receivables | 42,887,247 | 17,555,156 | 42,887,247 | 5,103,243 | - | - | - | - |
| Investments | 3,133,462,761 | 504,517,593 | 473,956,246 | 146,662,091 | 2,745,180,851 | 284,093,129 | 85,674,336 | 82,585,212 |
| Inventory | 236,274,112 | 167,694,324 | (8,930,925) | (8,930,927) | - | - | - | - |
| Revaluations | 1,099,040,663 | 276,049,257 | 1,337,790,181 | 125,333,642 | - | - | - | - |
| Prepayments | 7,094,661 | (30,017,371) | 49,713,815 | (11,430,011) | - | - | - | - |
| Provisions | (445,307,880) | (118,154,753) | (449,907,762) | (66,116,025) | (143,346,950) | (26,800,311) | (135,556,166) | (7,790,788) |
| Assessed loss | (688,082,628) | (1,436,730,768) | 120,604,733 | (82,243,806) | - | - | - | - |
| Unrealised exchange loss | (73,538,654) | (22,092,643) | - | (6,422,281) | 16,897,221 | (22,092,643) | (0) | (6,422,280) |
| | **10,144,597,465** | **7,901,976,858** | **8,590,373,215** | **1,522,215,836** | **2,678,937,182** | **282,648,591** | **2,085,480** | **82,165,288** |

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 ZW$688 082 628 (2021 : ZW$1 436 730 768)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**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 2021** | **36,870,106,630** | **6,582,695,362** | **3,253,854,324** | **500,112,209** | - | **154,062,936** | **47,360,831,461** |
| Additions | 158,604,165 | 140,045,960 | 93,502,451 | 90,365,587 | - | 452,372,864 | 934,891,028 |
| Transfers | (2,057,947,805) | (282,048,314) | (148,216,789) | (676,022) | - | (23,084,528) | (2,511,973,459) |
| Revaluation | 13,182,965,880 | 122,378,083 | 163,036,702 | (39,798,423) | - | (97,448,081) | 13,331,134,160 |
| Disposals | (20,023,927) | (114,554,580) | (34,308,713) | (49,358,307) | - | - | (218,245,526) |
| **As 31 December 2021** | **48,133,704,944** | **6,448,516,510** | **3,327,867,975** | **500,645,044** | - | **485,903,191** | **58,896,637,664** |
| Additions | 130,027,208 | 531,508,770 | - | (4,341,226) | - | 627,173,020 | 1,284,367,772 |
| Transfers | - | - | (82,793,515) | - | - | 17,164,041 | (65,629,474) |
| Revaluation | 25,989,598,569 | (665,689,127) | (1,652,791,771) | 46,048,347 | - | 158,341,886 | 23,875,507,903 |
| Impairments | (108,966,771) | (134,038,221) | (189,076,841) | (8,383,068) | | (717,631,727) | (1,158,096,628) |
| Disposals | - | (1,062,140) | - | (6,199,493) | | (5,455,135) | (12,716,768) |
| **At 31 December 2022** | **74,144,363,950** | **6,179,235,792** | **1,403,205,847** | **527,769,604** | - | **565,495,276** | **82,820,070,469** |
| | | | | | | | |
| **Accumulated depreciation** | | | | | | | |
| **At 1 January 2021** | **3,340,839,166** | **2,842,593,508** | **818,515,526** | **212,691,791** | - | - | **7,214,639,991** |
| Charge for the year | 877,337,480 | (490,964,155) | (363,779,006) | (51,128,651) | - | - | (28,534,332) |
| Impairment loss recognised in Profit or loss | (4,045,286,092) | 2,169,339,130 | 368,047,833 | 51,419,293 | - | - | (1,456,479,836) |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Property, plant and equipment continued)***

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Disposals | - | 8,075,538 | 5,542,411 | 92,416 | - | - | 13,710,364 |
| **As 31 December 2021** | **172,890,554** | **4,529,044,020** | **828,326,765** | **213,074,849** | **-** | **-** | **5,743,336,187** |
| Charge for the year | 677,428,859 | 317,248,632 | 240,744,103 | 77,156,552 | - | - | 1,312,578,146 |
| Revaluation | (615,249,626) | (4,846,199,130) | (1,024,874,410) | (289,872,604) | - | - | (6,776,195,770) |
| Disposals | - | (93,522) | (44,196,457) | (358,797) | - | - | (44,648,776) |
| **At 31 December 2022** | **235,069,787** | **-** | **(0.00)** | **(0.00)** | **-** | **-** | **235,069,787** |
| | | | | | | | |
| Net book value | | | | | | | |
| **As 31 December 2022** | **73,909,294,163** | **6,179,235,792** | **1,403,205,847** | **527,769,604** | **-** | **565,495,276** | **82,585,000,683** |
| **As 31 December 2021** | **47,960,814,390** | **1,919,472,490** | **2,499,541,210** | **287,570,195** | **-** | **485,903,191** | **53,153,301,476** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Property, plant and equipment continued)***

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 2021 | 6,207,114,723 | 751,301,279 | 229,809,579 | 53,293,115 | - | 31,927,771 | 7,273,446,467 |
| Additions | 45,387,729 | 51,833,874 | 26,727,616 | 19,561,808 | - | 113,469,010 | 256,980,037 |
| Revaluation | 7,727,556,381 | 187,015,676 | 16,806,397 | (2,959,512) | | (128,645) | 7,928,290,297 |
| Disposals | (6,427,407) | (29,991,758) | (7,960,800) | (2,308,377) | - | - | (46,688,342) |
| **As 31 December 2021** | **13,973,631,426** | **960,159,071** | **265,382,792** | **67,587,034** | **-** | **145,268,136** | **15,412,028,459** |
| Additions | 76,555,396 | 647,114,254 | 168,164,447 | 157,202,970 | - | 422,298,234 | 1,471,335,301 |
| Revaluation | 59,565,982,943 | 4,572,689,511 | 1,023,813,158 | 308,238,486 | - | - | 65,470,724,098 |
| Disposals | - | (668,001) | (54,154,551) | (5,188,684) | - | (3,067,095) | (63,078,331) |
| **At 31 December 2022** | **73,616,169,765** | **6,179,294,835** | **1,403,205,846** | **527,839,806** | **-** | **564,499,274** | **82,291,009,528** |
| | | | | | | | |
| **Accumulated depreciation** | | | | | | | |
| **At 1 January 2021** | **79,151,972** | **49,202,603** | **18,352,763** | **4,368,441** | **-** | **178,393** | **151,254,172** |
| Charge for the year | 196,218,166 | 112,522,446 | 86,022,607 | 22,242,202 | - | - | 417,005,421 |
| Impairment loss recognised in Profit or loss | (250,827,257) | (147,559,699) | (100,834,417) | (23,690,058) | - | (128,645) | (523,040,076) |
| Disposals | (129,808) | (2,076,137) | (1,344,871) | 26,914 | - | - | (3,523,902) |
| Assets held for sale | - | - | (626,252) | - | - | - | (626,252) |
| **As 31 December 2021** | **24,413,073** | **12,089,213** | **1,569,830** | **2,947,499** | **-** | **49,748** | **41,069,363** |
| Charge for the year | 288,211,895 | 176,499,132 | 137,435,457 | 43,793,478 | - | - | 645,939,962 |
| Revaluation | (267,804,968) | (188,529,527) | (107,564,350) | (45,764,285) | - | 9,934 | (609,653,196) |
| Disposals | - | (58,818) | (31,440,937) | (976,692) | - | - | (32,476,447) |
| At 31 December 2022 | 44,820,000 | - | - | (0.00) | - | 59,682 | 44,879,682 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Property, plant and equipment continued)***

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Net book value** | | | | | | | |
| **As 31 December 2022** | **73,571,349,766** | **6,179,294,835** | **1,403,205,846** | **527,839,806** | **-** | **564,439,592** | **82,246,129,845** |
| **As 31 December 2021** | **13,949,218,353** | **948,069,858** | **263,812,962** | **64,639,535** | **-** | **145,218,388** | **15,370,959,096** |

(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. The company engaged G.M property Link (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 2022.

**Chemplex Corporation**

The Property, Plant and Equipment were revalued by Intergrated Properties (Private) Limited(Dawn) as at 31 December 2022 using market vakues to determine fair values.

The market values were estimated amounts for which an item of property, plant and equipment should be exchanged on the date of valuation between willing buyer and willing seller in an arm's length transaction. The drepreciated replacment cost method was used.

Details of the Group's land and buildings and information about fair value hierarchy as at 31 December 2022 are as follows:

| GROUP | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| Balance at 1 January | 48,133,704,941 | 38,368,212,657 | 13,949,218,353 | 6,127,962,751 |
| Additions | 130,027,208 | 158,604,165 | 76,555,396 | 45,387,729 |
| Changes in fair values | 25,880,631,801 | 11,664,988,848 | 59,565,982,943 | 7,727,556,381 |
| Disposals | - | (2,077,971,732) | - | (6,427,407) |
| Depreciation | (235,069,787) | (153,019,549) | (20,406,927) | 54,738,899 |
| **Balance at 31 December** | **73,909,294,163** | **47,960,814,389** | **73,571,349,766** | **13,949,218,353** |

**For the year ended 31 December 2022 *(Property, plant and equipment continued)***

| | Level 1 ZWL$ | Level 2 ZWL$ | Level 3 ZWL$ | Fair value as at 31 December 2022 ZWL$ | |
|---|---|---|---|---|---|
| Land and buildings | - | - | 73,909,294,163 | 73,909,294,163 | **Inflation adjusted** |
| | - | - | 73,571,349,766 | 73,571,349,766 | **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.<br><br>The Direct Comparison Method was applied on all residential properties, after Dawn Property Consultancy (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.<br><br>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. | **Average rentals per square metre -**<br>US$1.50 to US$3.00<br><br>**Average investment yield -**<br>11% to 12%<br>Expetced market rental growth was lower due to constrained economic condition<br><br>**Estimated remaining life**<br>1 -20yrs<br><br>**Offices**<br>Average rentals per square metre were between USD3.50 - 6.00 for offices.<br>Aveage yield was 10.50%<br>Expetced market rental growth was lower due to constrained economic condition<br><br>Values were driven by:<br>Location factor, Quality factor; Size factor and land values<br><br>**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. | The estimated fair value would increase (decrease) if:<br><br>- void period were shorter(longer)<br>- occupancy rate higher(lower) and<br>-yields were higher<br><br>- yield rates were higher(lower)<br>-building quality was higher<br>-land values were higher<br>-location of the property was better<br>-main space was higher<br>-the building size was big and in good location<br><br>Depreciated replacement value would increase if<br>- The buildings were new and/or were well maintained<br>-Land values were higher<br>-Gross replacement costs per square metre were higher |

**For the year ended 31 December 2022 *(Property, plant and equipment continued)***

(b) Impairment loss
During the year ended 31 December 2022, due to reduction in market value for some assets, the Group tested its assets for impairment and recognised an impairment loss of nil (2021 : $3 281 969 465).
(c) The following items of property, plant and equipment have been pledged as security against borrowings:
1.0 RBZ Finance Leases
*The Group entered into a five-year finance lease issue with the Reserve Bank of Zimbabwe for the refurbishment of its plants. The finance lease was cleared in 2022

## CORPORATION

| | INFLATION ADJUSTED | | | | HISTORICAL COST | | | |
|---|---|---|---|---|---|---|---|---|
| | LAND, BUILDINGS & PERMANENT WORKS ZWL$ | MOTOR VEHICLES ZWL$ | OFFICE FURNITURE & EQUIPMENT ZWL$ | TOTAL ZWL$ | LAND, BUILDINGS & PERMANENT WORKS ZWL$ | MOTOR VEHICLES ZWL$ | OFFICE FURNITURE & EQUIPMENT ZWL$ | TOTAL ZWL$ |
| **Cost or valuation** | | | | | | | | |
| **At 1 January 2021** | **601,658,411** | **45,167,854** | **47,865,982** | **694,692,247** | **107,693,475** | **8,612,009** | **9,126,452** | **125,431,936** |
| Additions | - | - | 24,647,662 | 24,647,662 | - | - | 5,552,519 | 5,552,519 |
| Revaluation adjustment | 54,892,799 | - | - | 54,892,799 | 20,663,550 | - | - | 20,663,550 |
| Disposals | - | (24,344,728) | (10,169,823) | (34,514,552) | - | (4,988,300) | (2,083,825) | (7,072,125) |
| **As 31 December 2021** | **656,551,210** | **20,823,125** | **62,343,821** | **739,718,156** | **128,357,025** | **3,623,709** | **12,595,146** | **144,575,880** |
| Additions | - | 118,157,107 | 52,479,988 | 170,637,095 | - | 50,486,715 | 28,897,159 | 79,383,874 |
| Revaluation adjustment | - | 35,731,819 | 3,373,668 | | - | 120,601,627 | 76,671,820 | 197,273,447 |
| Disposals | - | - | (2,083,824) | (2,083,824) | - | - | (2,050,469) | (2,050,469) |
| **At 31 December 2022** | **656,551,210** | **174,712,051** | **116,113,652** | **947,376,914** | **128,357,025** | **174,712,051** | **116,113,655** | **419,182,731** |
| **Accumulated depreciation** | | | | | | | | |
| **At 1 January 2021** | - | - | - | - | - | - | - | - |
| Charge for the year | 19,896,048 | 3,452,655 | 11,790,250 | 35,138,953 | 1,120,500 | 757,942 | 2,656,055 | 4,534,497 |
| Revaluation adjustment | - | - | - | - | - | - | - | |
| Disposals | - | - | - | - | - | - | - | - |
| **As 31 December 2021** | **19,896,048** | **3,452,655** | **11,790,250** | **35,138,953** | **1,120,500** | **757,942** | **2,656,055** | **4,534,497** |
| Charge for the year | 215,173,737 | 9,813,400 | 12,140,495 | 237,127,631 | 43,699,500 | 6,902,359 | 8,539,146 | 59,141,004 |
| Revaluation adjustment | - | (13,266,055) | (23,659,064) | (36,925,119) | - | (7,660,301) | (10,923,521) | (18,583,822) |
| Disposals | - | - | (271,680) | (271,680) | - | - | (271,680) | (271,680) |
| **At 31 December 2022** | **235,069,785** | **-** | **-** | **235,069,785** | **44,820,000** | **-** | **-** | **44,820,000** |
| Net book value | | | | | | | | |
| As 31 December 2022 | 421,481,425 | 174,712,051 | 116,113,652 | 712,307,129 | 83,537,025 | 174,712,051 | 116,113,655 | 374,362,731 |
| As 31 December 2021 | 636,655,162 | 17,370,470 | 50,553,571 | 704,579,203 | 127,236,525 | 2,865,767 | 9,939,091 | 140,041,383 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**8.1 Intangible assets**

**Group**

| | INFLATION ADJUSTED | | | | HISTORICAL COST | | | |
|---|---|---|---|---|---|---|---|---|
| | PATENTS AND LICENCES ZWL$ | QS SOFTWARE ZWL$ | OTHER ZWL$ | TOTAL ZWL$ | PATENTS AND LICENCES ZWL$ | QS SOFTWARE ZWL$ | OTHER ZWL$ | TOTAL ZWL$ |
| Cost at 1 January 2021 | 11,351,972 | 1,237,980 | 339,304 | 12,929,257 | 114,882 | 303,872 | 32,416 | 451,170 |
| Additions | - | - | - | - | - | - | - | - |
| **Balance at 31 December 2021** | **11,351,972** | **1,237,980** | **339,304** | **12,929,257** | **114,882** | **303,872** | **32,416** | **451,170** |
| Additions | - | - | 227,107 | 227,107 | - | 278,838 | - | 278,838 |
| **Balance at 31 December 2022** | **11,351,972** | **1,237,980** | **566,411** | **13,156,364** | **114,882** | **582,710** | **32,416** | **730,008** |
| **Accumulated amortisation and impairment losses** | | | | | | | | |
| Balance at 1 January 2021 | 1,598,857 | 1,237,980 | - | 2,836,837 | 114,882 | 55,096 | 30,215 | 200,193 |
| Amortisation | 447,881 | - | - | 447,881 | - | 97,219 | - | 97,219 |
| **Balance at 31 December 2021** | **2,046,738** | **1,237,980** | **-** | **3,284,718** | **114,882** | **152,315** | **30,215** | **297,412** |
| Amortisation | 125,452 | - | - | 125,452 | - | 70,535 | - | 70,535 |
| **Balance at 31 December 2022** | **2,172,190** | **1,237,980** | **-** | **3,410,170** | **114,882** | **222,850** | **30,215** | **367,947** |
| Carrying amounts | | | | | | | | |
| At 31 December 2022 | **9,179,782** | **-** | **566,411** | **9,746,194** | **-** | **359,860** | **2,201** | **362,061** |
| At 31 December 2021 | **9,305,234** | **-** | **339,304** | **9,644,539** | **-** | **151,557** | **2,201** | **153,758** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**9 Investment properties**

| | INFLATION ADJSUTED | | HISTORICAL COST | |
|---|---|---|---|---|
| **Group** | **2022 $** | **2021 $** | **2022 $** | **2021 $** |
| Balance at 1 January | 1,961,791,030 | 1,899,774,627 | 570,288,090 | 343,574,490 |
| Acquisitions | - | - | - | - |
| Disposals/Reclassifications | (628 635) | (15 325) | - | - |
| Fair value gain | 1,197,141,307 | 62,031,728 | 2,588,015,612 | 226,713,600 |
| **Balance at 31 December** | **3,158,303,702** | **1,961,791,030** | **3,158,303,702** | **570,288,090** |

Rental Income generated from investment property amounted to ZWL$394 479 865 (2021 : ZWL$226 976 824). There were no repairs and maintenance costs of investment property that generated investment income in 2021 and 2022.

**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 stand in Willowvale. The fair value of the Group's investment properties as at 31 December 2022 was determined by an independent property valuer, G.M Property Link (Private) Limited and Intergrated Properties, 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 $3 158 303 702 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 2022 | 1,961,791,030 |
| Acquisitions | - |
| Disposals/Reclassifications | (628 635) |
| Change in fair value | 1,197,141,307 |
| **Balance at 31 December 2022** | **3,158,303,702** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

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.<br>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$1.50 to US$3.00<br><br>**Average investment yield -** 11% to 12%<br><br>**Estimated remaining life** 1 -20yrs | The estimated fair value would increase (decrease) if:<br><br>- expected market rental growth were higher (lower)<br>- void period were shorter(longer)<br>- occupancy rate higher(lower) and<br>- yield rates were higher(lower)<br>-building quality was higher<br>-land values were higher<br>-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 2022, the amount of the investment in subsidiaries and the percentages of shareholding are as follows:

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Willowvale Motor Industries Private Limited 100% | 3,477,109,581 | 3,477,109,582 | 122,596,195 | 122,596,195 |
| Chemplex Corporation Limited 100% | 28,507,978,127 | 28,507,978,127 | 765,684,208 | 765,684,208 |
| Ginhole Investments (Private) Limited t/a Last Hope Estate 100% | 995,853,805 | - | 37,773,674 | - |
| Deven Engineering ( Private) Limited 100% | 1,546,390,720 | 1,546,390,720 | 55,644,450 | 55,644,450 |
| Sunway City (Private) Limited 99.86% | 15,120,312,815 | 15,120,312,816 | 535,581,903 | 535,581,903 |
| | 49,647,645,049 | 48,651,791,244 | 1,517,280,430 | 1,479,506,756 |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**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 at 31 December 2022 was $4 188 191 424 (2021 : $4 188 191 424). In the group the carrying amounts as at 31 December 2022 are $14 523 892 775 (2021: $9 787 767 293).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Investment in associates continued)***

| **The Carrying Amounts of the Associates: Group 2022** | **INFLATION ADJUSTED** | | | | | **HISTORICAL** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Sino - Zimbabwe Cement Company (Private) Limited ZWL$** | **Amtec Motors (Private) Limited ZWL$** | **Sable Chemicals Limited ZWL$** | **Zimbabwe Grain Bag (Private) Limited ZWL$** | **Total ZWL$** | **Sino - Zimbabwe Cement Company (Private) Limited ZWL$** | **Amtec Motors (Private) Limited ZWL$** | **Sable Chemicals Limited ZWL$** | **Zimbabwe Grain Bag (Private) Limited ZWL$** | **Total ZWL$** |
| Opening Balance | 4,438,840,203 | 575,528,664 | 3,412,330,245 | 1,361,068,181 | 9,787,767,293 | 614,836,022 | 65,009,579 | 909,539,683 | 72,266,623 | 1,661,651,907 |
| Share of Profit/(Loss) | 1,183,168,000 | (81,222,938) | (758,293,581) | 585,027,968 | 928,679,449 | 1,489,007,100 | 33,644,333 | (757,235,938) | 585,027,968 | 1,350,443,463 |
| Share of OCI | - | 110,829,046 | 4,081,964,773 | 554,239,329 | 4,747,033,148 | - | 1,160,412,379 | 4,076,943,694 | 554,239,329 | 5,791,595,402 |
| Under/(Over) statement of prior reserves | (737,548,553) | 976,979,718 | (2,417,315) | (1,176,600,966) | (939,587,116) | (397,156,672) | 139,754,728 | (2,115,286) | 112,201,306 | (147,315,924) |
| **Total** | **4,884,459,650** | **1582 114 490** | **6,733,584,122** | **1,323,734,513** | **14,523,892,775** | **1,706,686,450** | **1,398,821,019** | **4,227,132,153** | **1,323,735,226** | **8,656,374,848** |

| **Summarised associate's statement of financial position: Group 2022** | **INFLATION ADJUSTED** | | | | **HISTORICAL** | | | |
|---|---|---|---|---|---|---|---|---|
| | Sino - Zimbabwe Cement Company (Private) Limited ZWL$ | Amtec Motors (Private) Limited ZWL$ | Sable Chemicals Limited ZWL$ | Zimbabwe Grain Bag (Private) Limited ZWL$ | Sino - Zimbabwe Cement Company (Private) Limited ZWL$ | Amtec Motors (Private) Limited ZWL$ | Sable Chemicals Limited ZWL$ | Zimbabwe Grain Bag (Private) Limited ZWL$ |
| Current assets | 6,836,198,000 | 2,020,455,952 | 10,538,227,361 | 1,090,348,483 | 6,429,360,000 | 1,727,663,954 | 3,575,860,779 | 1,090,348,483 |
| Non-current assets | 13,171,107,000 | 6,214,812,475 | 23,796,525,988 | 1,855,003,382 | 1,868,308,000 | 5,719,226,993 | 23,796,525,988 | 1,855,003,382 |
| Current liabilities | (3,173,142,000) | (1,594,178,651) | (11,362,789,421) | (243,851,401) | (3,173,142,000) | (1,594,178,650) | (11,362,789,421) | (243,851,401) |
| Non-current liabilities | (2,878,564,000) | (887,946,176) | (4,267,563,589) | - | (248,279,000) | (766,090,412) | (4,267,563,589) | - |
| Equity | **13,955,599,000** | **5,753,143,600** | **18,704,400,339** | **2,701,500,464** | **4,876,247,000** | **5,086,621,885** | **11,742,033,757** | **2,701,500,464** |
| Additional information on associate companies | | | | | | | | |
| Revenue | 20,311,328,000 | 7,646,249,880 | 2,663,316,046 | 2,471,698,651 | 15,567,465,000 | 4,734,620,216 | 2,663,316,046 | 2,471,698,651 |
| Cost of sales | (9,623,576,000) | (4,068,673,834) | (3,805,307,307) | (1,211,636,374) | (6,696,740,000) | (2,384,376,879) | (3,805,307,307) | (1,211,636,374) |
| Other income/(expenses) | 700,299,000 | 280,754,860 | 208,156,834 | 77,217,898 | 376,820,000 | 227,720,647 | 208,156,834 | 77,217,898 |
| Administration expenses | (6,045,840,000) | (4,113,621,432) | (609,915,463) | (342,136,989) | (3,284,134,000) | (2,230,504,007) | (609,915,463) | (342,136,989) |
| Net finance costs | (3,182,000) | (379,019,350) | (523,428,427) | (359,931) | (3,189,000) | (224,078,148) | (523,428,427) | (359,931) |
| Profit/(Loss) before tax | 5,339,029,000 | (634,309,876) | (2,067,178,317) | 994,783,255 | 5,960,222,000 | 123,381,829 | (2,067,178,317) | 994,783,255 |
| Tax | (1,958,549,000) | 338,953,737 | (36,254,844) | 199,151,373 | (1,705,916,000) | (1,038,801) | (36,254,844) | 199,151,373 |
| **Profit** | **3,380,480,000** | **(295,356,139)** | **(2,103,433,161)** | **1,193,934,628** | **4,254,306,000** | **122,343,028** | **(2,103,433,161)** | **1,193,934,628** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Investment in associates continued)***

| **Group**<br>**2021** | Sino - Zimbabwe Cement Company (Private) Limited ZWL$ | Amtec Motors (Private) Limited ZWL$ | Sable Chemicals Limited ZWL$ | Zimbabwe Grain Bag (Private) Limited ZWL$ | Sino - Zimbabwe Cement Company (Private) Limited ZWL$ | Stone Holdings (Private) Limited ZWL$ | Sable Chemicals Limited ZWL$ | Zimbabwe Grain Bag (Private) Limited ZWL$ |
|---|---|---|---|---|---|---|---|---|
| Current assets | 3,918,600,320 | 1,789,240,354 | 6,980,582,855 | 730,297,662 | 1,145,881,000 | 467,557,984 | 1,789,456,804 | 212,295,832 |
| Non-current assets | 7,962,860,400 | 3,041,614,959 | 13,306,501,732 | 1,115,406,003 | 466,251,000 | 810,258,297 | 13,306,501,728 | 324,245,931 |
| Current liabilities | (1,624,436,800) | (1,437,171,927) | (5,973,721,229) | (318,316,609) | (535,764,000) | (417,782,537) | (1,701,562,307) | (92,533,898) |
| Non-current liabilities | (1,736,147,360) | (466,720,098) | (4,834,668,068) | (232,346,891) | (39,211,000) | (116,932,901) | (1,429,564,486) | (67,542,701) |
| **Equity** | **8,520,876,560** | **2,926,963,288** | **9,478,695,289** | **1,295,040,164** | **1,037,157,000** | **743,100,843** | **11,964,831,739** | **376,465,164** |
| Additional information on associate companies | | | | | | | | |
| Revenue | 11,453,824,000 | 6,901,427,884 | 5,818,238,094 | 1,333,629,097 | 2,671,761,000 | 1,579,707,902 | 1,351,020,824 | 387,682,877 |
| Cost of sales | (5,457,498,080) | (4,228,158,201) | (6,542,876,085) | (901,598,733) | (1,254,986,000) | (967,807,682) | (1,529,393,609) | (262,092,655) |
| Other income | (795,541,280) | (1,093,610,001) | (1,341,560,609) | 2,261,442 | 10,478,000 | 42,101,602 | (183,190,447) | 657,396 |
| Administration expenses | (2,538,733,760) | (2,156,469,130) | (815,304,328) | (209,458,724) | (565,926,000) | (493,606,741) | (333,861,137) | (60,889,164) |
| Net finance costs | (921,930,320) | (241,874,439) | (375,071,969) | (280,842) | (3,386,000) | (55,364,045) | (44,988,367) | (81,640) |
| (Loss)/Profit before tax | 1,740,120,560 | (818,683,887) | (3,256,574,897) | 224,552,240 | 857,941,000 | 105,031,036 | (740,412,736) | 65,276,814 |
| Tax | (994,868,640) | 80,706,480 | 1,086,877,598 | (142,092,014) | (199,102,000) | (24,315,664) | (216,043,060) | (41,305,818) |
| **(Loss)/Profit** | **745,251,920** | **(737,977,407)** | **(2,169,697,299)** | **82,460,226** | **658,839,000** | **80,715,372** | **(956,455,796)** | **23,970,996** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Investment in associates continued)***

Group's share from associates
Group
2022

INFLATION ADJUSTED

| | Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$ | Amtec Motors (Private) Limited 27.5% ZWL$ | Sable Chemicals Limited 36% ZWL$ | Zimbabwe Grain Bag (Private) Limited 49% ZWL$ | TOTAL |
|---|---|---|---|---|---|
| Current assets | 2,392,669,300 | 555,625,387 | 3,793,761,850 | 534,270,757 | 7,276,327,293 |
| Non-current assets | 4,609,887,450 | 1,709,073,431 | 8,566,749,356 | 908,951,657 | 15,794,661,893 |
| Current liabilities | (1,110,599,700) | (438,399,129) | (4,090,604,192) | (119,487,186) | (5,759,090,207) |
| Non-current liabilities | (1,007,498,115) | (244,185,198) | (1,536,322,892) | - | (2,788,006,205) |
| **Net equity** | **4,884,458,935** | **1,582,114,490** | **6,733,584,122** | **1,323,735,227** | **14,523,892,775** |
| **Carrying amount recognised** | **4,884,458,935** | **1,582,114,490** | **6,733,584,122** | **1,323,735,227** | **14,523,892,775** |
| 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$ | Zimbabwe Grain Bag Limted 49% ZWL$ | TOTAL ZWL$ |
| Revenue | 7,108,964,800 | 1,051,359,359 | 958,793,777 | 1,211,132,339 | 10,330,250,274 |
| Profit/(Loss) | 1,183,168,000 | (81,222,938) | (758,293,581) | 585,027,968 | 928,679,449 |
| Profit/(loss) of associate recognised | 1,183,168,000 | (81,222,938) | (758,293,581) | 585,027,968 | 928,679,449 |
| Profit/(Loss) of associate not recognised | - | - | - | | - |

HISTORICAL

| | Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$ | Amtec Motors (Private) Limited 27.5% ZWL$ | Sable Chemicals Limited 36% ZWL$ | Zimbabwe Grain Bag (Private) Limited 49% ZWL$ | TOTAL |
|---|---|---|---|---|---|
| Current assets | 2250276000 | 475107587 | 1287309880 | 534,270,757 | 4,546,964,224 |
| Non-current assets | 653907800 | 1572787423 | 8566749356 | 908,951,657 | 11,702,396,236 |
| Current liabilities | (1110599700) | (438399129) | (4090604192) | -119,487,186 | -5,759,090,207 |
| Non-current liabilities | (86897650) | (210674863) | (1536322892) | 0 | -1,833,895,405 |
| **Net equity** | **1706686450** | **1398821018** | **4227132153** | **1323735227** | **8656374848** |
| **Carrying amount recognised** | **1706686450** | **1398821018** | **4,227,132,153** | **1,323,735,227** | **8,656,374,848** |
| 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$ | Zimbabwe Grain Bag (Private) Limited 49% ZWL$ | TOTAL ZWL$ |
| Revenue | 5,448,612,750 | 1,302,020,559 | 958,793,777 | 1,211,132,339 | 8,920,559,425 |
| Profit/(Loss) | 1,489,007,100 | 33,644,333 | (757,235,938) | 585,027,968 | 1,350,443,463 |
| Profit/(loss) of associate recognised | 1,489,007,100 | 33,644,333 | (757,235,938) | 585,027,968 | 1,350,443,463 |
| Profit/(Loss) of associate not recognised | - | - | - | - | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Investment in associates continued)***

| **2021** | **Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$** | **Amtec Motors (Private) Limited 27.5% ZWL$** | **Sable Chemicals (Private) Limited 36% ZWL$** | **Zimbabwe Grain Bag (Private) Limited 49% ZWL$** | **TOTAL ZWL$** | **Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$** | **Amtec Motors (Private) Limited 27.5% ZWL$** | **Sable Chemicals (Private) Limited 36% ZWL$** | **Zimbabwe Grain Bag (Private) Limited 49% ZWL$** | **TOTAL ZWL$** |
|---|---|---|---|---|---|---|---|---|---|---|
| Current assets | 1,504,228,236 | 492,041,097 | 2,513,009,828 | 357,845,854 | 4,867,125,016 | 401,058,350 | 128,578,446 | 644,204,449 | 104,024,958 | 1,277,866,203 |
| Non-current assets | 5,346,275,312 | 836,444,114 | 4,777,956,623 | 546,548,941 | 11,507,224,990 | 163,187,850 | 222,282,032 | 1,392,540,879 | 158,880,506 | 1,936,891,267 |
| Current liabilities | (645,059,856) | (395,222,280) | (2,150,539,643) | (155,975,138) | (3,346,796,917) | (187,517,400) | (114,197,826) | (612,562,431) | (45,341,610) | (959,619,267) |
| Non-current liabilities | (1,257,107,288) | (128,348,027) | (1,740,480,505) | (113,849,977) | (3,239,785,796) | (13,723,850) | (32,023,307) | (514,643,215) | (33,095,923) | (593,486,295) |
| **Net equity** | **4,948,336,404** | **804,914,904** | **3,399,946,304** | **634,569,680** | **9,787,767,293** | **363,004,950** | **204,639,345** | **909,539,682** | **184,467,931** | **1,661,651,908** |
| **Carrying amount recognised** | **4,948,336,404** | **804,914,904** | **3,399,946,304** | **634,569,680** | **9,787,767,293** | **363,004,950** | **204,639,345** | **909,539,682** | **184,467,931** | **1,661,651,907** |

| **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$** | **Zimbabwe Grain Bag Limted 49% ZWL$** | **TOTAL ZWL$** | **Sino - Zimbabwe Cement Company (Private) Limited 35% ZWL$** | **Amtec Motors (Private) Limited 27.5% ZWL$** | **Sable Chemicals (Private) Limited 36% ZWL$** | **Zimbabwe Grain Bag (Private) Limited 49% ZWL$** | **TOTAL ZWL$** |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 4,008,838,400 | 948,946,334 | 2,094,565,714 | 653,478,257 | 7,705,828,705 | 3,216,800,244 | 1,494,403,675 | 1,673,104,188 | 653,478,257 | 7,037,786,365 |
| Profit/(loss) of associate | 560,711,228 | (247,332,351) | (781,091,025) | 40,405,511 | (427,306,637) | 793,242,156 | 76,356,742 | (1,184,474,856) | 40,405,511 | (274,470,447) |
| Profit/(loss) of associate recognised | 560,711,228 | (247,332,351) | (781,091,025) | 40,405,511 | (427,306,637) | 793,242,156 | 76,356,742 | (1,184,474,856) | 40,405,511 | (274,470,447) |
| (Loss) of associate not recognised | - | - | - | - | - | - | - | - | - | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Investment in associates continued)***

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| **Group** | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| Opening balances | 9,787,767,294 | 9,991,276,810 | 1,661,651,907 | 967,130,305 |
| Additions/(Disposals) | - | - | - | - |
| Movement in reserves-associates | 4,736,125,480 | (203,509,516) | 6,994,722,941 | 694,521,602 |
| Carrying amount of interests in associates | **14,523,892,775** | **9,787,767,293** | **8,656,374,848** | **1,661,651,907** |
| Share of: | | | | |
| Movement in reserves-associates | 928,679,449 | (427,306,639) | 1,350,443,463 | (79,787,921) |
| Other comprehensive income | - | - | - | - |
| | 928,679,449 | (427,306,639) | 1,350,443,463 | (79,787,921) |

| Corporation | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
|---|---|---|---|---|
| Sino - Zimbabwe Cement Company (Private) Limited | 2,982,306,796 | 2,982,306,796 | 130,331,677 | 130,331,677 |
| Amtec Motors Private Limited | 804,914,905 | 804,914,905 | - | - |
| Stone Holdings (Private) Limited | - | - | - | - |
| Zimbabwe Grain Bag (Private) Limited | 400,969,723 | 400,969,723 | - | - |
| | 4,188,191,424 | 4,188,191,424 | 130,331,677 | 130,331,677 |

The Corporation holds 10% and 2.5% interest in Surface Wilmar (Private) Limited and Allied Insurance (Private) Limited respectively as at 31 December 2022 classified as a financial asset with fair value through other comprehensive income(FVTOCI).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**10.3 Discontinued operations**

Ginhole Investments was classified as held for sale in 2021, However it was removed from this classification in 2022.

(a) Results of discontinued operation

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Revenue | - | 12,851,087 | - | 2,982,672 |
| Expenses | - | (13,270,588) | - | (3,150,121) |
| **Profit/(loss) for the year from discontinued operation** | **-** | **(419,501)** | **-** | **(167,449)** |
| **Results from operating activities, net of tax** | **-** | **(419,501)** | **-** | **(167,449)** |
| Impairment on derecognition of assets and liabilities | - | - | - | - |
| **Profit/(loss) for the year from a discontinued operation** | **-** | **(419,501)** | **-** | **(167,449)** |

**(b) Cash flows from (used in) discontinued operation**

| | | | | |
|---|---|---|---|---|
| Net cash used in operating activities | - | 557,455 | - | 104,123 |
| Net cash from investing activities | | (673,724) | - | (137,923) |
| Net cash flow from financing activities | - | - | - | - |
| **Net cash flow for the year** | **-** | **(116,269)** | **-** | **(33,800)** |

**( c) Effects of classification as held for sale on the financial position of the Group**

| | | | | |
|---|---|---|---|---|
| Property, plant and equipment | - | 234,306,656 | - | 42,459,302 |
| Trade and other receivables | - | 4,653,649 | - | 1,352,805 |
| Inventories | - | 2,469,208 | - | 717,793 |
| Cash & cash equivalents | - | 114,511 | - | 33,288 |
| Interest bearing loans | - | - | - | - |
| Trade and other payables | - | (28,788,479) | - | (965,117) |
| Bank overdraft | - | - | - | (4,672,615) |
| **Net assets and liabilities** | **-** | **212,755,544** | **-** | **38,925,456** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**10.4 Other Investments**

| | GROUP | | | |
|---|---|---|---|---|
| | INFLATION ADJUSTED | | HISTORICAL COST | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| **Balance at 1 January** | **1,083,762,636** | **1,075,950,943** | **10,351,647** | **68,037,117** |
| Additions | - | - | 27,822,345 | 273,034 |
| Reclassification of investment | - | 6,872,456 | - | - |
| Fair value adjustment | 43,252,583 | 939,237 | 23,502,698 | (57,958,504) |
| Disposals | - | - | (2,345,354) | - |
| Balance at 31 December | 1,127,015,219 | 1,083,762,636 | 59,331,336 | 10,351,647 |

| | CORPORATION | | | |
|---|---|---|---|---|
| | INFLATION ADJUSTED | | HISTORICAL COST | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| **Balance at 1 January** | **1,067,780,555** | **1,067,780,555** | **7,916,099** | **65,874,603** |
| Additions | - | - | - | - |
| Reclassification of investment | - | - | - | (57,958,504) |
| Fair value adjustment | 0.0 | - | - | - |
| Disposals | - | | - | - |
| Balance at 31 December | 1,067,780,555 | 1,067,780,555 | 7,916,099 | 7,916,099 |

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

The Other Investments of IDCZ's 10% shareholding in Surface Wilmar Investments and 2.25% shareholding in Allied Insurance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 (*Other Investments continued)***

**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.<br><br>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.<br><br>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)<br><br>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 :<br><br>-Increase or (decrease) in fair value or historical cost adjustments of underlying assets and liabilities held by investees.<br><br>-(Decrease) as a result of economic obsolescence of underlying assets.<br><br>-Financial performance of the investee. |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**10.5 Non-current assets held for sale**

| | GROUP | | | |
|---|---|---|---|---|
| | INFLATION ADJUSTED | | HISTORICAL COST | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Balance at 1 January | 241,544,034 | 335,760,825 | 44,563,190 | 44,187,616 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Fair value adjustments | (241,544,034) | (94,216,791) | (44,563,190) | 375,574 |
| Balance at 31 December | - | 241,544,034 | - | 44,563,190 |
| Liabilities held for sale | - | 28,788,479 | | 5,637,732 |

**Non-current assets held for sale**

| | CORPORATION | | | |
|---|---|---|---|---|
| | INFLATION ADJUSTED | | HISTORICAL COST | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Balance at 1 January | 210,443,741 | 210,443,741 | 37,774,674 | 38,506,095 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Fair value adjustments | (210,443,741) | - | (37,774,674) | (731,421) |
| Balance at 31 December | | 210,443,741 | - | 37,774,674 |
| Liabilities held for sale | - | - | - | - |

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 (*Non-current assets held for sale continued)***

Accordingly, the company had been presented as a disposal group held for sale from 2016 to 2021. In 2022 the Investment was removed from the disposal group. The above assets and liabilities held for sale include disposal group held for sale. At 31 December 2022 the disposal group comprised of the following assets and liabilities :

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Asset held for sale | | | | |
| Property, plant and equipment | - | 234,306,656 | - | 42,459,302 |
| Inventories | - | 4,653,649 | - | 1,352,805 |
| Trade and other receivables | - | 2,469,208 | - | 717,793 |
| Cash and cash equivalents | - | 114,511 | - | 33,288 |
| | - | 241,544,024 | - | 44,563,188 |
| Liabilities held for sale | | | | |
| Trade and other payables | - | 3,320,006 | - | 965,117 |
| Deferred Tax | - | 25,468,473 | - | 4,672,615 |
| Taxation | - | - | - | - |
| | - | 28,788,479 | - | 5,637,732 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 (*Non-current assets held for sale continued)***

**10.6 Fair value measurement**

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

## GROUP

### INFLATION ADJUSTED

| | Level 1<br>**ZWL$** | Level 2<br>**ZWL$** | Level 3<br>**ZWL$** | Fair value as at<br>31 December 2022<br>**ZWL$** |
|---|---|---|---|---|
| Non-current assets held for sale | - | - | - | - |
| Other Investments | - | - | 1,127,015,219 | 1,127,015,219 |
| | | | 1,127,015,219 | 1,127,015,219 |

### HISTORICAL COST

| | Level 1<br>ZWL$ | Level 2<br>ZWL$ | Level 3<br>ZWL$ | Fair value as at<br>31 December 2022<br>ZWL$ |
|---|---|---|---|---|
| Non-current assets held for sale | - | - | - | - |
| Other Investments | - | - | 59,331,336 | 59,331,336 |
| | | | 59,331,336 | 59,331,336 |

## CORPORATION

### INFLATION ADJUSTED

| | Level 1<br>ZWL$ | Level 2<br>ZWL$ | Level 3<br>ZWL$ | Fair value as at<br>31 December 2022<br>ZWL$ |
|---|---|---|---|---|
| Non-current assets held for sale | - | - | - | - |
| Other Investments | - | - | 1,067,780,555 | 1,067,780,555 |
| | | | 1,067,780,555 | 1,067,780,555 |

### HISTORICAL COST

| | Level 1<br>ZWL$ | Level 2<br>ZWL$ | Level 3<br>ZWL$ | Fair value as at<br>31 December 2022<br>ZWL$ |
|---|---|---|---|---|
| Non-current assets held for sale | - | - | 44,563,190 | 44,563,190 |
| Other Investments | - | - | 10,351,647 | 10,351,647 |
| | | | 54,914,837 | 54,914,837 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 (*Non-current assets held for sale continued)***

**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.<br><br>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.<br><br>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)<br><br>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.<br><br>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 :<br><br>-Increase or (decrease) in fair value or historical cost adjustments of underlying assets and liabilities held by investees.<br><br>-(Decrease) as a result of economic obsolescence of underlying assets.<br><br>-Financial performance of the investee. |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**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 2022** | **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 | 11,743,075,765 | | | | 11,743,075,765 | | | |
| Current assets | 12,531,004,825 | | | | 9,752,994,928 | | | |
| Non current liabilities | (2,065,623,402) | | | | (2,065,623,402) | | | |
| Current liabilities | (5,406,616,897) | | | | (4,193,005,444) | | | |
| **Net assets** | **16,801,840,292** | | | | **15,237,441,848** | | | |
| Carrying amount of NCI | 9,864,843,537 | 65,958,356 | **9,930,801,893** | 9,930,801,893 | 8,244,736,061 | 62,578,076 | **8,307,314,137** | 8,307,314,137 |
| Revenue | 16,949,728,654 | | | | 11,392,130,479 | | | |
| Profit | (391,378,774) | | | | 5,585,064,068 | | | |
| OCI | 4,576,052,401 | | | | 7,569,219,623 | | | |
| **Total Comprehensive (loss)/ Income** | **4,184,673,627** | | | | **13,154,283,691** | | | |
| Profit allocated to NCI | 35,791,734 | 7,793,211 | **43,584,945** | 43,584,945 | 3,233,136,626 | 11,793,332 | **3,244,929,958** | 3,244,929,958 |
| OCI allocated to NCI | 2,394,709,372 | | | | - | | | |
| Cash flows from operating activities | (123,573,091) | | | | 3,620,605,816 | | | |
| Cash flows from investing activities | (7,023,392,266) | | | | (98,388,837) | | | |
| Cash flows from financing activities | 9,787,948,267 | | | | (2,365,285,914) | | | |
| **Net increase (decrease) in cash and cash equivalents** | **2,640,982,910** | | | | **1,156,931,065** | | | |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(NCI Continued)***

31 December 2021

| 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** | **0.5** | | | **0.5** | | |
| | **ZWL$** | | **ZWL$** | **ZWL$** | | **ZWL$** |
| Non current assets | 6,286,227,988 | | | 1,827,391,857 | | |
| Current assets | 20,908,680,364 | | | 4,246,510,019 | | |
| Non current liabilities | (1,195,424,902) | | | (347,507,239) | | |
| Current liabilities | (11,418,378,522) | | | (3,270,987,846) | | |
| **Net assets** | **14,581,104,928** | | | **2,455,406,791** | | |
| Carrying amount of NCI | 8,104,797,232 | 39,869,610 | **8,144,666,842** | 1,355,750,934 | 12,572,309 | **1,368,323,243** |
| Revenue | 22,445,404,175 | | | 5,346,385,693 | | |
| Profit | (1,004,487,296) | | | 629,289,708 | | |
| OCI | (322,966,932) | | | 389,851,577 | | |
| **Total Comprehensive Income/(loss)** | **(1,327,454,228)** | | | **1,019,141,285** | | |
| Profit allocated to NCI | (586,526,691) | 1,308,838 | **(585,217,853)** | 334,152,558 | 1,948,612 | **336,101,170** |
| OCI allocated to NCI | (565,012,301) | | | - | | |
| Cash flows from operating activities | (759,861,022) | | | (1,134,001,288) | | |
| Cash flows from investing activities | (172,354,004) | | | (46,944,847) | | |
| Cash flows from financing activities | 1,850,313,058 | | | 723,389,124 | | |
| **Net increase (decrease) in cash and cash equivalents** | **918,098,033** | | | **(457,557,011)** | | |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**11 Inventories**

| **Group** | **INFLATION ADJUSTED 2022 ZWL$** | **INFLATION ADJUSTED 2021 ZWL$** | **HISTORICAL COST 2022 ZWL$** | **HISTORICAL COST 2021 ZWL$** |
|---|---|---|---|---|
| Raw materials | 4,615,097,441 | 4,804,646,387 | 1,995,152,195 | 606,280,246 |
| Finished goods | 3,816,734,096 | 7,854,602,324 | 1,901,910,020 | 774,612,293 |
| Land held for trading | - | - | - | - |
| Stores | 1,236,731,037 | 1,408,775,040 | 357,011,814 | 156,374,735 |
| Work in progress | - | 496,873 | 2,487,409 | 1,308,709 |
| Consumables | 321,329,691 | 618,489,750 | 164,660,541 | 76,352,362 |
| **Total inventories at lower of cost and net realisable value** | **9,989,892,265** | **14,687,010,374** | **4,421,221,979** | **1,614,928,345** |

**12 Non-current portion of land held for sale**

| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
|---|---|---|---|---|
| Balance at 1 January | 118,271,995 | 125,317,084 | 21,354,903 | 22,663,611 |
| Additions/(Disposals) | (4,527,082) | (7,045,089) | (2,123,923) | (1,308,708) |
| Balance at 31 December | 113,744,913 | 118,271,995 | 19,230,980 | 21,354,903 |

**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 2022 ZWL$ | INFLATION ADJUSTED 2021 ZWL$ | HISTORICAL COST 2022 ZWL$ | HISTORICAL COST 2021 ZWL$ |
|---|---|---|---|---|
| Trade receivables | 9,683,253,606 | 8,055,459,555 | 9,683,500,560 | 2,341,703,359 |
| Other receivables | 5,024,445,501 | 7,434,019,076 | 3,651,367,004 | 2,102,999,679 |
| Expected credit losses | (197,207,219) | (8,644,577) | (197,207,219) | (2,512,956) |
| **Total** | **14,510,491,888** | **15,480,834,054** | **13,137,660,345** | **4,442,190,082** |
| Related party receivables | - | - | - | - |

| **CORPORATION** | INFLATION ADJUSTED 2022 ZWL$ | INFLATION ADJUSTED 2021 ZWL$ | HISTORICAL COST 2022 ZWL$ | HISTORICAL COST 2021 ZWL$ |
|---|---|---|---|---|
| Trade receivables | - | - | - | - |
| Other receivables | 59,909,033 | 103,445,209 | 59,909,033 | 30,071,282 |
| Expected credit losses | (19,533,639) | - | (19,533,639) | - |
| **Total** | **40,375,394** | **103,445,209** | **40,375,394** | **30,071,282** |
| Related party receivables | 511,996,398 | 399,000,227 | 511,996,398 | 115,988,438 |

**Terms and conditions of the above financial assets**

Trade and other receivables are non-interest bearing and are generally on 15-30 days credit terms for other customers. Average credit period for fertiliser and phosphates debtors is between 60 and 270 days.

For terms and conditions relating to related party receivables refer to note 20.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Trade and other receivables continued)***

As at 31 December 2022, 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$ | |
| 2022 | 9,618,871,126 | 6,446,001,656 | 40,322,182 | 356,849,173 | 161,356,601 | 2,614,341,514 | Inflation adjusted |
| 2021 | 8,144,801,130 | 5,303,864,161 | 81,557,728 | 772,856,245 | 27,571,253 | 1,958,951,743 | |
| 2022 | 9,616,111,425 | 6,446,001,656 | 182,665,369 | 214,509,227 | 161,329,743 | 2,611,605,430 | Historical Cost |
| 2021 | 2,364,017,396 | 1,541,820,977 | 68,208,697 | 132,013,301 | 52,454,492 | 569,519,929 | |

As at 31 December 2022, included in trade receivables is an allowance of ZWL$128 868 731(2021 :ZWL$121 022 127 ) relating to doubtful debts. Below is the movement for doubtful debts.

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | **Individually Impaired** | **Individually Impaired** | **Individually Impaired** | **Individually Impaired** |
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| Balance at 1 January | 3,923,302 | 203,774,234 | 35,180,851 | 59,523,696 |
| Charge for the year | 124,945,429 | (82,752,107) | - | (24,342,845) |
| Balance at 31 December | 128,868,731 | 121,022,127 | 35,180,851 | 35,180,851 |

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

| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
|---|---|---|---|---|
| Four or more years trading history with the Group | 40,118,042 | 33,009,710 | 42,113,783 | 42,113,783 |
| Less than four years of trading history with the Group | 6,405,883,614 | 5,270,854,451 | 6,403,887,873 | 1,499,707,194 |
| Higher risk | - | - | - | - |
| | 6,446,001,656 | 5,303,864,161 | 6,446,001,656 | 1,541,820,977 |

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Trade and other receivables continued)***

**13.1 Intergroup balances**

| **The Corporation's Group balances receivable comprise of the following :** | **INFLATION ADJUSTED** | | **HISTORICAL COST** | |
|---|---|---|---|---|
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| **Group companies** | | | | |
| **Subsidiary Companies** | | | | |
| Almin Metal Industries | - | - | - | - |
| Chemplex Corporation | 454,896,069 | 207,043,875 | 454,896,069 | 60,187,173 |
| Allied Insurance (Pvt) Ltd | - | 2,291,074 | - | 666,010 |
| Last Hope t/a Ginhole Investments | 2,173,364 | 2,302,175 | 2,173,364 | 669,237 |
| Willowvale Motor Industries | 6,388,166 | 3,404,117 | 6,388,166 | 989,569 |
| Deven Engineering | 54,211,725 | 17,515,445 | 54,211,725 | 5,091,699 |
| Olivine Industries | - | - | - | - |
| Sunway City Harare | 13,122,478 | 172,944,077 | 13,122,478 | 50,274,441 |
| Industrial Sands | 29,232 | 100,558 | 29,232 | 29,232 |
| | 530,821,034 | 405,601,322 | 530,821,034 | 117,907,361 |
| **Associate Companies** | | | | |
| Sino-Zimbabwe Cement Company | 208,541 | 1,846,946 | 208,541 | 536,903 |
| Stone Holdings | - | - | - | - |
| Motira Tractors | 500,462 | 196,538 | 500,462 | 57,133 |
| Zimbabwe Grain Bag | - | - | - | - |
| | **709,003** | **2,043,484** | **709,003** | **594,036** |
| Expected credit losses | (19,533,639) | (8,644,579) | (19,533,639) | (2,512,959) |
| | 511,996,398 | 399,000,227 | 511,996,398 | 115,988,438 |

During the year a provision for credit losses amounting to $19 533 639 was provided for against intercompany receivables

Management is of the opinion that the remaining balances are recoverable as a result of significant influence and control in the related parties. The provision for credit losses is included in the balance of trade and other payables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**14 Cash and cash equivalents**

| | INFLATION ADJUSTED | | | |
|---|---|---|---|---|
| | GROUP | | CORPORATION | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Cash at banks and on hand | 4,197,196,111 | 4,827,717,720 | 1,394,287,477 | 726,373,028 |

| | HISTORICAL COST | | | |
|---|---|---|---|---|
| | GROUP | | CORPORATION | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| **Cash at banks and on hand** | **4,197,196,111** | **1,403,406,314** | **1,394,287,477** | **211,154,950** |

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 | |
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| Cash at bank and on hand | 4,197,196,111 | 4,827,717,720 | 1,394,287,477 | 726,373,028 |
| Bank overdrafts (note 16.2) | (1,901,321) | (160,871,432) | - | - |
| | **4,195,294,790** | **4,666,846,288** | **1,394,287,477** | **726,373,028** |

| | HISTORICAL COST | | | |
|---|---|---|---|---|
| | GROUP | | CORPORATION | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Cash at bank and on hand | 4,197,196,111 | 1,403,406,314 | 1,394,287,477 | 211,154,950 |
| Bank overdrafts (note 16.2) | (1,901,321) | (46,764,952) | - | - |
| | **4,195,294,790** | **1,356,641,362** | **1,394,287,477** | **211,154,950** |

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

| | | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|---|
| **15** | **Share Capital and Reserves** | | | | |
| **(a)** | **Authorised** | **2022** | **2021** | **2022** | **2021** |
| | Number of ordinary shares, with a nominal value of ZWL$2 | **2,500,000,000** | **2,500,000,000** | **2,500,000,000** | **2,500,000,000** |
| **(b)** | **Issued and Fully paid** | | | | |
| | Number of ordinary shares, with a nominal value of ZWL$2 | **780,249,414** | **780,249,414** | **780,249,414** | **780,249,414** |
| **(c)** | **Share capital movement** | **ZWL$** | **ZWL$** | **ZWL$** | **ZWL$** |
| | In issue at 1 January | 15,839,519,993 | 8,909,156,584 | 1,560,498,828 | 100,000,000 |
| | Share capital restatement | - | - | - | - |
| | Increase in share capital | - | 6,930,363,409 | - | 1,460,498,828 |
| | In issue at 31 December | **15,839,519,993** | **15,839,519,993** | **1,560,498,828** | **1,560,498,828** |
| **(i)** | **Capital waiting allotment** | **2,097,078,969** | **-** | **1,350,000,000** | **-** |

**This represents capital received from Government during the year from which shares sre still to be issued.**

**(ii) 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** | |
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| **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** | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| **Balance at 1 January** | 6,903,475 | 64,861,979 | 6,903,475 | 64,861,979 |
| Fair value through other comprehensive income | - | (57,958,504) | - | (57,958,504) |
| Loss of control | - | - | - | - |
| **Balance at 31 December** | **6,903,475** | **6,903,475** | **6,903,475** | **6,903,475** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Share Capital and Reserves continued)***

**(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. This reserve was transferred to Retained Ernings as at 31 December 2022.
The foreign currency translation reserve balance was transferred to Retained Eranings as at 31 Decemeber 2022

**(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.

| | INFLATION ADJUSTED | | | |
|---|---|---|---|---|
| **Revaluation reserve** | **GROUP** | | **CORPORATION** | |
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| Balance at 1 January | 17309 235 798 | 2082 458 261 | - | - |
| Transfer to/(from) revenue reserves | - | - | - | - |
| Revaluation adjustment | 0 | 1524 081 292 | 57 235 843 | |
| Other comprehensive income net of deferred tax | 25,154,607,223 | 13,702,696,246 | - | - |
| **Balance at 31 December** | **42,463,843,021** | **17,309,235,799** | **57,235,843** | **-** |

| | HISTORICAL COST | | | |
|---|---|---|---|---|
| **Revaluation reserve** | **GROUP** | | **CORPORATION** | |
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| **Balance at 1 January** | 13,237,505,225 | 5,986,697,783 | 48,105,767 | 48,105,767 |
| Transfer to/(from) revenue reserves | - | - | - | - |
| Other comprehensive income net of deferred tax | 54,919,603,441 | 7,250,807,441 | 162,497,351 | - |
| **Balance at 31 December** | **68,157,108,666** | **13,237,505,225** | **210,603,118** | **48,105,767** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

16 Loans and borrowings

16.1 Loans and borrowings - Non current

| | INFLATION ADJUSTED | | | |
|---|---|---|---|---|
| | GROUP | | CORPORATION | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| China Import Export Bank (Renminbi Yuan 102 324 925) | - | - | - | - |
| Central African Building Society | - | - | - | - |
| Zimbabwe Asset Management Company | - | - | - | - |
| FBC Bank Limited | - | - | - | - |
| Ministry of Finance and Economic Development | - | - | - | - |
| | - | - | - | - |
| Other Liabilities - Non current | | | | - |
| Provisions | 245,160,413 | 52,964,627 | - | |
| Finance Lease Liability | - | 21,047,819 | - | 11,244,576 |
| | 245,160,413 | 74,012,446 | - | 11,244,576 |

| **Loans and borrowings - Non current** | HISTORICAL | | | |
|---|---|---|---|---|
| | GROUP | | CORPORATION | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| China Import Export Bank (Renminbi Yuan 102 324 925) | - | - | - | - |
| Stanbic Bank Limited | - | - | - | - |
| Zimbabwe Asset Management Company(ZAMCO) | - | - | - | - |
| FBC Bank Limited | - | - | - | - |
| Ministry of Finance and Economic Development | - | - | - | - |
| Agricultural Development Bank of Zimbabwe | - | - | | |
| | - | - | - | - |
| **Other Liabilities - Non current** | | | | |
| Provisions | 245,160,413 | 15,396,694 | - | - |
| Finance Lease Liability | - | 2,849,780 | - | - |
| | 245,160,413 | 18,246,474 | - | - |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Loans and Borrowings continued)***

16.2 Loans and borrowings - Current

**INFLATION ADJUSTED**

| | GROUP | | CORPORATION | |
|---|---|---|---|---|
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| Agricultural Development Bank of Zimbabwe | 418,000,000 | 717,811,040 | - | - |
| Central African Building Society (CABS) | 402,073,908 | 2,716,769,206 | - | - |
| FBC Bank Limited | 20,354,336 | - | - | - |
| Stanbic Bank Limited | - | ,427,600,000 | - | - |
| Sino Zimbabwe Cement Company | 9,519,481 | 9,519,484 | 9,519,481 | 9,519,477 |
| | **849,947,725** | **4,871,699,730** | **9,519,481** | **9,519,477** |

Loans and borrowings - Current

**HISTORICAL**

| | GROUP | | CORPORATION | |
|---|---|---|---|---|
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| Agricultural Development Bank of Zimbabwe | 418,000,000 | 208,666,000 | - | - |
| Central African Building Society (CABS) | 402,073,906 | 789,758,490 | - | - |
| FBC Bank Limited | 20,354,336 | - | - | - |
| Stanbic Bank Limited | - | 415,000,000 | - | - |
| Sino Zimbabwe Cement Company | 2,767,291 | 2,767,290 | 2,767,289 | 2,767,289 |
| | **843,195,533** | **1,416,191,780** | **2,767,289** | **2,767,289** |

Sino - Zimbabwe Cement Company (Private) Limited loan is not secured, no rate and tenure.

| **BANK** | **SECURITY** |
|---|---|
| Agricultural Development Bank of Zimbabwe | Jointly secured by ZFC Kwekwe property |
| Stanbic Bank Limited | Secured by NCGB over debts and movable assets of Chemplex Corporation |
| Central African Building Society | Secured against Msasa Plant mortgage bond, cession of stocks and company property(S5 million NCGB) |
| Zimbabwe Asset Management Company(ZAMCO) | Jointly secured by Zimababwe Phosphate Industries land |
| Sino-Zimbabwe Cement Company | Not secured, no rate and tenure |
| Reserve Bank of Zimbabwe | Secured against equipment(NCGB) bought using the funds(lease agreement), |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Loans and Borrowings continued)***

Plant and Immovabl assets at Zimbabwe Phosphat Industris and Dorowa Minerals and have a tenure of 5 years.

**INFLATION ADJUSTED**

| | **GROUP** | | **CORPORATION** | |
|---|---|---|---|---|
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| **Overdrafts** | | | | |
| CBZ Bank Limited | - | 113,614,590 | - | - |
| Stanbic Bank Limited | 1,901,321 | | | |
| FBC Bank Limited | - | 47,256,842 | - | - |
| | 1,901,321 | 160,871,432 | - | - |

HISTORICAL COST

| | GROUP | | CORPORATION | |
|---|---|---|---|---|
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| **Overdrafts** | | | | |
| STANBIC Limited | - | 33,027,497 | - | - |
| FBC Bank Limited | 1,901,321 | 13,737,455 | - | - |
| | **1,901,321** | **46,764,952** | **-** | **-** |

The bank overdrafts are unsecured with a tenure of up to 12 months and were utilised to finance working capital requirements. Interest rates vary from 13% to 18% and matured between April 2022 and June 2022. The overdraft penalty rates vary from 15% to 30%.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**17 Trade and other payables**

| | INFLATION ADJUSTED | | | |
|---|---|---|---|---|
| | GROUP | | CORPORATION | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Trade payables | 4,973,513,861 | 5,903,444,799 | - | 515,436 |
| Accruals | 2,055,177,969 | 2,423,875,204 | 927,590,699 | 740,261,447 |
| VAT control account | 354,264,837 | 401,225,945 | 10,431,685 | 25,634,192 |
| Other payables | 7,546,220,832 | 2,314,828,363 | 928,641,418 | 136,139,796 |
| | **14,929,177,500** | **11,043,374,311** | **1,866,663,802** | **902,550,870** |
| Related party payables | - | - | 1,325,601 | 4,560,067 |

| | HISTORIAL COST | | | |
|---|---|---|---|---|
| | GROUP | | CORPORATION | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Trade payables | 3,749,948,084 | 1,716,117,674 | - | 149,836 |
| Accruals | 4,982,705,807 | 671,633,431 | 949,155,441 | 215,192,281 |
| VAT control account | 265,407,990 | 74,396,173 | 10,431,688 | 7,451,800 |
| Other payables | 4,020,832,815 | 685,899,819 | 907,076,674 | 35,269,233 |
| | **13,018,894,695** | **3,148,047,097** | **1,866,663,803** | **258,063,150** |
| Related party payables | - | - | 11,150,423 | 1,325,601 |

**Group**

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

**Corporation**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**18 Loans receivable**

| | INFLATION ADJUSTED | | | | HISTORICAL COST | | | |
|---|---|---|---|---|---|---|---|---|
| | GROUP | | CORPORATION | | GROUP | | CORPORATION | |
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| **Long term loans to companys** | | | | | | | | |
| Chemplex Corporation Limited | - | - | 383,455,869 | 119,236,974 | - | - | 383,455,869 | - |
| | - | - | 383,455,869 | 119,236,974 | - | - | 383,455,869 | 270,882,007 |
| **Other** | | | | | | | | |
| Bullion Commodities | 29,166,667 | - | 29,166,667 | - | 29,166,667 | - | 29,166,667 | - |
| Clorpeace Investments | 11,666,667 | | 11,666,667 | | 11,666,667 | | 11,666,667 | |
| Radar Holdings Limited | - | 5,733,334 | - | 5,733,334 | - | 1,666,667 | - | 1,666,667 |
| Comhold Investments | 13,333,334 | 86,000,000 | 13,333,334 | 86,000,000 | 13,333,333 | 25,000,000 | 13,333,333 | 25,000,000 |
| | 54,166,668 | 91,733,334 | 54,166,668 | 91,733,334 | 54,166,667 | 26,666,667 | 54,166,667 | 26,666,667 |
| Expected credit loss | (8,422,679) | (78,379,230) | (391,878,548) | | (8,422,678) | (22,784,660) | (391,878,547) | |
| **Total long term loans receivable** | **45,743,989** | **13,354,104** | **45,743,989** | **210,970,309** | **45,743,989** | **3,882,007** | **45,743,989** | **297,548,674** |
| **Short term loans receivable** | | | | | | | | |
| Chemplex Corporation Limited | - | - | 1,907,879,953 | 595,518,813 | - | - | 1,907,879,953 | 173,115,934 |
| Matrix Fertilisers | 1,680,417 | 20,640,003 | 1,680,417 | 20,640,003 | 1,680,417 | 6,000,001 | 1,680,417 | 6,000,001 |
| CPG t/a Agrifoods | 107,564,426 | 357,911,811 | 107,564,426 | 357,911,811 | 107,564,426 | 104,044,131 | 107,564,426 | 104,044,131 |
| Ministry of Finance and Economic Development | 2,500,000 | 8,600,000 | 2,500,000 | 8,600,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Bullion Commodities | 67,084,752 | - | 67,084,752 | - | 67,084,752 | - | 67,084,752 | - |
| Arthermac Investments | 57,689,500 | - | 57,689,500 | - | 57,689,500 | - | 57,689,500 | - |
| Grindale Engineering | - | 45,137,578 | - | 45,137,578 | - | 13,121,389 | - | 13,121,389 |
| Zim Silicates | - | 8,217,500 | - | 8,217,500 | - | 2,388,808 | - | 2,388,808 |
| Radar Investments | 1,666,667 | 28,666,666 | 1,666,667 | 28,666,666 | 1,666,667 | 8,333,333 | 1,666,667 | 8,333,333 |
| Clorpeace Investments | 22,875,833 | 13,194,148 | 22,875,833 | 13,194,148 | 22,875,833 | 3,835,508 | 22,875,833 | 3,835,508 |
| Welli-Will Investments | - | 34,859,360 | - | 34,859,360 | - | 10,133,535 | - | 10,133,535 |
| Ziscosteel | 96,672,581 | 139,671,399 | 96,672,581 | 139,671,399 | 96,672,581 | 40,602,151 | 96,672,581 | 40,602,151 |
| Comhold Investments | 51,648,745 | 53,837,541 | 51,648,745 | 53,837,541 | 51,648,744 | 15,650,448 | 51,648,744 | 15,650,448 |
| | 409,382,921 | 710,736,006 | 2,317,262,874 | 1,306,254,819 | 409,382,920 | 206,609,304 | 2,317,262,873 | 379,725,238 |
| **Other** | | | | | | | | |
| Sable Chemicals Limited | - | 12,478,600 | - | 12,478,600 | - | 3,627,500 | - | 3,627,500 |
| | - | 12,478,600 | - | 12,478,600 | - | 3,627,500 | - | 3,627,500 |
| **Total short term loans receivable** | **409,382,921** | **723,214,606** | **2,317,262,874** | **1,318,733,419** | **409,382,920** | **210,236,804** | **2,317,262,873** | **383,352,738** |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**19** Commitments and contingencies

**(a)** Commitments

For the year 31 December 2022 the Group is committed to incur capital expenditure of ZWL$7 584 390 831 (2021: $1 038 468 525). The commitments are expected to be settled in 2022. 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 leases were cleared in 2022.

**(i)** Future minimum lease commitments

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

| Group | GROUP | | CORPORATION | |
|---|---|---|---|---|
| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| Less than one year | - | - | - | - |
| Between one and five years | - | 9,246,802 | - | - |
| More than five years | - | 6,118,552 | - | - |
| | **-** | **15,365,354** | **-** | **-** |

**(ii)** Amounts recognised in profit or loss

| | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
|---|---|---|---|---|
| Lease expense | - | - | - | - |

**(c)** Contingent liabilities

**(d)** Contingent asset

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

This is an ongoing international matter in which IDCZ Limited successfully sued Romanian State Company (ROMSIT) for breach of contract arising from defective workmanship and materials which resulted in the closure of the National Glass in Kadoma. IDCZ Limited was awarded judgement for the principal sum of US$4 211 570 together with interest at 8.5% per annum from 15 March 1999 to date of payment and arbitration costs of US$606 640. The judgement debt now amounts to an excess of US$12 673 710 with interest and costs included. It is considered that the judgement sum of US$12 673 710 will be recovered in due course although, due to the nature of international disputes this may take long.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**20 Related party disclosures**

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

| | Country of incorporation | equity interest 2022 | equity interest 2021 |
|---|---|---|---|
| Chemplex Corporation Limited | Zimbabwe | 100% | 100% |
| Ginhole Investments (Private) Limited T/A Last hope Estate | Zimbabwe | 100% | 100% |
| Willowvale Motor Industries (Private) Limited | Zimbabwe | 100% | 100% |
| Deven Engineering (Private) Limited | Zimbabwe | 100% | 100% |
| Sunway City (Private) Limited | Zimbabwe | 99.86% | 99.86% |

The parent, Government of Zimbabwe, has a 100 % equity interest in the Corporation. Transactions with the parent are disclosed in note 15.

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

**31 December 2022**

**Group**

| | INFLATION ADJUSTED | | | | HISTORICAL | | | |
|---|---|---|---|---|---|---|---|---|
| | Sales to related parties ZWL$ | Purchases from related parties ZWL$ | Amounts owed by related parties ZWL$ | Amounts owed to related parties ZWL$ | Sales to related parties ZWL$ | Purchases from related parties ZWL$ | Amounts owed by related parties ZWL$ | Amounts owed to related parties ZWL$ |
| **Associates:** | | | | | | | | |
| Motira Tractors | - | - | 500,462.00 | - | - | - | 500 462 | - |
| Sino-Zimbabwe Cement Company (Private) Limited | - | - | 208,541.00 | - | - | - | 208 541 | - |
| Zimbabwe Grain Bag (Private) Limited | - | - | - | - | - | - | - | - |
| Sable Chemical Limited | | | | | - | - | - | - |
| | - | - | 709 003 | - | - | - | 709 003 | - |

31 December 2021

Group

| | INFLATION ADJUSTED | | | | HISTORICAL | | | |
|---|---|---|---|---|---|---|---|---|
| | Sales to related parties ZWL$ | Purchases from related parties ZWL$ | Amounts owed by related parties ZWL$ | Amounts owed to related parties ZWL$ | Sales to related parties ZWL$ | Purchases from related parties ZWL$ | Amounts owed by related parties ZWL$ | Amounts owed to related parties ZWL$ |
| Associates: | | | | | | | | |
| Stone Holdings (Private) Limited | - | - | - | - | - | - | 57 133 | - |
| Sino-Zimbabwe Cement Company (Private) Limited | - | - | 1 846 946 | - | - | - | 536 903 | - |
| Sable Chemical Limited | - | - | - | - | - | - | - | - |
| | - | - | 1 846 946 | - | - | - | 594 036 | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

20 Related party disclosures (continued)

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 | Inflation Adjusted | | | Historical | | |
|---|---|---|---|---|---|---|
| December 2022 | Management fees receivable | Amounts owed by related parties | Amounts owed to related parties | Management fees receivable | Amounts owed by related parties | Amounts owed to related parties |
| | ZWL$ | ZWL$ | ZWL$ | ZWL$ | ZWL$ | ZWL$ |
| Allied Insurance (Private) Limited | | - | - | - | - | - |
| Chemplex Corporation Limited | 1,136,593,047 | 454,896,069 | - | 530,415,908 | 454,896,069 | - |
| Last Hope | - | 2,173,364 | - | - | 2,173,364 | - |
| Willowvale Motor Industries (Private) Limited | 45,591,902 | 6,388,166 | - | 21,276,455 | 6,388,166 | - |
| Deven Engineering (Private) Limited | 21,763,902 | 54,211,725 | - | 10,156,599 | 54,211,725 | |
| Sunway City Private) Limited | 116,242,051 | 13,122,478 | - | 54,246,886 | 13,122,478 | - |
| Motira Tractors (Private) Limited | - | 500,462 | - | - | 500,462 | - |
| Industrial Sands (Private) Limited | - | 29,232 | - | - | 29,232 | - |
| Associated companies : | | | | | | |
| Stone Holdings (Private) Limited | - | - | - | - | - | - |
| Zimbabwe Grain Bag (Pvt) Ltd | - | - | - | - | - | - |
| Sino-Zimbabwe Cement Company (Private) Limited | - | 208,541 | - | - | 208,541 | - |
| | **1,320,190,902** | **531,530,037** | - | **616,095,848** | **531,530,037** | - |

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 2022, the Group has recorded an impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**20 Related party disclosures (continued)**

**20.1 Compensation to key management personnel**

| | GROUP | | | |
|---|---|---|---|---|
| | INFLATION ADJUSTED | | HISTORICAL COST | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Short term employee benefits | 667,643,648 | 474,210,478 | 475,347,338 | 114,152,765 |
| Post employment benefits | 1,973,352 | 14,104,409 | 497,935 | 2,451,705 |
| Termination benefits | - | 2,926,460 | - | - |
| **Total compensation paid to key management personnel** | **669,617,000** | **491,241,347** | **475,845,273** | **116,604,470** |

| | CORPORATION | | | |
|---|---|---|---|---|
| | INFLATION ADJUSTED | | HISTORICAL COST | |
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Short term employee benefits | 179,542,200 | 91,380,889 | 120,059,322 | 21,258,946 |
| Post employment benefits | - | - | - | - |
| Termination benefits | - | - | - | - |
| **Total compensation paid to key management personnel** | **179,542,200** | **91,380,889** | **120,059,322** | **21,258,946** |

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, designed to ensure that risks are diversified in terms of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all lodged claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims in order to reduce its exposure to unpredictable future developments that can negatively impact the business.
The Group's senior management oversees the management of these risks. The Group's senior management advises on financial risks and the appropriate financial risk governance framework for the Group and ensures that appropriate policies and procedures that govern the Group's financial risk-taking activities are in place and that financial risks are identified, measured and managed in accordance with the Group policies and Group risk appetite.

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

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive environment in which all employees understand their roles and obligations.
The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, results of which are reported to the Audit Committee.

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

### 21.2 Market Risk

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

### *21.2.1 Currency risk*

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

The Group foreign currency exposures are as follows:

**INFLATION ADJUSTED**

| | | 2022 Foreign amount | ZWL$ | 2021 Foreign amount | ZWL$ |
|---|---|---|---|---|---|
| Renminbi Yuan | ZWL$/0.0818 | - | - | - | 2,882,128,196 |

**HISTORICAL COST**

| | | 2022 Foreign amount | ZWL$ | 2021 Foreign amount | ZWL$ |
|---|---|---|---|---|---|
| Renminbi Yuan | ZWL$/0.0818 | - | - | - | 837,827,964 |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

| | INFLATION ADJUSTED | | | HISTORICAL COST | | |
|---|---|---|---|---|---|---|
| **2022** | **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% | - | - | +2% | - | - |
| | - 2% | - | - | - 2% | - | - |

| | INFLATION ADJUSTED | | | HISTORICAL COST | | |
|---|---|---|---|---|---|---|
| **2021** | **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% | - | - | +2% | - | - |
| | - 2% | - | - | - 2% | - | - |

### 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 of debts and thus is not exposed to interest rate risk fluctuations.**

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

INFLATION ADJUSTED

| | | GROUP | | CORPORATION | |
|---|---|---|---|---|---|
| | | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| **Change in interest rate of:** | +10% | (54,587,030) | (79,651,762) | 250,883,333 | (1,455,835) |
| | -10% | 54,587,030 | 79,651,762 | (250,883,333) | 1,455,835 |

HISTORICAL COST

| | | GROUP | | CORPORATION | |
|---|---|---|---|---|---|
| | | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| **Change in interest rate of:** | +10% | (32,941,882) | (20,372,044) | 201,012,291 | (423,208) |
| | -10% | 32,941,882 | 20,372,044 | (201,012,291) | 423,208 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**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 2022 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 2022** | | | | | | |
| Interest bearing loans and borrowings | 2,729,855,182 | - | 23,121,627 | 308,162,281 | - | 3,061,139,090 |
| Other liabilities | 2,536,283,309 | - | 66,450,697 | - | - | 2,602,734,006 |
| Trade and other payables | 10,529,655,055 | 1,211,088,935 | 117,546,699 | 59,497,057 | - | 11,917,787,746 |
| | **15,795,793,546** | **1,211,088,935** | **207,119,023** | **367,659,338** | **-** | **17,581,660,842** |
| **Year ended 31 December 2021** | | | | | | |
| Interest bearing loans and borrowings | 6,601,450,465 | - | 9,519,481 | 9,803,243 | - | 6,620,773,189 |
| Other liabilities | 3,033,800,049 | - | 4,560,067 | - | - | 3,038,360,117 |
| Trade and other payables | 8,722,082,170 | 959,518,591 | - | 52,964,627 | - | 9,734,565,389 |
| | **18,357,332,685** | **959,518,591** | **14,079,548** | **62,767,871** | **-** | **19,393,698,695** |

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 2022 | | | | | | |
| Interest bearing loans and borrowings | 2,742,473,908 | - | 23,121,627 | 308,162,281 | - | 3,073,757,816 |
| Other liabilities | 2,682,194,323 | 530,977,785 | 66,450,697 | - | - | 3,279,622,805 |
| Trade and other payables | 7,380,275,404 | 1,465,888,329 | 117,546,699 | 59,497,057 | - | 9,023,207,489 |
| | **12,804,943,635** | **1,996,866,114** | **207,119,023** | **367,659,338** | **-** | **15,376,588,110** |
| Year ended 31 December 2021 | | | | | | |
| Interest bearing loans and borrowings | 1,919,026,298 | - | 2,767,291 | 2,849,780 | - | 1,924,643,369 |
| Other liabilities | 881,848,619 | 27,831,323 | 1,325,601 | - | - | 911,005,543 |
| Trade and other payables | 2,535,489,003 | 251,098,500 | - | 15,396,694 | - | 2,801,984,197 |
| | **5,336,363,920** | **278,929,823** | **4,092,892** | **18,246,474** | **-** | **5,637,633,109** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Liquidity Risk continued)***

### 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 2022** | | | | | | |
| Interest bearing loans and borrowings | - | - | 2,767,291 | 122,498,925 | - | 125,266,216 |
| Other liabilities | 31,603,528 | - | 11,150,423 | - | - | 42,753,951 |
| Trade and other payables | - | 1,465,888,329 | - | - | - | 1,465,888,329 |
| Amounts owed to Group companies | - | - | - | - | - | - |
| | **31,603,528** | **1,465,888,329** | **13,917,714** | **122,498,925** | **-** | **1,633,908,496** |
| **Year ended 31 December 2021** | | | | | | |
| Interest bearing loans and borrowings | - | - | 9,519,481 | - | - | 9,519,481 |
| Other liabilities | 38,488,058 | - | 4,560,067 | - | - | 43,048,126 |
| Trade and other payables | - | 863,778,840 | - | - | - | 863,778,840 |
| Amounts owed to Group companies | - | - | - | - | - | - |
| | **38,488,058** | **863,778,840** | **14,079,548** | **-** | **-** | **916,346,447** |

| 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 2022** | | | | | | |
| Interest bearing loans and borrowings | - | - | 2,767,291 | 122,498,925 | - | 125,266,216 |
| Other liabilities | 31,603,528 | - | 11,150,423 | - | - | 42,753,951 |
| Trade and other payables | - | 1,465,888,329 | - | - | - | 1,465,888,329 |
| Amounts owed to Group companies | - | - | - | - | - | - |
| | **31,603,528** | **1,465,888,329** | **13,917,714** | **122,498,925** | **-** | **1,633,908,496** |
| **Year ended 31 December 2021** | | | | | | |
| Interest bearing loans and borrowings | - | - | 2,767,291 | - | - | 2,767,291 |
| Other liabilities | 11,118,389 | - | 1,325,601 | - | - | 12,443,990 |
| Trade and other payables | - | 251,098,500 | - | - | - | 251,098,500 |
| Amounts owed to Group companies | - | - | - | - | - | - |
| | **11,118,389** | **251,098,500** | **4,092,892** | **-** | **-** | **266,309,781** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

### 21.3 Capital management

The primary objective of the Corporation's capital management is to ensure that the Corporation maintains a healthy capital ratio in order to support the business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in the economic environment to maintain and adjusts the capital structure the Group may adjust the dividend payment to shareholders, return on capital to shareholders, or issue new shares. No changes were made to the objectives, policies or processes during the year ended 31 December 2022. The Group's capital comprise net debt and equity as detailed below:

| | INFLATION ADJUSTED | | HISTORICAL | |
|---|---|---|---|---|
| | 2022 ZWL$ | 2021 ZWL$ | 2022 ZWL$ | 2021 ZWL$ |
| Interest bearing loans and borrowings | 1,095,108,138 | 4,924,664,357 | 1,088,355,946 | 1,431,588,474 |
| Bank overdrafts | 1,901,321 | 160,871,435 | 1,901,321 | 46,764,952 |
| Trade and other payables | 14,929,177,491 | 11,095,437,944 | 13,018,894,695 | 3,148,047,097 |
| Less cash and short term deposits | (4,197,196,111) | (4,827,717,720) | (4,197,196,111) | (1,403,406,314) |
| Net debt | 11,828,990,839 | 11,353,256,016 | 9,911,955,851 | 3,222,994,209 |
| Equity | 93,379,040,539 | 68,772,484,761 | 84,154,314,999 | 17,304,726,289 |
| Capital and debt | 105,208,031,379 | 80,125,740,777 | 94,066,270,850 | 20,527,720,498 |
| Gearing ratio | 11% | 14% | 11% | 16% |
| 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 controls relating to customer credit risk management. Credit quality of customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and all sales to credit customers are generally covered by letters of credit.

The requirement for impairment is analysed at each reporting date on an individual basis for all the debtors. As at 31 December 2022, the Group had ZWL$197 207 219 (2021 : ZWL$8 644 577) 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 2022 and 2021 is the carrying amounts of the financial assets as illustrated in note 21.5.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

### 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:

| | INFLATION ADJUSTED | | | | HISTORICAL | | | |
|---|---|---|---|---|---|---|---|---|
| **GROUP** | **2022 Carrying amount ZWL$** | **2022 Fair value ZWL$** | **2021 Carrying amount ZWL$** | **2021 Fair value ZWL$** | **2022 Carrying amount ZWL$** | **2022 Fair value ZWL$** | **2021 Carrying amount ZWL$** | **2021 Fair value ZWL$** |
| **Financial assets** | | | | | | | | |
| Trade and other receivables | 14,510,491,888 | 14,510,491,888 | 15,504,143,215 | 15,480,834,054 | 13,137,660,345 | 13,137,660,345 | 4,442,190,082 | 4,442,190,082 |
| Cash and short term deposits | 4,197,196,111 | 4,197,196,111 | 4,827,717,720 | 4,827,717,720 | 4,197,196,111 | 4,197,196,111 | 1,403,406,314 | 1,403,406,314 |
| Available for sale financial assets | 1,127,015,219 | 1,127,015,219 | 1,083,762,636 | 1,083,762,636 | 59,331,336 | 59,331,336 | 10,351,647 | 10,351,647 |
| **Financial liabilities** | | | | | | | | |
| Interest bearing loans and borrowings | 1,095,108,138 | 1,095,108,138 | 4,924,664,357 | 4,924,664,357 | 1,088,355,946 | 1,088,355,946 | 1,431,588,474 | 1,431,588,474 |
| Trade and other payables | 14,929,177,491 | 14,929,177,500 | 11,043,374,308 | 11,043,374,308 | 13,018,894,695 | 13,018,894,695 | 3,148,047,097 | 3,148,047,097 |
| Overdraft | 1,901,321 | 1,901,321 | 160,871,435 | 160,871,435 | 1,901,321 | 1,901,321 | 2,283,451 | 2,283,451 |

| **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 | 40,375,394 | 40,375,394 | 103,445,210 | 103,445,210 | 40,375,394 | 40,375,394 | 30,071,282 | 30,071,282 |
| Cash and short term deposits | 1,394,287,477 | 1,394,287,477 | 726,373,028 | 726,373,028 | 1,394,287,477 | 1,394,287,477 | 211,154,950 | 211,154,950 |
| Loans receivable | 2,363,006,863 | 2,363,006,863 | 2,342,300,857 | 2,342,300,857 | 2,363,006,862 | 2,363,006,862 | 680,901,412 | 680,901,412 |
| Amounts receivable from group companies | 511,996,398 | 511,996,398 | 399,000,227 | 399,000,227 | 511,996,398 | 511,996,398 | 115,988,438 | 115,988,438 |
| **Financial liabilities** | | | | | | | | |
| Interest bearing loans and borrowings | 9,519,481 | 9,519,481 | 9,519,481 | 9,519,481 | 2,767,289 | 2,767,289 | 2,767,289 | 2,767,289 |
| Trade and other payables | 1,866,663,801 | 1,866,663,801 | 902,550,870 | 902,550,870 | 1,866,663,803 | 1,866,663,803 | 258,063,150 | 258,063,150 |
| Overdraft | - | - | - | - | - | - | - | - |
| Amount owed to group companies | 11,150,423 | 11,150,423 | 4,560,067 | 4,560,067 | 11,150,423 | 11,150,423 | 1,325,601 | 1,325,601 |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Fair values of financial instruments continued)***

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 2022, 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 | | | |
|---|---|---|---|---|---|---|---|---|
| **2022** | **Level 1 ZWL$** | **Level 2 ZWL$** | **Level 3 ZWL$** | **Total ZWL$** | **Level 1 ZWL$** | **Level 2 ZWL$** | **Level 3 ZWL$** | **Total ZWL$** |
| **Financial and non- financial assets** | | | | | | | | |
| Land and buildings | - | - | 73,909,294,163 | **73,909,294,163** | - | - | 73,571,349,766 | **73,571,349,766** |
| Available for sale financial assets | - | - | 1,127,015,219 | **1,127,015,219** | - | - | 59,331,336 | **59,331,336** |
| Investment properties | - | - | 3,158,303,702 | **3,158,303,702** | - | - | 3,158,303,702 | **3,158,303,702** |
| **2021** | **Level 1 ZWL$** | **Level 2 ZWL$** | **Level 3 ZWL$** | **Total ZWL$** | **Level 1 ZWL$** | **Level 2 ZWL$** | **Level 3 ZWL$** | **Total ZWL$** |
| **Financial and non-financial assets** | | | | | | | | |
| Land and buildings | - | - | 48,182,964,071 | **48,182,964,071** | - | - | 21,770,473,955 | **21,770,473,955** |
| Available for sale financial assets | - | - | 1,083,762,636 | **1,083,762,636** | - | - | 10,351,647 | **10,351,647** |
| Investment properties | - | - | 1,961,791,030 | **1,961,791,030** | - | - | 570,288,090 | **570,288,090** |
| Assets held for sale | - | - | 241,544,034 | **241,544,034** | - | - | 44,563,190 | **44,563,190** |

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 2022, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

**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 | | Motor & transport | | Corporate & other | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| External customer | 31,656,932,101 | 35,471,988,768 | 740,455,561 | 1,111,623,661 | 3,137,719,957 | 1,787,737,976 | 35,535,107,619 | 38,371,350,405 |
| Intersegment sales | (55,644,730) | (64,777,629) | - | - | - | - | (55,644,730) | (64,777,629) |
| **Total revenue** | **31,601,287,371** | **35,407,211,140** | **740,455,561** | **1,111,623,661** | **3,137,719,957** | **1,787,737,976** | **35,479,462,889** | **38,306,572,776** |
| **Results** | | | | | | | | |
| Depreciation | - | (217,149,928) | - | 75,931,378 | - | 116,075,342 | - | (25,143,208) |
| Impairment of assets | - | - | - | - | - | (70,168,239) | - | (70,168,239) |
| Share of profit of associates | (758,293,581) | (781,091,027) | - | - | 1,686,973,030 | 353,784,389 | 928,679,449 | (427,306,638) |
| **Segment profit/ (loss)** | **(4,395,571,851)** | **(4,550,708,521)** | **309,160,587** | **(908,080,336)** | **3,034,352,112** | **1,497,449,929** | **(1,052,059,152)** | **(3,961,338,928)** |
| **Operating assets** | **53,012,788,376** | **48,978,339,481** | **6,337,038,052** | **4,004,070,546** | **59,186,381,645** | **37,506,346,643** | **118,536,208,073** | **90,488,756,670** |
| **Operating liabilities** | **10,735,778,445** | **8,460,412,058** | **506,357,423** | **1,081,411,524** | **2,865,778,261** | **1,665,742,167** | **14,107,914,129** | **11,207,565,749** |
| **Other disclosures** | | | | | | | | |
| Investment in an associate | 6,733,584,122 | 3,412,330,308 | - | - | 7,790,308,653 | 6,375,436,985 | 14,523,892,775 | 9,787,767,294 |
| Capital expenditure | (80,407,690) | 875,837,089 | 2,297,211,596 | 7,965,602 | (6,237,498) | 52,082,759 | 2,210,566,408 | 935,885,451 |

1. Inter- segment revenues are eliminated on consolidation.
2 .Segment assets includes intercopmany transactions
3. Segment liabilities do not include long term liabilities $10 389 757 878(2021: $7 975 989 304); short term loans $849 947 725(2021: $4 871 699 729) and Current tax liability $1 189 783 803(2021: $1 793 988 676).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022 *(Segment Information continued)***

HISTORICAL COST

| | Chemicals & fertilizers | | Motor & transport | | Corporate & other | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** | **2022 ZWL$** | **2021 ZWL$** |
| External customer | 21,241,166,686 | 8,178,938,501 | 564,423,358 | 255,374,009 | 2,256,635,059 | 419,175,538 | 24,062,225,103 | 8,850,503,376 |
| Intersegment sales | (40,608,292) | (13,645,440) | - | - | - | - | (40,608,292) | (13,645,440) |
| **Total revenue** | **21,200,558,394** | **8,165,293,061** | **564,423,358** | **255,374,009** | **2,256,635,059** | **419,175,538** | **24,021,616,811** | **8,836,859,936** |
| Results | | | | | | | | |
| Depreciation | 550,195,380 | 383,665,061 | 13,427,301 | 19,280,814 | 82,317,281 | 13,661,242 | 645,939,962 | 416,607,117 |
| Impairment of assets | - | (920,516) | - | - | - | (32,803,959) | - | (33,724,475) |
| Share of profit of associates | (757,235,938) | (344,324,086) | - | - | 2,107,679,401 | 264,536,165 | 1,350,443,463 | (79,787,921) |
| **Segment profit/ (loss)** | **(186,905,149)** | **560,347,138** | **252,447,181** | **112,029,795** | **11,129,614,514** | **5,766,303,265** | **11,195,156,546** | **6,438,680,198** |
| **Operating assets** | **46,914,552,502** | **39,723,351,307** | **6,099,642,557** | **3,971,106,048** | **57,078,307,622** | **37,043,569,817** | **110,092,502,681** | **80,738,027,172** |
| **Operating liabilities** | **12,795,051,501** | **8,285,772,835** | **512,745,584** | **1,057,574,412** | **2,945,884,663** | **1,650,126,204** | **16,253,681,748** | **10,993,473,451** |
| **Other disclosures** | | | | | | | | |
| Investment in an associate | 4,227,132,153 | 909,539,683 | - | - | 4,429,242,695 | 752,112,224 | 8,656,374,848 | 1,661,651,907 |
| Capital expenditure | 1,205,120,064 | 243,187,652 | 7,952,631 | 1,969,770 | 258,262,606 | 11,684,692 | 1,471,335,301 | 256,842,114 |

1. Inter- segment revenues are eliminated on consolidation.

2 .Segment assets does includes intercompany transactions

3. Segment liabilities do not include long term liabilities $8 835 533 628(2021: $1 540 462 310); short term loans $843 195 533(2021: $1 416 191 780) and Current tax liability $1 189 783 803(2021: $521 508 336).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

**For the year ended 31 December 2022**

### 23. Going concern

Group

The business environment remains subdued, characterised by foreign currency and cash flow challenges, inflationary pressures, depressed domestic demand, and low investor confidence which drove economies into slowdown. A widening trade deficit and the COVID-19 pandemic resulted in logistical challenges in movement of raw materials though the situation improved during the year.

The Group made inflation adjusted profit for the year 2022 of ZW$25 928 549 838 (2021: ZW$9 925 107 890), mainly due to revaluation of property, plant, and equipment of ZW$27.5 billion. This is attributed to the newly commissioned plants, which have since started operating and the newly awarded Government orders for fertilisers.

The Groups' major investment is working on increasing export earnings through supply of magnetite to Vale, ICVL, Jindal, agro chemicals, veterinary products, and export of fertilisers. The Group had a very high success rate at the auction and expects the trend to continue in 2023.

The Groups is undertaking on various projects to boost capacity utilisation, improve profitability, create employment, and generate more foreign currency for operations as well as a drive to achieve the country's vision 2030. Some of the Group projects were completed in 2022 and some are still ongoing. These projects will enable the group to meet national demand for fertilisers, substituting imports and saving the country's foreign currency.

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

- A new Fertiliser Blending Plant for 200,000 tonnes per annum was successfully installed in 2022 and production of fertilisers has already started.
- A new Tick grease plant for 600 tonnes per annum was successfully commissioned in 2022. The production of tick grease has since commenced and January disease in livestock has been mitigated.
- A new Grain protectant plant for 600 tonnes per annum was successfully commissioned in 2022. Production of two brands of grain protectant has started (Chikwapuro).
- Granulation plant for 400 tonnes per annum was secured and installation is expected in the fourth quarter 2023.
- New Magnetite Plant for 6,000 tonnes per annum project ongoing.
- Refurbishment of the Phosphate plant to name plate capacity of 150 000 tonnes per annum is ongoing with some new equipment having been secured in 2022.

- Continuation of assembling of brand-new buses and refurbishment of bus carcases to bolster public transport sector.
- Continue searching for Original Equipment manufacturers (OEMs) and commence passenger vehicle assembly at Willowvale Motor Industries (Private) Limited is ongoing.
- Continue to pursue aggressive cost containment management initiatives. The major target areas include procurement, administration, selling and distribution and employment costs.

Corporation

The Corporation reported inflation adjusted loss for the year ended 31 December 2022 of ZW$2 807 753 842 (2021: Loss ZW$760 997 127), mainly attributable to the tax provision $2 791 928 011 (2021: ZW$504 872 887) and net impact of revaluation of property, plant and equipment of ZW$57 235 843 (2021: ZW$ nil).

The Government, as the sole shareholder of the Corporation, injected fresh capital amounting to ZW$1 350 000 000 in 2022, which is awaiting allotment. The funds were disbursed to various companies in the manufacturing sector under the Development Finance Institution (DFI) role, which commenced mid-2019.

The shareholder is expected to release further funding in the ensuing year, to enable the Corporation to continue to establish and conduct new industries and industrial undertaking through facilitation, promotion, guidance, and assistance in the financing of the manufacturing sector. In this respect, the shareholder approved ZW$5.0 billion in the 2023 National Budget as additional seed capital for on-lending.

The directors believe that the Corporation and Group are going concern and will continue in business for the foreseeable future and, are implementing the measures above to ensure that they continue operating in the foreseeable future. The basis presumes that the Corporation and Group's plans will be successful, and they will realise their assets and discharge their liabilities, contingent obligations, and commitments in the ordinary course of business.

# NOTES

# NOTES

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