

A Portfolio Company of Mutapa Investment Fund (MIF)

2023

REPORT

IAL

No. 60 FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2023 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 Regultions

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60TH ANNUAL REPORT FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2023

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# >>> ABOUT THIS REPORT

We are pleased to present our 60th 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 2023.

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 independent assurance from its auditor, PKF Chartered Accountants (Zimbabwe), on the fair presentation of the Annual Financial Statements. The independent 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 (MIF)

Board of Directors Winston Makamure (Mr) Elizabeth Zvaitwa Rabvukwa (Mrs) Joyce Aqualine Malaba (Mrs) Linos Mapfumo (Dr) Marjorie Fadziso Mutemererwa (Ms) Spiwe Nyamatore (Ms) Victoria Kudzai Sigauke (Ms) Edward Nhamoinesu Tome (Mr)

Chairman Vice Chairman (Resigned on 28/05/2023)

Group Chief Executive Officer

**GENERAL INFORMATION** 

#### **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







#### **INDEPENDENT AUDITORS**



PKF Chartered Accountants (Zimbabwe) 8th Floor, Takura House 67 Kwame Nkrumah Avenue, Harare

#### **BANKERS**



AFC Commercial Bank Limited Hurudza House, 14-16 Nelson Mandela Avenue, Harare



ZB Bank Limited 21 Natal Road, Avondale, Harare



Stanbic Bank Zimbabwe Limited Stanbic Centre 59 Samora Machel Avenue, Harare



#### **ATTORNEYS**



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 Eastlea, Harare



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## >>> Corporate and Group Management

#### **BOARD COMMITTEES**

#### **Business Development Committee**

J. A. Malaba (Mrs) E.Z. Rabvukwa (Mrs) L. Mapfumo (Dr) M.F. Mutemererwa (Ms) V. K. Sigauke (Ms) E.N. Tome (Mr) Chairman Resigned 28/05/2023

#### Finance Committee

E.Z. Rabvukwa (Mrs) J.A. Malaba (Mrs) M.F. Mutemererwa (Ms) E.N. Tome (Mr) L. Mapfumo (Dr) Chairman (Resigned 28/05/2023)

Chairman (Appointed 29/05/2023)

#### Audit Committee

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

#### **Risk, Compliance and Legal Committee**

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

Chairman

Chairman



## >>> Corporate and Group Management

#### Human Resources, Nominations and Strategy Committee

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

#### **Credit and Investments Committee**

L. Mapfumo (Dr) E.Z. Rabvukwa (Mrs) J.A. Malaba (Mrs) S. Nyamatore (Ms) E.N. Tome (Mr) Chairman Chairman (Resigned 28/05/2023)

#### **Corporate Management**

Edward N.Tome Ngonidzashe Musungwa Christopher Mutiti Tranos Ngwebu

Gilbert Tapfuma Rindirai Shoko

Brian Mushohwe

Derek Sibanda Leni Koni

#### **Subsidiary Companies**

James Chigwende

Machivei Tawandirwa

Group Chief Executive Officer Finance Manager Group Internal Audit Manager Senior Manager: Development Finance and Investment Analysis Projects Manager: Agro Processing Projects Manager: Chemicals, Knowledge & Market Research Acting Director: Group Development Finance, Projects and Operations Head-Corporate Services Acting Corporate Secretary.

Chief Executive Officer, Chemplex Corporation Limited Acting General Manager, Ginhole Investments (Private) Limited t/a Last Hope Estate

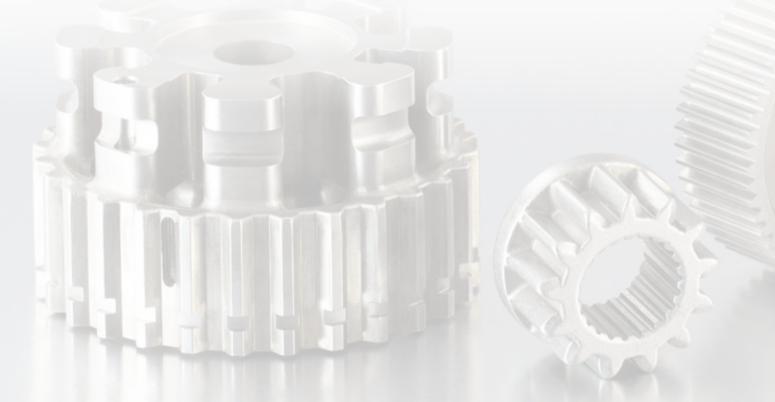


## >>> Corporate and Group Management

| Dzinhesu Matanhire | Acting Managing Director, Willowvale Motor     |  |
|--------------------|--|--|
|                    | Industries (Private) Limited (WMI)             |  |
| Gilbert Tapfuma    | Acting Managing Director, Deven Engineering    |  |
|                    | (Private) Limited                              |  |
| Collin Mutingwende | Chief Executive Officer, Sunway City (Private) |  |
|                    | Limited  |  |
| Varison Makaya     | General Manager, G&W Industrial Minerals       |  |
|                    | (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, Surface Wilmar   |
|                   | (Private) Limited                                |
| Cavin Nkiwane     | General Manager, Zimbabwe Grain Bag (Private)    |
|                   | Limited  |
| Lucas Taruvinga   | Chief Executive Officer, Amtec (Private) Limited |





## >>> Corporate Profile and Mission

The Industrial Development Corporation of Zimbabwe Limited (IDCZ/ the Corporation) 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 60 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 any industrial undertaking; 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 IDCZ 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 of 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."







**Note:** At the instance of Statutory Instrument 156 of September 2023 the shareholding of IDCZ changed from Ministry of Industry and Commerce to Mutapa Investment Fund (MIF).

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**

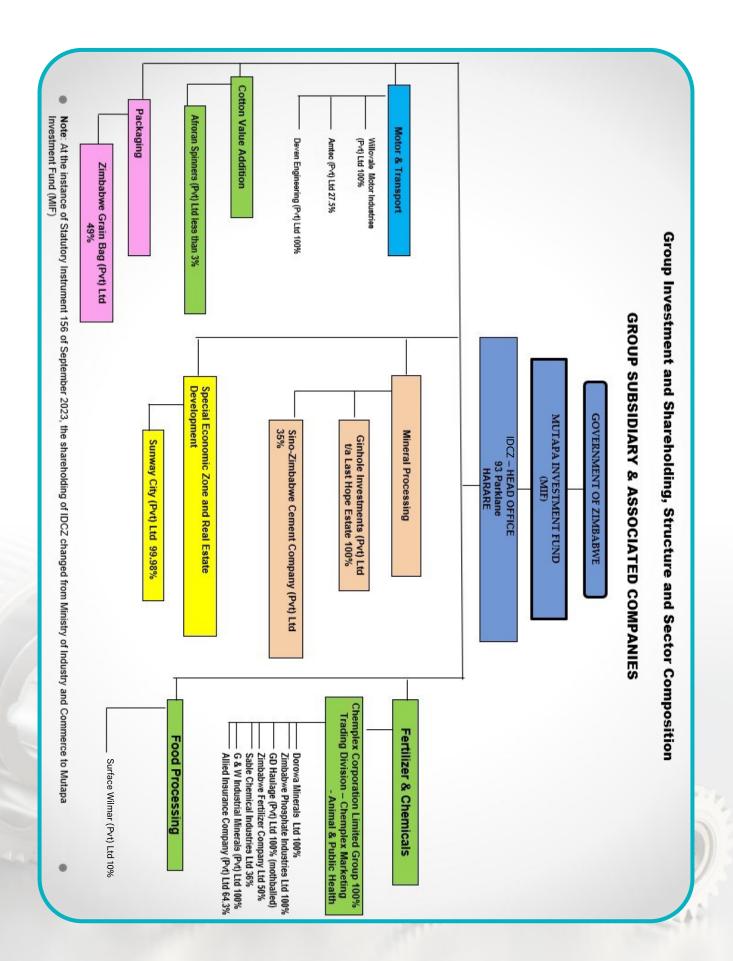
- 1. Transparency: open to public scrutiny.
- 2. Professionalism: adherence to all professional standards.
- 3. Innovation: exploring new possibilities and "burning the box".
- 4. **Dynamism:** Responsive and adaptive to changing environment.
- 5. Gender Equality: equal employment and empowerment opportunities.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

#### **STRATEGIC PILLARS**

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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.





## >>> Letter to Mutapa Investment Fund





The Chief Executive Officer Mutapa Investment Fund 49 Kew Drive Highlands Harare

#### Dear Dr. J. P. Mangudya

#### Industrial Development Corporation of Zimbabwe Limited Annual Report No 60

I have the honour, on behalf of the Industrial Development Corporation of Zimbabwe Limited, to submit the Corporation's Annual Report and Financial Statements for the twelve months ended 31 December 2023 in terms of Section 19(1) of the Industrial Development Corporation Act (Chapter 14:10).

Yours faithfully,

kance

W. Makamure

Chairman 20 August 2024



## >>> Notice to the Shareholder

Notice is hereby given that the 60th Annual General Meeting of the Shareholder will be held in the IDCZ Boardroom 93 Parklane Street, Harare on Thursday 17 October 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 2023.
- 3. To approve the remuneration of the Auditors for the year ended 31 December 2023.
- 4. To approve the remuneration of directors for the year ended 31 December 2023.
- 5. To reappointment of PKF Chartered Accountants (Zimbabwe) for the ensuing year.
- 6. Appointment, Resignation and Retirement of Directors.
- 7. To consider the declaration of dividend of ZWG 222 085 as recommended by the Directors.
- 8. To transact all such other business as may be transacted at an Annual General Meeting.

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

#### By Order of the Board

L. Koni

Acting Corporate Secretary 20 August 2024



#### Solution Statement Statement





Mr W. Makamure Chairman

#### Dear Shareholder

#### **Operating Environment**

The Zimbabwean economy has recorded impressive growth post COVID-19, registering 6.5% in 2022 and 5.5% in 2023. However, the country continued to face headwinds, stemming from macroeconomic instability through inflationary pressures and exchange rate depreciation in 2023. The country's blended inflation rate ended the year at 26.5% from a low of 17.7% registered in August 2023.

The monetary policy interventions such as the increased interest rates, the introduction of gold coins and delays in government payments, temporarily halted the economic turbulence that was experienced during the year.

The 2023/2024 local agricultural season was affected by erratic rainfall patterns caused by the El-Nino climatic conditions. However, the Government continued to drive for improvement in dam construction, irrigation infrastructure and reducing dependence on rain fed farming model aimed at improving food production. These interventions helped to reduce the severe impact of the El-Nino induced drought.

Meanwhile, the trading environment remains challenging. Notwithstanding this erratic trading environment, especially in the second half of the financial year under review, the Group remained resilient. Production and supply of affordable products was done profitably.

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### **Solution** Group Financial Performance Summary

The Group's turnover for the year 2023 was Z\$461 457 771 003 (2022: Z\$170 493 010 967). The gross profit increased to Z\$156 309 797 091 (2022: Z\$76 715 998 873). The Group recorded a profit after tax of Z\$80 814 002 486 (2022: (Z\$7 578 989 489). The total comprehensive income for the year increased to ZWL\$464 106 013 360 (2022: ZWL\$124 597 053 393).

#### Strategy

Collaboration and partnerships remain crucial foundations of our focus on reindustrialization, catalysing and sustaining the growth of the fertilizer, agricultural lime, motor, truck and bus value chains, development of the Sunway City Special Economic Zone (SEZ), the performance of subsidiaries and investments in pursuance of National Development Strategy 1 (NDS1, 2021-2025) and Vision 2030. Again, the IDCZ stands ready to partner with all stakeholders to advance national growth and development ambitions.

#### **Sustainable Business Practices**

The Board continues to strive to ensure that its business strategies and its values are constantly aligned with sustainable business practices. The Corporation has embarked on the Reserve Bank of Zimbabwe (RBZ) led initiative for Development Finance Institutions (DFIs) to be certified on Sustainability Standards and Certification Initiative (SSCI) by the European Organisation for Sustainable Development (EOSD).

#### Outlook

The operating environment is forecasted to remain challenging and complex in the medium term aggravated by the now prevailing El Nino induced 2023/2024 drought phenomenon. This is set to reduce the agricultural output in the region.

#### Governance

At the instance of Statutory Instrument 156 of September 2023 the shareholding of IDCZ changed from Ministry of Industry and Commerce to Mutapa Investment Fund.

Mrs Elizabeth Rabvukwa and Ms Marjorie Fadziso Mutemererwa retired from the Board on 28 May 2023. Ms Mutemererwa was however, reappointed on 1 January 2024 for a three year term ending 31 December 2026.

#### **Appreciation**

I would like to express my profound appreciation to the Government of Zimbabwe, the Ministry of Industry and Commerce, our new shareholder, Mutapa Investment Fund (MIF) for their continued support. For the Corporation to successfully deliver on its mandate, it highly depends in the continued cooperation of all its stakeholders, inclusive of Development Partners and customers.

Finally, I wish to record my appreciation to the IDCZ Group management and staff for their great efforts in sustaining the business in the challenging operating environment. I also thank my fellow directors for their wise counsel and our customers, suppliers, regulators and stakeholders for their ongoing support.

#### For and on behalf of the Board

Wakance

Mr W. Makamure

Chairman 20 August 2024





## >>> Board of Directors' Profile

For the year ended 31 December 2023



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. 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 Sino-Zimbabwe Cement Company Board of Directors. He has a BSc Information Technology - UK University of Hertfordshire, MBA(Executive) - UK university of Hertfordshire, Masters Defence and Security - ZNDU, Zimbabwe, and Bachelor of Law (LLB) - University of Essex.





Mrs E.Z. Rabvukwa Vice Chairman (Non-Executive)

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 Degree in Business Leadership with UNISA School of Business Leadership and another Executive Leadership course with GIBS in South Africa.

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

Her current role is Executive Director at Zimnat Financial Cluster. She enjoys naturing young ladies into strong professionals or entrepreneurs.





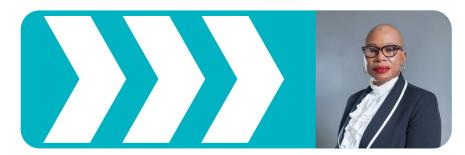
Joyce is a Consultant in Development Economics and Statistics. She has worked on several global, regional, and national economic development and statistics assignments as a researcher /statistician for over 30 years. Joyce has authored / co-authored several books, research papers, and statistics articles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

She is an Economist/Statistician who holds an MSc Economics and a BSc Economics degree, 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.



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 is also a director of Chemplex Corporation, Sunway City and Olivine Holdings. He is also a member of the N'Zarama Centre for Peacebuilding in Abidjan, Cote D'ivoire as well as the Development Realty Institute in Harare. He has previously served on the Powertel, Zimbabwe Iron and Steel Company, Buchwa Iron Mining Company as well as Lancashire Steel Boards. He has also been invited to sit on recruitment committees of companies such as the Traffic Safety Council of Zimbabwe.

He 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. M. F. Mutemererwa (Non-Executive)

Marjorie is an astute Public Relations, Media and Communications Strategist with over 30 years of significant working experience, having worked with various Multinational Corporations, Donors and NGOs, managing huge public relations, marketing, fundraising and sales management portfolios. She has great leadership qualities and has the capacity to initiate, manage and lead communications, public relations, sales & marketing and customer relation strategies.

She is a holder of a Master's Degree in Leadership and Management from the African Leadership Management Academy affiliated with the University of Zimbabwe. Marjorie correspondingly holds a Bachelor of Arts in English and Communication. To compliment these attainments, she has various diplomas in Public Relations from notable institutions such as the London Chamber of Commerce and Industry (LCCI) and the Zimbabwe Institute of Public Relations (ZIPR).

Her greatest attribute is being an excellent, vibrant and energetic communicator, incredible speaker with analytical and good problem-solving skills. She has vast experience in building, designing and implementing sustainable alliances, corporate communication strategies, image & reputation management strategies, media management and strategic partnerships with critical stakeholders. Her vast experience has landed Marjorie executive positions in listed companies and seats on various company boards.



Spiwe Nyamatore 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's 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.





Victoria is a lawyer by profession and has 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. She is a holder of a Master's Degree in Corporate Finance from the University of Zimbabwe. She has a keen interest in Public Administration, Corporate Governance, Industrial Development. She also sits on the ZFC Limited Board where she chairs the Human Resources Committee.



Edward is a well-seasoned corporates turn-around strategist. He is an all-rounder and very experienced commercial industrialist. He is also a seasoned banker and financial expert par excellence. Edward is a well experienced international projects director. He 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 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 Master's Degree in Banking and Finance among other qualifications. He is the Group Chief Executive Officer 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 2023.

#### **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 as per section 13(1) of the Industrial Development Corporation Act (Chapter 14:10).



|   | Inflation Adjusted | djusted          | Historical Cost | ll Cost        |
|---|--------------------|------------------|-----------------|----------------|
|   | 2023               | 2022             | 2023            | 2022           |
|   | ZWL\$              | ZWL\$            | \$ZWL\$         | ZWL\$          |
| (Loss)/profit from operations                     | (2 864 594 111)    | 8 921 330 326    | 4 393 374 179   | 1 177 200 868  |
| Net finance charges                               | 560 005 224        | (2 623 125 120)  | 863 330 216     | ( 329 418 815) |
| Fair value gain: Investment property              | 23 085 670 976     | 5 752 742 837    | 35 104 235 222  | 2 588 015 616  |
| Share of profit/(loss): associated companies      | 10 645 286 360     | 4 462 676 224    | 10 069 010 364  | 1 350 443 463  |
| Impairments of assets and investments             | (32 357 392 063)   | I                | (4 227 132 153) | I              |
| Monetary loss                                     | (41 458 858 769)   | (61 651 132 809) |                 | I              |
| Exchange gains                                    | 106 656 234 239    | 48 006 218 211   | 49 419 649 035  | 5 718 625 163  |
| Profit/(loss) before tax                          | 64 266 351 856     | 2 868 709 669    | 95 622 466 863  | 10 504 866 295 |
| Income tax  | 16 547 650 630     | (10 447 699 157) | 46 609 525 323  | 3 620 048 930  |
| Profit/(loss) after tax                           | 80 814 002 486     | (7 578 989 489)  | 142 231 992 186 | 14 124 915 226 |
| Other comprehensive income                        | 383 292 010 874    | 132 176 042 881  | 649 099 079 347 | 58 799 788 696 |
| Total comprehensive income for the year           | 464 106 013 360    | 124 597 053 393  | 791 331 071 533 | 72 924 703 922 |
| Attributable to:-<br>Equity holders of the narent | 444 135 117 180    | 113 080 516 077  | 744 534 005 214 | 65 700 588 710 |
| Non-controlling interest                          | 19 970 896 180     | 11 507 536 415   | 46 796 976 318  | 7 125 115 212  |
|   | 464 106 013 360    | 124 597 053 393  | 791 331 071 533 | 72 924 703 922 |
| CORPORATION                                       |                    |                  |                 |                |
| Revenue   | 6 402 843 831      | 6 344 045 360    | 3 681 587 797   | 616 095 847    |
| Operating loss                                    | (7 320 663 281)    | (513 741 110)    | (5 026 011 626) | (557 746 874)  |
| (Loss) /profit before tax                         | (5 210 985 293)    | (351 090 568)    | 6 109 669 639   | 1 032 534 508  |
| Profit / (loss) after tax                         | 5 812 869 877      | (13767 421 430)  | 5 765 039 709   | 751 540 075    |
| Total comprehensive income                        | 5 812 869 877      | (13492 380 310)  | 5 765 039 709   | 914 037 426    |

**>>>** Group Income and Appropriations



The Board comprised Mr. W. Makamure, Mrs. E. Z. Rabvukwa, Mrs. J. A. Malaba, Dr L. Mapfumo, Ms M. F. Mutemererwa, Ms S. Nyamatore, Ms V.K. Sigauke and Mr E. N. Tome.

#### Dividend

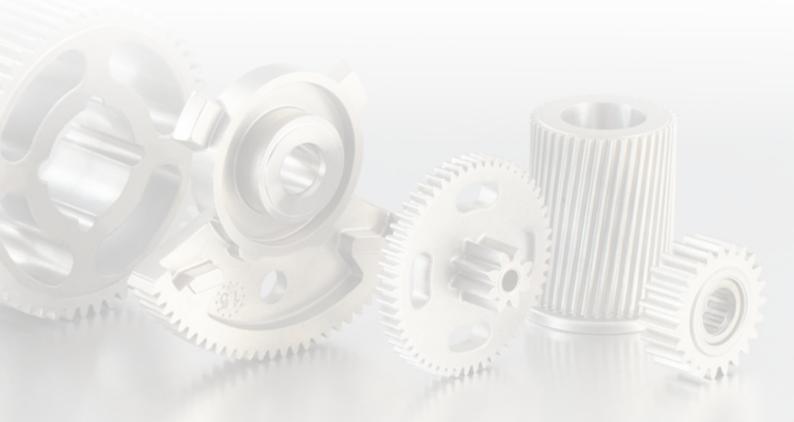
The directors propose to declare a dividend of ZWG222 085 for this year ended 31 December 2023.

#### Auditors

At the 60th Annual General Meeting scheduled on 17th of October 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

L. Koni Acting Corporate Secretary





## >>> Corporate Governance Report

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

None of the provisions of the Companies and Other Business Entities Act (Chapter 24.31), 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 10:31), 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 IDCZ 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, six (6) are from the private sector, one (1) from the shareholder and all are non-executive with the Group Chief Executive Officer 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 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 (KRAs) 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 independent auditor's opinion is adopted at the AGM before being tabled in Parliament by the Mutapa Investment Fund 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 and 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**

The Business Development 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. 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 Committee is chaired by a Non-Executive Director and comprises mainly Non-Executive Directors. The Committee met three (3) 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.

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The Audit Committee is chaired by a Non-Executive Director and comprises of 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.

#### HUMAN RESOURCES, NOMINATIONS AND STRATEGY COMMITTEE

The Committee is chaired by a Non-Executive Director and majority members are non-executives. The Committee met three (3) 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 IDCZ Act 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 is also responsible for the formulation and recommendation to the Board of the Corporation's Strategy which is in line with the requirements of Mutapa Investment Fund and 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 three (3) 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 and
- Operational and compliance risk.

#### **CREDIT AND INVESTMENTS COMMITTEE**

This Committee is chaired by a Non-Executive Director. The Committee met four (4) times during the year under review 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

| 2023                     | BOARD | RISK,<br>COMPLIA<br>NCE AND<br>LEGAL | AUDIT  | BUSINESS<br>DEVELOPMENT | CREDIT AND<br>INVESTMENTS | FINANCE | HUMAN<br>RESOURCES,<br>NOMINATIONS<br>AND STRATEGY |
|--------------------------|-------|--------------------------------------|--------|-------------------------|---------------------------|---------|--|
| No. of Meetings          | 11    | 3                                    | 4      | 4                       | 4                         | 3       | 3  |
| Mr. W. Makamure(NE)*     | 9     | NM                                   | NM     | NM                      | NM                        | NM      | 3  |
| Mrs. E. Z. Rabvukwa(NE)  | 4     | NM/NLB                               | NM/NLB | AP/NLB                  | AP/NLB                    | 1       | NM/NLB   |
| Mrs. J. A. Malaba(NE)    | 9     | NM                                   | NM     | 4                       | 2                         | 3       | 3  |
| Dr. L. Mapfumo(NE)       | 11    | 3                                    | 2      | 4                       | 4                         | 2       | NM   |
| Ms. M. F.Mutemererwa(NE) | 4     | 1                                    | NM/NLB | 2                       | NM                        | 1       | NLB  |
| Ms. S. Nyamatore(NE)     | 8     | 1                                    | 4      | 2                       | 4                         | NM      | NM   |
| Ms. V. K. Sigauke(NE)    | 8     | 3                                    | NM     | 0                       | NM                        | 2       | 3  |
| Mr. E. N. Tome(E)        | 8     | 3                                    | 4      | 4                       | 4                         | 3       | 3  |

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

\*Mrs E. Z. Rabvukwa resigned on 28 May 2023

#### Key/Notes

- I. NM Not Member of Committee
- II. AP Apology
- III.NLB No longer Board Member
- V. E Executive
- VI.NE Non-Executive



## >>> 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.

| L. Mapfumo (Dr)                              | J.A. Malaba (Mrs)  | M. F. Mutemererwa (Ms)                           |
|--|--|--|
| Finance Committee<br>Chairman                | Business Development<br>Committee Chairman                         | Risk, Compliance and Legal<br>Committee Chairman |
| RA   | Malaba   | NER  |
| L. Mapfumo (Dr)                              | V. K. Sigauke (Ms)   | S. Nyamatore (Ms)                                |
| Credit and Investments<br>Committee Chairman | Human Resources,<br>Nominations and Strategy<br>Committee Chairman | Audit Committee Chairman                         |
| RA   | AS   | C.Sor  |

## **>>>** Responsibility of Management and Those Charged with Governance

#### 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.

#### **Preparer of Financial Statements**

The Annual Financial Statements have been prepared under the supervision of the Finance Manager, Mr Ngonidzashe Musungwa (FCCA, PAAB number 03702).

The Financial Statements and related notes for the year ended 31 December 2023, which appear on pages 48 to 153 have been approved by the Board of Directors and were signed on its behalf by:

& Makance

W. Makamure Chairman

E. N. Tome Group Chief Executive Officer

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### Source Chief Executive Officer's Report on Operations



#### Mr. E. N. Tome Group Chief Executive Officer

#### 1.0. Operating Environment

The Zimbabwean economy experienced growth despite the currency instability and high levels of inflation. The strong economic rebound since the COVID-19 pandemic, makes it one of the fastest-growing economies in the Southern Africa Development Community (SADC) region. According to the International Monetary Fund (IMF), the country achieved a GDP growth of 5.5% in 2023, however, this growth is expected to slow down to 3.5% in 2024, due to depressed global growth and below-average rainfall, caused by the El Nino weather pattern, affecting agricultural output. The mining sector is expected to grow by 7.6% whilst the agriculture sector is projected to shrink by 4.9%.

The expansionary monetary policy adopted by government had proactive measures that helped to control inflation and the informal market exchange rate premiums. The introduction of several monetary and fiscal measures, among them enhancement of the tight monetary policy stance, standardization of the exports retentions and the extension of the multicurrency until 2030 inspired confidence in the local operating environment and achieved foreign exchange and inflation rate stability.

The second half of the 2023 financial year into the first quarter of 2024 saw a rapid devaluation of the local currency with complex and unpredictable market conditions prevailing before liquidity was controlled, and refinements made on the monetary policy and subsequently by the introduction of the Zimbabwe gold backed currency in April 2024. While power outages have continued to have a significant impact on business productivity across all sectors, there was an improvement in power generation capacity in the second half of the year.



#### 2.0. Change in Shareholding

At the instance of Statutory Instrument 156 of September 2023 the shareholding of Industrial Development Corporation of Zimbabwe Limited changed from Ministry of Industry and Commerce to Mutapa Investment Fund (MIF). MIF is the Sovereign Wealth Fund of Zimbabwe established by an Act of Parliament (Chapter : 22.20), as amended. It is the strategic investment arm of the Government off Zimbabwe which was capitalized with the transfer of selected State-owned enterprises and investments under the Government portfolio.

#### 3.0. Litigation

As at 31 December 2023, the net final award of US\$13 031 693.74 plus interest at 8.5% per annum (p.a) against Romsit remains outstanding. Efforts to effect collection are yet to yield results.

#### 4.0. ZIDERA Sanctions

Out of the US\$4.2 million intercepted by Office of Foreign Assets Control (OFAC) in the Group, US\$455 069 remains outstanding as at 31 December 2023.

#### 5.0. Performance Reports by Sector

#### 5.1. Fertilizer and Chemicals Sector

Chemplex group's business focus was on organic growth, synergies to drive viability, sustainability, profitability and return to shareholder via dividends to fund fiscal projects. Chemplex business emphasis during the year remained primarily that of increasing production of affordable products ranging from fertilizers, crop chemicals, agricultural lime, stock feeds, provision of water treatment chemicals and veterinary products, industrial chemicals, and public health products for supply in the local and export market.

However, the increased borrowing costs and lack of local lines of credit to fund working capital affected, to a greater extent, the group's ability to achieve the planned high output strategy. This situation was worsened by default payment by the City of Harare who owed US\$2m in 2023 for portable water treatment chemicals supplied and by government who owed over US\$6 million for fertilizers and chemicals supplied. This constrained working capital and suppressed productivity during the 2023 financial year.

Foreign currency availability was a major challenge during the year although Chemplex continued to be prioritized on the auction market. The realized allocations were not sufficient to meet the demand for raw materials and products importation. Zimbabwe Phosphates Industries (ZimPhos), ZFC Limited and Sable Chemicals (Pvt) Limited received Government orders for fertilizers supply under the Presidential Input Scheme of 25 000 tons, 50 000 tons and 20 000 tons respectively, which could not be supplied because of absence of ideal sources of working capital in the local market.



These orders have been rolled over into 2024 for supply for both the winter and summer cropping programs.

Whilst demand for Chemplex products remained high during the year under review, production capacity remained constrained at below 30% compared to the prior year. This was caused by inadequate working capital, low effective demand, and frequent plant breakdowns especially the Dorowa phosphate plant which lacked refurbishment funding. The Dorowa plant urgently requires US\$16 million to increase production to name-plate capacity of 150 000t per annum from the current 40 000t per annum. This refurbishment is paramount to the achievement of synchronization with the fertilizer plants at ZimPhos and total import substitution of NPK basal fertilizer.

The Dorowa plant refurbishment project for US\$16 million is broken down into three phases of US\$6 million, US\$5 million, and US\$5 million, respectively with the first phase critically urgent to increase production output to 70% of total capacity and achieve production of NPK basal fertilizer that meets over 65% of national requirement. Efforts are underway for the mobilization of the refurbishment program to be financed through an Engineering, Procurement and Construction (EPC) plus funding model from offshore funding facilities.

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

Fertilizer sales at 27 986 tons in 2023 were 22% below the 35 964 tons achieved in the prior year 2022. The lower than prior year performance was due to several factors which included low effective demand due to the El-Nino dry spell weather pattern. Phosphate rock concentrate production at Dorowa of tons in 2023 at 17 724 was 2% above the 17 440 tons achieved in 2022 but was below budget caused by antiquated equipment characterized by incessant breakdowns. Superphosphates output at ZimPhos increased by 11% in 2023 compared to 2022. However, effective demand for superphosphates was low in 2023 because of the effects of the El-Nino weather pattern and funding challenges experienced by key customers such as Tongaat Hullets, Windmill and FSG.

Magnetite exports to Tete Mozambique decreased by 77% to 2 359 tons in 2023 from 10 088 tons exported in 2022 caused by antiquated equipment characterized by incessant breakdowns. However, magnetite demand remained higher than supply capacity and the group is embarking on a new magnetite plant project to increase production to 72 000t.



The production and supply of aluminum sulphate for portable water treatment increased by 3% from 21 200 tons in 2022 to 21 850 tons in 2023 due to improved production to meet demand due to the cholera outbreak experienced during the year. However, there were constrained working capital challenges caused by delayed payments by customers like the City of Harare which owed on average Zimbabwe dollar equivalents of US\$2 million throughout the year despite continuous high-level engagements for improved payments.

During the first half year of 2024, the City of Harare debt increased to over US\$3 million constraining working capital and ability to pay imported raw materials creditors and taxes.

#### • Subsequent stoppage of operations

A strategy was developed by the Chemplex Board and management that ensures Dorowa operations run without stopping. Since resumption, the plant continued to run with limited down time enhancing production of both phosphate and magnetite. The downtime experienced since resumption of operations were of a capital nature calling for urgent funding of the refurbishment project. The plant stopped running subsequently in February 2024 due to power switch off by ZETDC on a debt which predominantly comprised erroneous charges by ZETDC. These errors were reversed together with payments and production resumed in March 2024

The G&W Industrial Minerals' Rushinga operations remain closed since the end of April 2023 due to an eviction order following the adverse ruling by the High Court on the long outstanding dispute with a competitor called Seldo Mining over the mining claim where the Rushinga plant was built. The company sought the services of the Ministry of Mines surveyor to re-examine the boundary around the disputed area and established that there was no boundary conflict between G&W Industrial Minerals and Seldo Mining. This observation corresponds with that of the two independent specialist surveyors engaged during the year. The company made a court application for wrongful and unlawful eviction by the Sheriff of High Court and asking for a review using services of competent persons in mining claims boundary determination like the Ministry of Mines and Mining Development. The case is likely to be heard before end of 2024.

The stoppage of both the Dorowa plant and G&W plant affected production and supply of phosphates, magnetite, agricultural lime, industrial lime, and stockfeed lime. This significantly affected meeting customers' demand and group performance since December 2022.

#### 5.2. Insurance

Allied Insurance Company (Pvt) Limited business segment witnessed improved cashflows and ability to settle claims in 2023 post introduction of the Insurance (Amendment) Regulations, 2023 (No. 26), through Statutory Instrument 81 of 2023.

This regulation which discourages credit insurance, and high-premium debtors improved the quality of insurance collections and cash flows. We are also pleased to report that our insurance business is compliant with the regulatory requirements of the third Money Laundering National Risk Assessment (ML-NRA) launched by the Government in 2023. This risk assessment initiative encourages all insurance companies to conduct sectoral and institutional risk assessments to increase awareness of money laundering risks on a national scale.

#### 5.3. Cement and Industrial Bricks

The SZCC Group posted a profit for the year US\$5.7million (2022:US\$7.9million) despite operating in a challenging hyperinflationary environment the SZCC Group continues to generate cash surpluses. As at reporting date, the Group had cash resources amounting to US\$3.3 million (2022:US\$3.1million).

Based on the above, SZCC Group Board hold a considered view that the Group would have sufficient liquidity to meet its obligations and hedge against the impact of the El-Nino induced drought on the Groups operations at least over the next 12 months.

#### 5.4. Motor and Transport

#### 5.4.1. Willowvale Motor Industries

WMI volumes for 2023 were low compared to market growth rate, they remained the same at the 2022 level, due mainly to very low levels of working capital for the pipelines. The company is determined to restart production of vehicles at the factory (core business) whilst expanding the completely built up (CBU) and aftersales activities to enhance customer experience. We acknowledge support from the authorities through renewal of the pick-up Semi Knocked Down (SKD) regulations which enable the production of kits from SKD kits through SI 20 of 2023. On the other hand, the application of Consignment Based Conformity Assessment (CBCA) procedures for knocked down kits through SI 187 and 286 of 2023 have complicated the importation the raw material kits.

The effort to mobilise local self-funding resources for production did not realise an executable pipeline due to the harsh economic environment as largely short-term instruments with attendant high costs were available. The company continues to seek a viable funding route for local production of vehicles and has engaged and confirmed cooperation with original equipment manufacturers for pick-ups, medium duty trucks and passenger/ SUV vehicles. The Mazda CBU business remained stable and also requires further stock investments to capitalise on the brand opportunities in the market.



#### 5.4.2. Deven Engineering

The year 2023 was challenging for the company with a complex set of dynamic including the persistence of economic volatility where exchange distortions affected the pricing of goods and services coupled with the existence of SI 66 of 2022 which allowed ZUPCO and other players to import buses duty-free and SI 8 of 2020 which levied 10% duty on imported semi knocked bus kits had a major impact on the company operations as there is no incentive for operators to import kits for local assembly.

There subdued activity in truck body manufacturing and selling of completely built units because of the failure by Deven to attract Original Equipment Manufacturers (OEMs) although a few truck body refurbishments were done during the year.

Management has been working to improve other business operations that not related to assembly or importation of buses. The major challenge being faced on these jobs is the lead times taken for potential customers to place official orders due to public procurement regulations.

#### 5.5. Polypropylene Packaging

The volume of sales decreased by 23% compared to same period in 2022. The shortage of maize in the country reduced demand for mealie meal packaging. Demand for bulk mining bags was also subdued.

#### 5.6. Real Estate

#### Special Economic Zone (SEZ) Potential Investors

The company continues with its quest to attract potential investors into the SEZ. The approach includes engaging institutional and corporate investors as well as foreign embassies in Zimbabwe; flighting electronic advertisements and pitches on various platforms; participation at various trade and exhibitions fora; investment missions and conferences, amongst others.

#### 5.6.1 Dry Port

Discussions are underway to enter a Build Operate and Transfer (BOT) agreement with the Logistics Development Company (LDC) to develop a dry port on 24.5Ha of Land in Sunway City. An MOU is being readied for signature after which a detailed feasibility study will be carried out.

#### 5.6.2 Solar Park

GPC Energy is currently working on the feasibility study for the development of the solar project and expect to have completed the same by the end of April 2024

#### 5.6.3 Factory Shells Project

A pre-feasibility study and layout designs for the factory shells have been done and completed



and are being used to approach potential investors, financiers and co-development partners. Leads introduced through the Egyptian and Indian embassies in Zimbabwe are being actively pursued.

# 5.6.4 Shopping Mall

Discussions with CBZ Datvest, the co-development partners on the development of the Shopping Mall Project are ongoing. Sunway City has obtained governance approvals to transfer the 18Ha piece of land into a Special Purpose Vehicle (Kolyma Investments), currently 100% owned by Sunway City. Once the transfer has taken place, the project is expected to move into the financing stage.

# 5.6.5 High and Medium Density Housing Scheme

The project is under-going planning stage issues with a town planning permit applied for and expected within the 2nd quarter of 2024. Once the permit is out, the company will proceed with selling stands off plan to raise funds for servicing the stands. Meanwhile, management is in discussions with NBS to come on board as a co-development partner of the project.

# 5.6.6 Servicing of industrial stands

Servicing of 30 industrial stands was completed in December 2023. The company is now working on finalizing planning processes for 20 additional stands earmarked for servicing from the 3rd quarter of 2024.

# 5.6.7 Water main line

Works on the water mainline were completed in December 2023. The company is now pursuing the City of Harare for allocation of water to Sunway City

# 5.6.8 Prefeasibility Studies

The company has been working on Prefeasibility studies for planned projects.

The following are the pre-feasibility studies that have been completed and shared with potential investors,

- i. High and Medium Density Housing Project
- ii. Factory shells
- iii. Hotel project
- iv. Medical Park
- v. Containerised SME shops



The following are the prefeasibility studies that are currently underway.

vi. Solar project (detailed feasibility) vii.Underground Water Project viii.Shopping Mall ix.Residential Apartments/Flats

# 5.7. Ceramic Products and Tourism

The Dete Ceramics plant operated at subdued levels whilst seeking investors to ramp up production whilst the rest of the estate is leased to protect the asset and generate income.

# 5.8. Food Processing

# 5.8.1. Olivine Industries

Volume sales for the year were 22 943 tonnes arising from improved availability of imported raw materials. Group revenue and profit from operations both grew by 38% respectively during the year.

During the year:

a.)the Ministry of Finance, Economic Development and Investment Promotion advised that SI 5 of 2021 shall be reviewed to reflect that where Government is shareholder consideration would be made to grant Approved Project Status subject to discretion of the Minister responsible for Finance. The review was outstanding as at year end.

b.)Treasury advised that it ring-fence the Ketchup & Mayonnaise Plant projects which were accorded special dispensation to benefit from provisions of Approved Project Status.

# 5.8.2. Surface Wilmar

The company achieved a 78% growth in volume sales from 49 208 tonnes in 2022 to 85 305 tonnes in 2023 largely from better sources of raw materials and aggressive route to market strategy. Production volumes also grew from 80 618 tonnes in 2022 to 130 219 tonnes in 2023 from improved availability of raw materials.

The company's soya beans out-grower contract farming contribution to the value chain was severely hampered by the El Nino induced drought. While the company itself achieved planting on 1 819 hectares (2022:1630 hectares) against a target of 3 000 hectares, the out-grower 5 000 hectrage achieved in 2022/2023 could not be achieved in 2023/2024 due to lack of sufficient irrigation water, late start of the seasonal rains, poor seed germination necessitating replanting, and hailstorm which physically destroyed crops on 200 hectares. The company also ventured into wheat farming as support to the company's soya bean farmers rotational farming needs, and a harvest of 3 696 tonnes of wheat was expected.





The company will, in the ensuing years, focus on growing its share of local agricultural raw material through expanded out-grower farming schemes under irrigation.

# 5.8.3. Proposed Merger of Olivine Holdings (Pvt) Limited and Surface Wilmar (Pvt) Limited

The processes for the proposed merger between Olivine Holdings (Pvt) Limited and Surface Wilmar (Pvt) Limited showed progress as after a tender process an independent valuer, Ernst & Young Chartered Accountants Zimbabwe, was appointed during the year to carry our valuations of the companies to the merger.

# 6.0. 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 2024.

# 7.0. Capacity Building

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

# 8.0. Association of African Development Finance Institutions (AADFI) MEMBERSHIP

The IDCZ became a member of the Association of African Development Finance Institutions (AADFI) which is an umbrella organization for development finance institutions in Africa, created under the auspices of the African Development Bank (AFD) in 1975.

The Corporation was formally welcomed during the 50th Ordinary General Assembly of the Association held of the sidelines of the AFD Annual meetings in Nairobi, Kenya.

# 9.0. Exhibitions and Expo's

The Corporation has maintained its pavilion at the Zimbabwe International Trade Fair grounds 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. During ZITF 2023 the IDCZ Group won the gold medal in the chemical and pharmaceutical group.

# 10.0. Outlook

The Government of Zimbabwe's concerted efforts in re-engaging the international community to restore macroeconomic stability and establish a track record of sound economic policies is paying dividend evidenced by increased foreign direct investment and the removal of Executive Orders in Zimbabwe thereby removing sanctions on Zimbabwean entities. The nation has faith in the structural reforms being implemented by the Government to improve the business climate,





strengthen economic governance, and reduce vulnerabilities. The introduction of the Zimbabwe backed gold currency (ZWG) in April 2024 was distinct in that it is backed by gold, a feature that has instilled stability and restored confidence in the financial system.

The IDCZ Group will aggressively pursue its mandate under Mutapa Investment Fund of achieving organic growth through recapitalizations, expansion into new markets, research and development, business process re-engineering to drive viability and sustainability of operations and increased profitability and return to shareholder. The strategic thrust in achieving the mandate shall be ensuring that all assets are sweated primarily the recently installed plants for fertilizers, veterinary products, agricultural lime, stockfeed, industrial lime, and grain protectant products. The company will work tirelessly to mobilize the requisite working capital to sweat all these assets and produce affordable products for the market. Engagements with both local and offshore financing institutions are underway to raise the working capital revolving facilities of at least US\$50 million for all the product value chains at Chemplex.

The business models will be refined continuously to ensure that the business remains agile and relevant in this dynamic and somewhat complex operating environment.

It is imperative that the retooling programmes yield world-class quality products, and that the increasing manufacturing capacities across our business units translate into economies of scale. The company will also remain focused on achieving its responsibilities to the nation in providing high quality and affordable products.

In addition, the IDCZ Group will work to identify and support key devolution, beneficiation and value addition initiatives and programmes that reflect the passion for industrialization, empowering and supporting communities and economic growth.

The country's GDP is projected to be around 3.5% in 2024, a decrease from 5.5% in 2023 reflecting impact of the El Nino induced drought on agricultural and consequential negative effects to the whole economy. However, it is projected that the 2024/2025 summer cropping season will receive normal to above normal rainfall and the company will leverage on this for increased off take of products. The IDCZ will also continue to look for opportunities in and outside Zimbabwe exploiting benefits of the AfCFTA to create value for all key stakeholders and preservation of capital.

The IDCZ will continue pursuing a number of identified key projects that are critical for the achievement of the growth strategy, profitability and contribution towards the sovereign fund. The commencement of these project was delayed by challenges in identification and securing of the requisite funding on time. Execution of these projects is expected to commence in the later part of 2024 onwards. These projects will be on an Engineering, Procurement & Construction



(EPC) plus funding model for retention of control without dilution. The repayment of the funding facilities will be through product offtake and/or revenue generated from the projects.

Where mineral endowments are involved, these will be ringfenced out of the project and retained by Chemplex Corporation Limited.

These projects are earmarked for commencement in late 2024 onwards, namely.

i.Enhancement of the Phosphatic fertilizer value chain to meet national demand of NPK Basal fertilizer of 400 000t per annum. This includes the following:

- Refurbishment of Dorowa phosphates plant for US\$16 million for production of 150 000t per annum of phosphate concentrate as feedstock to the synchronized fertilizer plants at ZimPhos; and
- Sulphuric acid plant re-build for US\$9 million to produce 75 000t of Sulphuric acid for both fertilizer and water treatment chemicals.

ii.Rural industrialization, devolution and import substitution and foreign currency earnings.

- Refurbishment of the Zoe oxides mine operations in Midlands for US\$2.5 million. This will produce 5 000t per annum red oxides and other pigments for local and export markets.
- Refurbishment of the Earlyworm mine limestone operations in Concession for US1.5 million. This will produce 200 000t per annum of both agricultural lime, industrial lime, and stock feed lime.
- Refurbishment of the Turning Point mine, mica operations in Karoi for US1.5 million. This will produce 10 000t per annum of mica for exports. Discussions are underway with potential investor funder for an EPC plus funding project.

iii.Supply of water treatment chemicals nationwide, import substitution and foreign currency earnings.

- Repairs, maintenance and upgrade of the ZimPhos solid aluminium sulphate process plant for US\$1.5m
- Hydrated Lime Plant in Rushinga for US\$14 million to produce 100 000t per annum for the local and export markets. The project will be done on an EPC plus funding model with an investor called Metallica International of Dubai. An MOU was signed with the investor funder who commenced due diligent work on the projects including geological evaluation of limestone deposits at the identified area in Rushinga.



• Bauxite mine purchase in Mozambique for US\$2.5 million for guaranteed source of aluminium ore used in the production of water treatment chemicals.

iv.Mining explosives in support of the over US\$12 billion GDP Mining Industry target and export market.

• Refurbishment of the Samwari mining explosives factory magazines in Kwekwe for US\$10 million to produce 20 000t per annum for the local and export market.

v.Expansion projects for local and regional fertilizer and chemicals supply.

 New Shava All-In-One fertilizer and chemicals plant at Shawa mining claims for circa US\$500 million to produce over 1 200 000t per annum of phosphates concentrates which will be used to manufacture over 3 600 000t of NPK basal fertilizers, food grade phosphoric acid, Sulphuric acid, gypsum, magnetite, vermiculite, lithium, and other imbedded minerals in the ore body that can be commercialized.

The production output would be for the local and regional market targets for total import substitution, devolution agenda, local beneficiation, and foreign currency earnings. Potential investor funders who have sent expressions of interest are being evaluated by the shareholder Mutapa Investment Fund.

When these projects are completed, Chemplex will be able to supply all the resultant products locally to meet national requirements and export into SADC, COMESA, and international markets.

# **11.0. Acknowledgements**

I would like to extend my appreciation to the IDCZ Group Team, including the Board of Directors, Management and staff. Your invaluable insights and unwavering dedication to delivering on our mandate, have been the cornerstone of our success. Despite the challenging operating environment, I am confident that we will continue to work together to nurture sustainable solutions that will re-industralize and industrialize our economy to achieve an empowered and prosperous upper middle -income society by 2030.

E. N. Tome Group Chief Executive Office 20 August 2024





# >>> Independent Auditor's Report

To the Members of Industrial Development Corporation of Zimbabwe Limited and its subsidiaries

#### 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"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters described in the Basis for qualified opinion section of our report, the inflation adjusted consolidated financial statements present fairly the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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#### **Basis for qualified opinion**

# i) Impact of prior year non-compliance to International Accounting Standard 21 – Effects of Changes in Foreign Exchange Rates

In the preceding years the Group translated foreign currency denominated transactions and balances into ZWL using interbank and auction exchange rates which were deemed inappropriate spot rates for translation as stipulated by International Accounting Standard ("IAS") 21 – Effects of Changes in Foreign Exchange Rates. The opinion on the prior year Group's inflation adjusted consolidated financial statements was modified concerning this issue and the misstatements in the opening balances remain uncorrected in the inflation adjusted consolidated financial statements for the year ended 31 December 2023. The effects of this non-compliance were considered material but not pervasive to the inflation adjusted consolidated financial statements.

#### ii) Consolidation of unaudited results of a subsidiary

Included in the 31 December 2023 Group's inflation adjusted consolidated financial statements is the unaudited inflation adjusted financial statements of Ginhole Investments (Private) Limited, a 100% subsidiary of Industrial Development Corporation of Zimbabwe Limited. The opinion on the prior year Group's inflation adjusted consolidated financial statements was modified concerning this issue. We were unable to satisfy ourselves using alternative audit procedures that all necessary adjustments concerning opening balances and current year balances and disclosures have been made to Group's inflation adjusted consolidated financial statements for the year ended 31 December 2023. The materially affected inflation adjusted consolidated financial statements line items were as follows;

# a) Inflation adjusted consolidated statement of financial position;

Total assets ZWL\$6,209,639,499 (2022: ZWL\$1,299,375,351).

b) Inflation adjusted consolidated statement of comprehensive income

Total revenue ZWL\$218,593,139 (2022: ZWL\$ nil).

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

# **iii) Consolidation of un-restated accounts of an audited associate and not audited associate.** Included in the prior year Group's inflation adjusted consolidated financial statements are un-restated historical cost results of Zimbabwe Grain Bag (Private) Limited and Sable Chemicals Limited in accordance with the requirements of International Accounting Standard ("IAS") 29 – Financial Reporting in Hyperinflationary Economies. The historical cost results of Zimbabwe Grain





Bag (Private) Limited are audited and Sable Chemicals Limited were not audited. The opinion of the prior year Group's inflation adjusted consolidated financial statements were modified concerning this issue. We were unable to satisfy ourselves using alternative audit procedures that all necessary adjustments concerning opening balances and current year balances and disclosures have been made to Group's inflation adjusted consolidated financial statements for the year ended 31 December 2023. The materially affected inflation adjusted consolidated financial statements line items were as follows;

Inflation adjusted consolidated statement of financial position;

Carrying value of the associate Zimbabwe Grain Bag is ZWL\$3,637,999,615 (2022: ZWL\$1,323,734,513).

We were unable to satisfy ourselves that the above balance was fairly stated.

# iv) Non-compliance of International Financial Reporting Standards ("IFRS") – 17 Insurance contracts

The inflation adjusted consolidated financial statements include the financial information of Allied Insurance Company (Private) Limited, a subsidiary of Chemplex Corporation Limited, a subsidiary of Industrial Development Corporation of Zimbabwe Limited. The financial information of Allied Insurance Company (Private) Limited has not been prepared using the requirements of the new International Financial Reporting Standard 17 – Insurance Contracts which became effective for periods commencing on or after 1 January 2023 and was prepared on the basis of International Financial Reporting Standard (IFRS) 4 – Insurance Contracts, which was superseded by IFRS 17. The effect of this non-compliance was considered material but not pervasive to the inflation adjusted consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the inflation adjusted consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of inflation adjusted consolidated financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Zimbabwe. 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 does not include the inflation adjusted consolidated financial statements and our auditors' 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. We have nothing to report in this regard. **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 with International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of inflation adjusted consolidated financial statement, whether due to fraud or error.

In preparing the inflation adjusted consolidated financial statements, the Directors are responsible for assessing the Group 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 organization or to cease operations, or have no realistic alternative but to do so.

# Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated financial statements.

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

• Identify and assess the risks of material misstatement of the 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 auditors' 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 auditors' 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.

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, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Clemence Muzondo.

PKF

PKF Chartered Accountants (Zimbabwe) Registered Public Auditors (Zimbabwe) Harare

Per: Clemence Muzondo Engagement Partner Registered Public Auditor (Zimbabwe) PAAB Practicing Number 0469

Date: 10/09/2024



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>>> Statement of Profit or Loss and Other Comprehensive Income for the Year 2023

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INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

| FOR THE YEAR ENDED 31 DECEMBER 2023                      |      |                    | GROUP            | UP                |                  |                    | CORPORATION      | VTION            |                 |
|--|------|--------------------|------------------|-------------------|------------------|--------------------|------------------|------------------|-----------------|
|  |      | Inflation Adjusted | vdjusted         | Historical Cost   | al Cost          | Inflation Adjusted | djusted          | Historical Cost  | il Cost         |
|  | Note | 2023               | 2022             | 2023              | 2022             | 2023               | 2022             | 2023             | 2022            |
|  |      | \$ML\$             | \$ML\$           | ZWL\$             | ZWL\$            | \$ML\$             | \$ML\$           | \$ML\$           | \$ML\$          |
| Continuing operations                                    |      |                    |                  |                   |                  |                    |                  |                  |                 |
| Revenue from contracts with customers                    | 5.1  | 461,457,771,003    | 170,493,010,967  | 187,838,677,682   | 24,021,616,811   | 6,402,843,831      | 6,344,045,360    | 3,681,587,797    | 616,095,847     |
| Cost of sales  |      | (305,147,973,912)  | (93,777,012,094) | (110,968,126,760) | (13,350,366,734) | •                  | •                | -                |                 |
| Gross profit   |      | 156,309,797,091    | 76,715,998,873   | 76,870,550,922    | 10,671,250,077   | 6,402,843,831      | 6,344,045,360    | 3,681,587,797    | 616,095,847     |
| Other income   | 5.2  | 36,896,161,729     | 6,697,931,799    | 13,605,246,455    | 1,035,774,436    | 6,196,452,676      | 4,608,080,348    | 3,672,058,111    | 535,223,067     |
| Selling and distribution expenses                        |      | (4,307,391,789)    | (2,042,733,618)  | (2,421,856,235)   | (437,489,635)    | •                  | •                | •                |                 |
| Administration expenses                                  | 5.3  | (191,763,161,142)  | (72,449,866,728) | (83,660,566,963)  | (10,092,334,010) | (19,919,959,788)   | (11,465,866,818) | (12,379,657,534) | (1,709,065,788) |
| Net finance income/(costs)                               | 5.4  | 560,005,224        | (2,623,125,120)  | 863,330,216       | (329,418,815)    | 4,352,808,924      | 12,055,947,703   | 1,738,929,243    | 2,010,122,913   |
| Investment property fair value gain                      | 6    | 23,085,670,976     | 5,752,742,837    | 35,104,235,222    | 2,588,015,616    |                    |                  | •                |                 |
| Share of profit of equity-accounted investees net of tax | 10.2 | 10,645,286,360     | 4,462,676,224    | 10,069,010,364    | 1,350,443,463    |                    | •                | •                |                 |
| Impairment of assets and exceptional items               |      | (32,357,392,063)   |                  | (4,227,132,153)   |                  |                    |                  |                  |                 |
| Monetary loss  | 1    | (41,458,858,769)   | (61,651,132,809) | •                 | •                | (23,273,849,373)   | (9,875,790,669)  | •                |                 |
| Exchange gain/(loss)                                     |      | 106,656,234,239    | 48,006,218,211   | 49,419,649,035    | 5,718,625,163    | 21,030,718,437     | (2,017,506,493)  | 9,396,752,022    | (419,841,531)   |
| Profit/(loss) before tax                                 |      | 64,266,351,856     | 2,868,709,669    | 95,622,466,863    | 10,504,866,295   | (5,210,985,293)    | (351,090,568)    | 6,109,669,639    | 1,032,534,508   |
| Tax credit/(expense)                                     | 9    | 16,547,650,630     | (10,447,699,157) | 46,609,525,323    | 3,620,048,930    | 11,023,855,170     | (13,416,330,862) | (344,629,930)    | (280,994,433)   |
| Profit/(loss) after tax from continuing operations       |      | 80,814,002,486     | (7,578,989,489)  | 142,231,992,186   | 14,124,915,226   | 5,812,869,877      | (13,767,421,430) | 5,765,039,709    | 751,540,075     |
|  |      |                    |                  |                   |                  |                    |                  |                  |                 |
| Profit/(loss) after tax                                  |      | 80,814,002,486     | (7,578,989,489)  | 142,231,992,186   | 14,124,915,226   | 5,812,869,877      | (13,767,421,430) | 5,765,039,709    | 751,540,075     |
| Attributable to:   |      |                    |                  |                   |                  |                    |                  |                  |                 |
| Equity holders' of the parent                            |      | 78,019,107,024     | (7,788,432,582)  | 128,459,133,894   | 10,879,985,268   | 5,812,869,877      | (13,767,421,430) | 5,765,039,709    | 751,540,075     |
| Non controlling interest                                 |      | 2,794,895,463      | 209,443,093      | 13,772,858,292    | 3,244,929,958    |                    |                  | •                |                 |
| 1 - Callo P  | 14   | 80,814,002,486     | (7,578,989,489)  | 142,231,992,186   | 14,124,915,226   | 5,812,869,877      | (13,767,421,430) | 5,765,039,709    | 751,540,075     |

>>> Statement of Profit or Loss and Other Comprehensive Income for the Year 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME(continued) FOR THE YEAR ENDED 31 DECEMBER 2023 INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

| FOR THE YEAR ENDED 31 DECEMBER 2023   |                   | GROUP                           | UP              |                |                    | CORPORATION                    | VTION           |             |
|---|-------------------|---------------------------------|-----------------|----------------|--------------------|--------------------------------|-----------------|-------------|
| a la  | Inflation Adjuste | Adjusted                        | Historical Cost | al Cost        | Inflation Adjusted | vdjusted                       | Historical Cost | al Cost     |
| Note  | e 2023            | 2022                            | 2023            | 2022           | 2023               | 2022                           | 2023            | 2022        |
|   | ZWL\$             | \$1WZ                           | \$ML\$          | ZWL\$          | ZWL\$              | \$7ML\$                        | ZWL\$           | ZWL\$       |
| Profit/(loss) after tax   | 80,814,002,486    | (7,578,989,489)                 | 142,231,992,186 | 14,124,915,226 | 5,812,869,877      | (13,767,421,430)               | 5,765,039,709   | 751,540,075 |
| Share of other comprehensive income of an associate<br>Items that will not be reclassified to profit or loss: | 78,767,707,122    | 18,296,301,164                  | 97,514,542,995  | 5,644,279,478  | •                  | •                              | •               | '           |
| Revaluation of property, plant and equipment  | 304,524,303,752   | 113,879,741,718                 | 551,584,536,352 | 53,155,509,218 |                    | 275,041,120                    |                 | 162,497,351 |
| items that are or may be reclassined to profit or loss.<br>Other comprehensive income for the year net of tax | 383,292,010,874   | 383,292,010,874 132,176,042,881 | 649,099,079,347 | 58,799,788,696 |                    | 275,041,120                    |                 | 162,497,351 |
| Total comprehensive income for the year   | 464,106,013,360   | 464,106,013,360 124,597,053,393 | 791,331,071,533 | 72,924,703,922 | 5,812,869,877      | 5,812,869,877 (13,492,380,310) | 5,765,039,709   | 914,037,426 |
| Attributable to:<br>Equity holders of the parent  | 444.135.117.180   | 444.135.117.180 113.089.516.977 | 744,534,095,214 | 65.799.588.710 | 5.812.869.877      | (13.492.380.310)               | 5.765.039.709   | 914.037.426 |
| Non controlling interests   | 19,970,896,180    | 11,507,536,415                  | 46,796,976,318  | 7,125,115,212  | . I                |                                | <b>I</b>        |             |
| The same of the   | 464,106,013,360   | 464,106,013,360 124,597,053,393 | 791,331,071,533 | 72,924,703,922 | 5,812,869,877      | (13,492,380,310)               | 5,765,039,709   | 914,037,426 |

| <b>Statement of Financial Position</b><br><b>as at 31 December 2023</b> |
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INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED STATEMENT OF FINANCIAL POSITION

| AS AT 31 DECEMBER 2023                    |          |                    | GROUP           | UP                |                 |                    | CORPORATION     | VTION           |               |
|---|----------|--------------------|-----------------|-------------------|-----------------|--------------------|-----------------|-----------------|---------------|
|   |          | Inflation Adjusted | djusted         | Historical Cost   | il Cost         | Inflation Adjusted | Adjusted        | Historical Cost | l Cost        |
|   | Note     | 2023               | 2022            | 2023              | 2022            | 2023               | 2022            | 2023            | 2022          |
|   | 1        | \$TML\$            | ZWL\$           | \$ML\$            | \$ML\$          | \$ML\$             | ZWL\$           | \$ML\$          | ZWL\$         |
| ASSETS                                    |          |                    |                 |                   |                 |                    |                 |                 |               |
| Non-current assets                        | ļ        |                    |                 |                   |                 |                    |                 |                 |               |
| Property, plant and equipment             | 8        | 784,180,466,218    | 396,853,962,282 | 776,433,902,712   | 82,246,129,845  | 3,161,137,181      | 3,422,920,678   | 294,700,575     | 374,362,731   |
| Investment properties                     | 0        | 38,262,538,928     | 15,176,912,610  | 38,262,538,924    | 3,158,303,702   |                    |                 | ı               | ı             |
| Intangible assets                         | 8.1      | 45,326,419         | 46,834,361      | 191,614           | 362,061         | •                  | •               |                 |               |
| Non current portion of land held for sale | 12       | 116,528,715        | 546,589,805     | 5,622,184         | 19,230,980      |                    |                 |                 |               |
| Investment in subsidiaries                | 10.1     |                    |                 |                   |                 | 238,576,793,518    | 238,576,793,518 | 1,517,280,430   | 1,517,280,430 |
| Investment in associates                  | 10.2     | 109,418,753,347    | 69,793,114,339  | 107,632,168,356   | 8,656,374,848   | 20,125,935,062     | 20,125,935,062  | 130,331,677     | 130,331,677   |
| Other investments                         | 10.3     | 5,770,698,845      | 5,415,758,933   | 609,583,728       | 59,331,336      | 5,131,112,679      | 5,131,112,679   | 7,916,099       | 7,916,099     |
| Right of use assets                       | j        | 684,135,752        |                 | 684,135,752       |                 | 684,135,752        |                 | 684,135,752     |               |
| Deferred tax                              | 7        | •                  |                 | 312,243,249       |                 |                    | ı               | 312,243,249     | ı             |
| Loans receivable                          | 18       |                    | 219,818,165     |                   | 45,743,989      | 1,116,022,014      | 219,818,165     | 1,116,022,014   | 45,743,989    |
|   | 2        | 938,478,448,224    | 488,052,990,497 | 923,940,386,519   | 94,185,476,762  | 268,795,136,206    | 267,476,580,102 | 4,062,629,795   | 2,075,634,926 |
| Current assets                            |          |                    |                 |                   |                 |                    |                 |                 |               |
| Inventories                               | 11       | 58,578,533,974     | 48,005,428,290  | 43,111,131,956    | 4,421,221,979   |                    |                 | ı               |               |
| Trade and other receivables               | 13       | 161,225,388,878    | 69,728,717,719  | 125,571,713,953   | 13,137,660,345  | 196,333,800        | 194,019,918     | 196,333,800     | 40,375,394    |
| Group balances receivables                | 13.1     | T                  |                 | ı                 |                 | 5,261,492,901      | 2,460,347,491   | 5,261,492,901   | 511,996,398   |
| Loans receivable                          | 18       | 335,723,004        | 1,967,248,689   | 335,723,004       | 409,382,920     | 9,075,889,029      | 11,135,375,015  | 9,075,889,029   | 2,317,262,873 |
| Cash and cash equivalents                 | 14       | 19,199,311,892     | 20,169,206,192  | 19,199,311,892    | 4,197,196,111   | 2,962,812,043      | 6,700,109,042   | 2,962,812,043   | 1,394,287,477 |
|   |          | 239,338,957,748    | 139,870,600,890 | 188,217,880,805   | 22,165,461,355  | 17,496,527,773     | 20,489,851,466  | 17,496,527,773  | 4,263,922,142 |
|   |          |                    |                 |                   |                 |                    |                 |                 |               |
| TOTAL ASSETS                              | <b>~</b> | 1,177,817,405,972  | 627,923,591,387 | 1,112,158,267,324 | 116,350,938,116 | 286,291,663,979    | 287,966,431,568 | 21,559,157,568  | 6,339,557,068 |
|   |          |                    |                 |                   |                 |                    |                 |                 |               |

>>> Statement of Financial Position as at 31 December 2023

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED AS AT 31 DECEMBER 2023 (continued) STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

Capital and reserves

Capital waiting allotment Mark to market reserve

Issued capital

Revaluation reserve

Equity attributable to owners of the parent

Accumulated profits

Non controlling interests

**Fotal equity** 

Non-current liabilities

Loans and borrowings

Finance lease liability

Deferred tax liability

|                                 | Inflation Ad                | GROUP<br>Adjusted               | OUP<br>Historical Cost       | al Cost                         | Inflation Adjusted         | CORPORATION<br>djusted | ATION<br>Historical Cost | al Cost            |
|---------------------------------|-----------------------------|---------------------------------|------------------------------|---------------------------------|----------------------------|------------------------|--------------------------|--------------------|
| 3                               | 2023<br>ZWL\$               | 2022<br>ZWL\$                   | 2023<br>ZWL\$                | 2022<br>ZWL\$                   | 2023 <sup>7</sup><br>ZWL\$ | 2022<br>ZWL\$          | 2023 ZWL\$               | 2022<br>ZWL\$      |
| 88,648,356,387                  | 356,387                     | 76,115,229,374                  | 3,421,553,916                | 1,560,498,828                   | 88,648,356,387             | 76,115,229,374         | 3,421,553,916            | 1,560,498,828      |
|                                 | . '                         | 10,077,303,278                  | - <b>I</b><br>               | 1,350,000,000                   |                            | 10,077,303,278         | - <b>1</b><br>           | 1,350,000,000      |
| 570,171                         | 570,171,761,411             | 204,055,751,255                 | 684,232,069,987              | 68,157,108,666                  | 275,041,120                | 275,041,120            | 210,603,118              | 210,603,118        |
| 8                               | 33,173,959                  | 33,173,959                      | 6,903,475                    | 6,903,475                       | 33,173,959                 | 33,173,959             | 6,903,475                | 6,903,475          |
| 236,16                          | 236,161,290,567             | 158,442,183,544                 | 141,238,937,924              | 13,079,804,030                  | 185,035,795,744            | 179,522,925,868        | 6,793,924,362            | 1,328,884,652      |
| 895,01                          | 895,014,582,324             | 448,723,641,410                 | 828,899,465,301              | 84,154,314,999                  | 273,992,367,210            | 266,023,673,599        | 10,432,984,870           | 4,456,890,073      |
| 58,86                           | 58,865,242,341              | 47,721,475,415                  | 53,266,170,636               | 8,307,314,137                   | 1                          |                        | ı                        | ,                  |
| 953,87                          | 953,879,824,665             | 496,445,116,825                 | 882,165,635,937              | 92,461,629,136                  | 273,992,367,210            | 266,023,673,599        | 10,432,984,870           | 4,456,890,073      |
| ò                               | 777 011 000                 | T10 COO 071 1                   | 177 011 000                  | 015 160 112                     |                            |                        |                          |                    |
| 2 8<br>8                        | 522, 112,771<br>659,989,311 | 1,110,030,047                   | 522, 112, 771<br>659,989,311 | 243, 100,413<br>-               | -<br>659,989,311           |                        | -<br>659,989,311         | 1 1                |
| 82,20                           | 82,204,892,113              | 48,748,848,660                  | 88,272,748,069               | 8,590,373,215                   | 1,173,124,070              | 12,873,364,734         | -                        | 2,085,480          |
| 83,18                           | 83,186,994,195              | 49,926,942,507                  | 89,254,850,151               | 8,835,533,628                   | 1,833,113,381              | 12,873,364,734         | 659,989,311              | 2,085,480          |
| 125,43                          | 125,434,941,488             | 71,740,669,557                  | 125,422,135,611              | 13,018,894,695                  | 10,413,717,827             | 8,970,066,079          | 10,413,717,826           | 1,866,663,803      |
|                                 | н н<br>-                    |                                 |                              |                                 |                            | -<br>53,582,243        |                          | -<br>11,150,423    |
| 1,23                            | ,238,632,837                | 4,084,338,800                   | 1,238,632,837                | 843,195,533                     | T                          | 45,744,914             | 1                        | 2,767,289          |
| 1,08                            | 1,085,550,181               | 9,136,610                       | 1,085,550,181                | 1,901,321                       |                            | •                      |                          | I                  |
| 1<br>2<br>2<br>2<br>7<br>2<br>7 | 52,465,561                  | -                               | 52,465,561                   | - 100 207 001 1                 | 52,465,561                 | 1                      | 52,465,561               | I                  |
| 12,90                           | 0,331,040                   | 2,111,301,009<br>21 551 537 056 | 12,330,331,040               | 1,109,703,003<br>16.063.776.360 | - 10 ARE 102 200           | 0 060 202 225          | - 10 AEE 103 307         | -<br>1 000 601 616 |
| 140,73                          | 140,700,307,112             | 0CU,25C,15C,10                  | 140,131,101,230              | 10,000,110,002                  | 10,400,103,300             | 9,009,393,233          | 10,400,100,007           | 1,000,001,010      |
| 223,93                          | 223,937,581,307             | 131,478,474,562                 | 229,992,631,387              | 23,889,308,980                  | 12,299,296,769             | 21,942,757,969         | 11,126,172,698           | 1,882,666,995      |
| ,177,81                         | ,177,817,405,972            | 627,923,591,387                 | 1,112,158,267,324            | 116,350,938,116                 | 286,291,663,979            | 287,966,431,568        | 21,559,157,568           | 6,339,557,068      |

Group Chief Executive Officer Date: 20 August 2024 Ame Mr E. Tome

Finance lease liability

Bank overdrafts

Current tax liability

Trade and other payables Group balances payables

**Current liabilities** 

-iabilities held for sale -oans and borrowings TOTAL EQUITY AND LIABILITIES

**Fotal liabilities** 

51

Date: 20 August 2024

Mr W. Makamure

Chairman

& Malance

# >>> Statement of Changes in Equit for the Year 31 December 2023

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023 STATEMENT OF CHANGES IN EQUITY

**GROUP - INFLATION ADJUSTED** 

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|                            |                | Capital           | Kevaluation     | Mark to Market | Accumulated     |                 | Non controlling |
|----------------------------|----------------|-------------------|-----------------|----------------|-----------------|-----------------|-----------------|
|                            | Issued capital | Waiting allotment | reserve         | res erv e      | profit          | Total           | interests       |
|                            | \$ML\$         | \$ML\$            | ZWL\$           | ZWL\$          | ZWL\$           | ZWL\$           | ZWL\$           |
| Balance at 1 January 2023  | 76,115,229,374 | 10,077,303,278    | 204,055,751,255 | 33,173,959     | 158,442,183,544 | 448,723,641,410 | 47,721,475,415  |
| Profit for the period      |                |                   |                 |                | 78,019,107,024  | 78,019,107,024  | 2,794,895,463   |
| Other comprehensive income |                |                   | 366,116,010,157 |                |                 | 366,116,010,157 | 17,176,000,717  |
| Receipt of capital         | 12,533,127,013 | (10,077,303,278)  |                 |                |                 | 2,455,823,735   |                 |

383,292,010,874 2,455,823,735 (9,127,129,254)

953,879,824,66

(8,827,129,254)

(300,000,000)

(300,000,000)

895,014,582,324

236,161,290,567

33.173.959

570.171.761.411

0 ,

88.648.356.387

Balance at 31 December 2023

Dividends paid

58,865,242,341

80,814,002,486 496,445,116,824

Total equity

2

ontrolling

Attributable to the equity holders of the parent.

| For the year ended 31 December 2022 |                               |                |                 |            |                 |                 |                 |                 |
|-------------------------------------|-------------------------------|----------------|-----------------|------------|-----------------|-----------------|-----------------|-----------------|
| Balance at 1 January 2022           | 76,115,229,374                |                | 83,177,801,697  | 33,173,959 | 167,733,681,972 | 327,059,887,003 | 39,138,382,041  | 366,198,269,044 |
| (Loss)/profit for the period        | -                             | •              |                 |            | (7,788,432,582) | (7,788,432,582) | 209,443,093     | (7,578,989,489) |
| Other comprehensive income          |                               |                | 120,877,949,557 |            | ,               | 120,877,949,557 | 11,298,093,323  | 132,176,042,880 |
| Receipt of capital                  |                               | 10,077,303,278 |                 |            |                 | 10,077,303,278  |                 | 10,077,303,278  |
| Dividend paid                       |                               | ,              |                 |            | (1,503,065,846) | (1,503,065,846) | (2,924,443,043) | (4,427,508,889) |
| Balance at 31 December 2022         | 76,115,229,374 10,077,303,278 | 10,077,303,278 | 204,055,751,255 | 33,173,959 | 158,442,183,544 | 448,723,641,410 | 47,721,475,415  | 496,445,116,824 |

# **>>>** Statement of Changes in Equiponent of Changes in Equipole for the Year 31 December 202

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023 STATEMENT OF CHANGES IN EQUITY

**GROUP - HISTORICAL COST** 

 $\ll$ 

# For the year ended 31 December 2023

|   |                |                                  | NA              | indutable to the equity | inutable to the equity holders of the parent- |                 |                 |                 |
|---|----------------|----------------------------------|-----------------|-------------------------|---|-----------------|-----------------|-----------------|
| 4                                       |                | Capital                          | Revaluation     | <b>Mark to Market</b>   | Accumulated                                   |                 | Non controlling |                 |
| 2 4                                     | Issued capital | Issued capital Waiting Allotment | reserve         | reserve                 | profit  | Total           | interests       | Total equity    |
|   | ZWL\$          | \$NNZ                            | ZWL\$           | ZWL\$                   | ZWL\$   | ZWL\$           | ZWL\$           | ZWL\$           |
| Balance at 1 January 2023               | 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  |
| Profit for the period                   |                |                                  |                 |                         | 128,459,133,894                               | 128,459,133,894 | 13,772,858,292  | 142,231,992,186 |
| Other comprehensive income              |                |                                  | 616,074,961,320 |                         |   | 616,074,961,320 | 33,024,118,026  | 649,099,079,347 |
| Dividends paid                          |                |                                  |                 |                         | (300,000,000)                                 | (300,000,000)   | (1,838,119,819) | (2,138,119,819) |
| Receipt of capital                      | 1,861,055,088  | (1, 350, 000, 000)               |                 |                         | •   | 511,055,088     |                 | 511,055,088     |
| Balance at 31 December 2023             | 3,421,553,916  |                                  | 684,232,069,987 | 6,903,475               | 141,238,937,924                               | 828,899,465,301 | 53,266,170,636  | 882,165,635,937 |
| 100000000000000000000000000000000000000 | 1              |                                  |                 |                         |   |                 |                 |                 |
| For the year ended 31 December 2022     |                |                                  |                 |                         |   |                 |                 |                 |
| Balance 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           |                                  |                 |                         | 10,879,985,269                                | 10,879,985,269  | 3,244,929,958   | 14,124,915,226  |
| Other comprehensive income              | -              |                                  | 54,919,603,441  | ı                       | ı   | 54,919,603,441  | 3,880,185,254   | 58,799,788,696  |

| paid           | capital            | it 31 December 2022 |  |
|----------------|--------------------|---------------------|--|
| Dividends paid | Receipt of capital | Balance at 31 De    |  |

(486,124,318) 1,350,000,000 92.461.629.130

(186,124,318) 3,880,185,254

(300,000,000) 1,350,000,000

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| 60TH ANNUAL REPORT FOR THE TWELV | E MONTHS ENDED 31 DECEMBER 2023 |
|----------------------------------|---------------------------------|
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# >>> Statement of Changes in Equit for the Year 31 December 2023

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED STATEMENT OF CHANGES IN EQUITY

| 2023     |  |
|----------|--|
| DECEMBER |  |
| D 31     |  |
| ENDE     |  |
| YEAR     |  |
| R THE Y  |  |
| FOR      |  |

Accumulated

Mark to Market

Capital

| CORPORATION - INFLATION ADJUSTED | Issued capital<br>ZWL\$ | Capital<br>Waiting Allotment Asset Revaluation<br>ZWL\$ ZWL\$ | Asset Revaluation<br>ZWL\$ | Market<br>reserve<br>ZWL\$ | Accumulated<br>profit<br>ZWL\$ | Total<br>ZWL\$  |
|----------------------------------|-------------------------|---|----------------------------|----------------------------|--------------------------------|-----------------|
| Balance at 1 January 2023        | 76,115,229,374          | 10,077,303,278  | 275,041,120                | 33,173,959                 | 179,522,925,867                | 266,023,673,599 |
| Profit for the period            |                         |   |                            |                            | 5,812,869,877                  | 5,812,869,877   |
| Issue of new shares              | 12,533,127,013          | (10,077,303,278)  |                            | I                          | ·                              | 2,455,823,735   |
| Dividend paid                    |                         | 1   |                            | I                          | (300,000,000)                  | (300,000,000)   |
| Balance at 31 December 2023      | 88,648,356,387          | •   | 275,041,120                | 33,173,959                 | 185,035,795,744                | 273,992,367,210 |
|                                  |                         |   |                            |                            |                                |                 |

# For the year ended 31 December 2022

| 270,941,816,481           | (13,767,421,430)    | 275,041,120                | 10,077,303,278     | (1,503,065,849) | 266,023,673,599             |
|---------------------------|---------------------|----------------------------|--------------------|-----------------|-----------------------------|
| 194,793,413,147           | (13,767,421,430)    |                            | ı                  | (1,503,065,850) | 179,522,925,867             |
| 33,173,959                | I                   | ı                          | ı                  | ı               | 33,173,959                  |
|                           |                     | 275,041,120                | ·                  |                 | 275,041,120                 |
|                           | ı                   |                            | 10,077,303,278     |                 | 10,077,303,278              |
| 76,115,229,374            |                     |                            | -                  |                 | 76,115,229,374              |
| Balance at 1 January 2022 | Loss for the period | Other comprehensive income | ssue of new shares | Dividend paid   | Balance at 31 December 2022 |

# **>>>** Statement of Changes in Equity for the Year 31 December 2023

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

**CORPORATION - HISTORICAL COST** 

| 19:1                        |                | Capital  |                          | Accumulated   | Mark to Market |                |
|-----------------------------|----------------|--|--------------------------|---------------|----------------|----------------|
|                             | Issued capital | Issued capital Waiting Allotment Asset Revaluation | <b>Asset Revaluation</b> | loss          | reserve        | Total          |
| T                           | \$NN2          | ZWL\$  | ZWL\$                    | ZWL\$         | ZWL\$          | ZWL\$          |
| Balance at 1 January 2023   | 1,560,498,828  | 1,350,000,000                                      | 210,603,118              | 1,328,884,652 | 6,903,475      | 4,456,890,073  |
| Profit for the period       |                | •  |                          | 5,765,039,709 |                | 5,765,039,709  |
| Dividend paid               | -              | •  | I                        | (300,000,000) | I              | (300,000,000)  |
| Issue of new shares         | 1,861,055,088  | (1,350,000,000)                                    |                          | •             | ·              | 511,055,088    |
| Balance at 31 December 2023 | 3,421,553,916  | •  | 210,603,118              | 6,793,924,362 | 6,903,475      | 10,432,984,870 |
|                             |                |  |                          |               |                |                |

# For the year ended 31 December 2022

| 2,492,852,648             | 751,540,075           | 162,497,351                | (300,000,000) | 1,350,000,000      | 4,456,890,073               |
|---------------------------|-----------------------|----------------------------|---------------|--------------------|-----------------------------|
| 6,903,475                 |                       |                            | ı             | ·                  | 6,903,475                   |
| 877,344,578               | 751,540,075           |                            | (300,000,000) |                    | 1,328,884,652               |
| 48,105,767                |                       | 162,497,351                | ·             |                    | 210,603,118                 |
|                           |                       |                            | •             | 1,350,000,000      | 1,350,000,000               |
| 1,560,498,828             |                       |                            |               | •                  | 1,560,498,828               |
|                           |                       |                            |               |                    | 1                           |
| Balance at 1 January 2022 | Profit for the period | Other comprehensive income | Dividend paid | Receipt on capital | Balance at 31 December 2022 |

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| FOR THE YEAR ENDED 31 DECEMBER 2023                                    |                    | GROUP            | ď                 |                 |                    | CORPORATION      | TION             |                 |
|--|--------------------|------------------|-------------------|-----------------|--------------------|------------------|------------------|-----------------|
|  | Inflation Adjusted | djusted          | Historical Cost   | il Cost         | Inflation Adjusted | Ndjusted         | Historical Cost  | Cost            |
|  | 2023               | 2022             | 2023              | 2022            | 2023               | 2022             | 2023             | 2022            |
|  | ZWL\$              | ZWL\$            | ZWL\$             | \$NL\$          | \$JWL\$            | ZWL\$            | ZWL\$            | ZWL             |
| Note   |                    |                  |                   |                 |                    |                  |                  |                 |
| CASH FLOWS FROM OPERATING ACTIVITIES                                   |                    |                  |                   |                 |                    |                  |                  |                 |
| Profit/(loss) before tax   | 64,266,351,856     | 2,868,709,669    | 95,622,466,863    | 10,504,866,295  | (5,210,985,293)    | (351,090,568)    | 6,109,669,639    | 1,032,534,508   |
| Adjustments for:   |                    |                  |                   |                 |                    |                  |                  |                 |
| -Exchange gain   | (42,436,697,456)   |                  | (18,594,449,659)  |                 | •                  |                  | •                | ·               |
| -(Profit)/loss on derecognition of ROU assets & lease liabilities      | 28,319,120         | (139,236,314)    | 28,319,120        | (5,154,184)     | 3,942,296          | 3,612,476        | 28,319,120       | 3,487,305       |
| -Depreciation on property, plant and equipment                         | 9,039,169,549      | 6,307,463,021    | 3,410,298,537     | 645,939,962     | 357,482,642        | 1,139,493,113    | 167,903,741.00   | 59,141,004      |
| -Impairment losses/other expenses                                      | 32,357,392,063     | •                | 4,227,132,153     |                 | •                  |                  | •                | ·               |
| -Amortisation of intangible assets                                     | 1,308,270          | 602,847          | 170,447           | 70,535          | •                  |                  |                  | ı               |
| -Dividend receivable   |                    | (830,022,392)    | T                 | (94,924,288)    | (4,510,509,226)    | (3,600,604,672)  | (2,645,164,462)  | (411,777,835)   |
| -Net finance costs/(Income)  | (560,005,224)      | 2,623,125,120    | (863,330,216)     | 329,418,815     | (4,352,808,924)    | (12,055,947,703) | (1,738,929,243)  | (2,010,122,913) |
| <ul> <li>(Profit)/loss on disposal of plant &amp; equipment</li> </ul> | (10,408,425,643)   | (1,523,586)      | (5,727,571,830)   | 4,759,271       | •                  |                  | •                | ı               |
| -Provision for credit losses   | 1,548,952,187      | 947,659,570      | 1,548,952,187     | 197,207,219     | •                  |                  | •                | ı               |
| -Effects of inflation  | (13,254,899,219)   | (21,221,422,112) |                   |                 | 229,640,200        | (4,766,132,741)  |                  | ı               |
| - Share of (profit)/loss of associates                                 | (10,645,286,360)   | (4,462,676,224)  | (10,069,010,364)  | (1,350,443,463) | •                  |                  |                  | ı               |
| -Fair value adjustment on investment property                          | (23,085,670,976)   | (5,752,742,837)  | (35,104,235,222)  | (2,588,015,616) |                    |                  |                  |                 |
| Operating gain/(deficit) before working capital changes                | 6,850,508,167      | (19,660,063,236) | 34,478,742,015    | 7,643,724,546   | (13,483,238,305)   | (19,630,670,095) | 1,921,798,795.39 | (1,326,737,931) |
| Working capital adjustments  |                    |                  |                   |                 |                    |                  |                  |                 |
| (Increase)/decrease in inventories                                     | (10,573,105,684)   | 22,571,531,363   | (38,689,909,977)  | (2,806,293,633) | •                  |                  | •                | I               |
| (Increase)/decrease in trade and other receivables                     | (91,496,671,159)   | 4,662,882,244    | (112,434,053,608) | (8,472,903,418) | (2,803,459,291)    | (239,916,107)    | (4,688,581,773)  | (427,306,955)   |
| Decrease /(increase) in loan receivables                               | 1,851,343,850      | 1,352,440,424    | 119,403,905       | (241,008,098)   | 1,163,282,136      | (4,004,354,876)  | (7,828,904,181)  | (1,682,105,450) |
| Increase in trade and other payables                                   | 95,530,969,440     | 17,092,878,456   | 129,065,407,729   | 9,565,209,866   | 843,651,742        | 3,222,997,571    | 7,935,903,600    | 1,318,425,475   |
| Cash from operating activities   | 2,163,044,614      | 26,019,669,251   | 12,539,590,064    | 5,688,729,263   | (14,279,763,717)   | (20,651,943,508) | (2,659,783,558)  | (2,117,724,861) |
| Taxation paid  | (10,406,473,998)   | (12,369,984,911) | (2,656,677,391)   | (2,188,237,229) | (676,385,524)      | (1,991,521,906)  | (658,958,657)    | (414,434,160)   |
| Net cash flows (used)/generated in operating activities                | (8,243,429,384)    | 13,649,684,340   | 9,882,912,673     | 3,500,492,034   | (14,956,149,241)   | (22,643,465,414) | (3,318,742,215)  | (2,532,159,020) |

Group statement of cash flows

| INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED<br>STATEMENT OF CASH FLOWS(continued)<br>FOR THE YEAR ENDED 31 DECEMBER 2023 | ED 2023<br>ZWL\$                  | 2022<br>ZWL\$                              | 2023<br>ZWL\$                     | 2022<br>ZWL\$                           | 2023<br>ZWL\$                    | ZWL\$<br>ZWL\$                 | 2023<br>ZWL\$                  | 2022<br>ZWL                   |
|---|-----------------------------------|--|-----------------------------------|---|----------------------------------|--------------------------------|--------------------------------|-------------------------------|
| INVESTING ACTIVITIES<br>Purchases of property, plant and equipment<br>Dismosed Abod Abor Abor Abor Abor Abor Abor Abor Abor         | (3,871,752,594)<br>/30.064.090    | (6,171,900,892)                            | (3,033,387,439)<br>13 608 706     | (1,471,335,301)                         | (31,468,343)                     | (819,979,495)                  | (14,809,807)                   | (79,383,874)                  |
| Decrease in vianta retai tot sate<br>Decrease in non-current assets held for sale<br>Incomon in the hittifter held for sale         | -                                 | 1,160,715,702<br>21 754 442                |                                   | 2,123,923                               |                                  | 1,011,266,353                  |                                | 37,774,674                    |
| Purchase of intangible assets<br>Purchase of intangible assets<br>Proceeds on disposal of property and equipment                    | -<br>-<br>10,679,611,016          | z1,734,442<br>(1,091,340)<br>(526,879,963) | -<br>-<br>5,758,810,316           | 44, Jou, 190<br>(278,838)<br>54,795,158 | -<br>-<br>30,505,856             |                                | -<br>-<br>20,845,507           |                               |
| Dividend received<br>Increase in other investments  | -<br>(109.975.431)                | 830,022,392<br>(207.845.961)               | -<br>(305.287.911)                | 94,924,288<br>(48,979,689)              | 4,510,509,226<br>-               | 3,600,604,672<br>-             | 2,645,164,462<br>-             | 411,777,835<br>-              |
| Additions : Financial assets available for sale<br>Net interest receive/(paid)  | (244,964,481)<br>560,005,224      | (2,623,125,120)                            | (244,964,481)<br>863,330,216      | (329,418,815)                           | -<br>4,352,808,924               | -<br>12,055,947,703            | -<br>1,738,929,243             | -<br>2,010,122,913            |
| Net cash inflows/(outflows) from investing activities   | 7,442,984,824                     | (7,518,350,740)                            | 3,052,109,498                     | (1,653,606,084)                         | 8,862,355,664                    | 15,847,839,234                 | 4,390,129,405                  | 2,380,291,548                 |
| Net cash (outflows)/inflows before financing  | (800,444,560)                     | 6,131,333,599                              | 12,935,022,171                    | 1,846,885,950                           | (6,093,793,577)                  | (6,795,626,180)                | 1,071,387,190                  | (151,867,472)                 |
| FINANCING ACTIVITIES<br>Interest bearing borrowings:<br>-(Repayments)/receipts  | (3,701,687,045)                   | (18,402,549,449)                           | 472,389,662                       | (343,232,522)                           | (99,327,157)                     |                                | (13,917,712)                   | -                             |
| Share of capital receipts<br>Dividends paid   | 2,455,823,735<br>-                | 10,077,303,278<br>(72,081,000)             | 511,055,088<br>-                  | 1,350,000,000<br>(15,000,000)           | 2,455,823,735<br>-               | 10,077,303,274<br>(72,081,000) | 511,055,088<br>-               | 1,350,000,000<br>(15,000,000) |
| Net cash (outflow)/inflows from financing activities  | (1,245,863,310)                   | (8,397,327,171)                            | 983,444,750                       | 991,767,478                             | 2,356,496,578                    | 10,005,222,274                 | 497,137,376                    | 1,335,000,000                 |
| Net (decrease)/increase in cash and cash equivalents<br>Cash and cash equivalents at beginning of the year                          | (2,046,307,871)<br>20,160,069,582 | (2,265,993,572)<br>22,426,063,154          | 13,918,466,921<br>4,195,294,790   | 2,838,653,428<br>1,356,641,362          | (3,737,296,999)<br>6,700,109,042 | 3,209,596,093<br>3,490,512,949 | 1,568,524,566<br>1,394,287,477 | 1,183,132,527<br>211,154,950  |
| Cash and cash equivalents at end of year  | 18,113,761,711                    | 20,160,069,582                             | 18,113,761,711                    | 4,195,294,790                           | 2,962,812,043                    | 6,700,109,042                  | 2,962,812,043                  | 1,394,287,477                 |
| Made up of the following<br>-Bank overdrafts<br>-Cash at bank   | (1,085,550,181)<br>19,199,311,892 | (9,136,610)<br>20,169,206,192              | (1,085,550,181)<br>19,199,311,892 | (1,901,321)<br>4,197,196,111            | -<br>2,962,812,043               | -<br>6.700.109.042             | 2.962.812.043                  | -<br>1,394,287,477            |
| Cash and cash equivalents   | 18,113,761,711                    | 20,160,069,582                             | 18,113,761,711                    | 4,195,294,790                           | 2,962,812,043                    | 6,700,109,042                  | 2,962,812,043                  | 1,394,287,477                 |

**>>>** Statement of Cash Flows for the Year 31 December 2023

#### **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, base mineral processing, and real estate. The Corporation also has investments in textiles, packaging, cement manufacturing and food processing.

The consolidated and separate financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 20 August 2024.

#### 1..1 Going concern

The Directors have satisfied themselves that based on the assessments fully explained per note 23, the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the consolidated inflation adjusted financial statements.

#### 2. 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), the Public Finance Management Act (Chapter 22:19) as well as the requirements of the Mutapa Investment Fund as promulgated by Statutory Instrument 156 of 2023. The consolidated and separate financial statements have been prepared from statutory records that are maintained on the historic cost basis, except for certain financial instruments which are measured at fair value.

The financial statements are showing both inflation adjusted and historical cost financial information with the inflation adjusted being the primary set, the historical cost financial statements have been provided as supplementary information and as a result the auditors have not expressed an opinion on them. The financial statements have been prepared under the current cost basis as per the provisions of IAS 29. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The preparation of financial statements in conformity



with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed 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.

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 main procedures applied in the above-mentioned restatement of transactions and balances are as follows:

- All comparative figures as of and for the period ended 31 December 2022 are restated by applying the change in the index from 31 December 2022 to 31 December 2023;
- Monetary assets and liabilities are not restated because they are already stated in terms of the measuring unit current at the statement of financial position date;
- Non-monetary assets and liabilities that are not carried at amounts current at the financial reporting date and components of shareholders' funds are restated by applying the change in index from the date of transaction, or if applicable, from the date of their most recent revaluation to the statement of financial position date, 31 December 2023;
- Depreciation is based on the restated amounts and inflation adjusted assets are assessed for impairment;
- All trading stocks are valued at Net Realisable Value which is the current unit of measurement;
- Consumable stocks and prepayments were aged using date of purchase and then restated by applying the respective monthly indices;



- Income statement transactions, except for depreciation charge explained above, are restated by applying the change in the index from the month of the transactions to the statement of financial position date;
- Cost of sales in comprehensive income for the current year are restated by applying the change in the general price index from the dates when opening inventory and purchases occurred and all product stocks are stated at net realisable value which represent the current measuring unit;
- Expense line items (which consists of employee costs, occupancy costs and other operating costs) were segregated into monthly totals and then the applicable monthly adjustment factor was used to hyper inflate the amount;
- Net gain or loss arising from the net monetary asset or liability positions are included in the statement of comprehensive income;
- Deferred tax is recomputed based on restated balances and current income tax expenses are restated for movements in the general price index on a monthly basis; and
- All items in the cash flow statement are expressed in terms of the measuring unit current at the statement of financial position date.

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 2022 | 13 672.9069 | 4.8054            |
| CPI as at 31 December 2023 | 65 703.4354 | 1.0000            |
|                            |             |                   |
| Average CPI 2022           |             | 3.6409            |
| Average CPI 2023           |             | 2.6230            |
|                            |             |                   |

# 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. Foreign currency translation

Transactions incurred in other currencies other than the functional currency were recognised at the prevailing auction rate from 1 October 2021 to 9 May 2022 and subsequently at the prevailing interbank rate at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Gains and losses arising on exchange are recognised in the statement of profit or loss and other comprehensive income.

# 2.4. Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for use and 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 its 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 2023. 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:

| 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.

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 and the carrying amount of the item, is included in profit or loss.

# 2.4.1. 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.

# 2.4.2. 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



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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.



# 2.4.3. 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.

# 2.5. Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

# 2.5.1 Internally generated intangible assets - Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated 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

Automate License Dimension X3D software

# Useful life

10 years 5 years

# 2.6 Financial Instruments 2.6.1 Initial recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted



from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss (FVTPL) are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would consider when pricing the asset or liability.

# 2.6.2 Classification of financial assets and financial liabilities

The Group classify its financial instruments in the following categories:

- At fair value through profit and loss ("FVTPL"),
- At fair value through other comprehensive income ("FVTOCI")
- At amortized cost.

The Group and Corporation determine the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL, for other equity instruments, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.



#### 2.6.3 Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

#### **Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at

FVTPL are included in the statement of comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the structured equity derivative (SED)'s own credit risk will be recognized in other comprehensive income /(loss).

#### Impairment of financial assets at amortized cost

The Group recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Group measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses.

The Group assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost.

For trade receivables, the Group applies the simplified approach as permitted by IFRS 9 which requires expected lifetime losses to be recognized from initial recognition of receivables. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

#### **Definition of default**

Critical to the determination of Expected Credit Loss (ECL) is the definition of default. The definition of default is used in measuring the amount of the lifetime ECL. ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.



The Group considers the following as constituting an event of default:

- The financial asset that are at least 120 days past due on any material credit obligation to the Group and Corporation; or
- The financial asset is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the borrower is unlikely to pay its credit obligation, the Group considers both qualitative and quantitative indicators. The information assessed depends on the type of the asset and sources of information to assess default which are either developed internally or obtained from external sources.

# Write-off

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

# 2.6.4. Derecognition

# **Financial assets**

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of comprehensive income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within the accumulated other comprehensive (loss) income.

# **Financial liabilities**

The Group derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive income.

#### 2.7. Inventories

Inventories are stated at the lower of cost or net realisable value. The cost of the finished goods and work in progress comprises raw materials, direct labour, and other direct costs related production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. The methods of valuation are as follows:

#### **Finished goods**

The cost in relation to finished goods for resale includes the cost of raw materials, packaging materials, direct labour and an appropriate portion of factory overheads. The finished goods are accounted for on a first in first out basis (FIFO).

#### **Other inventories**

All other inventories are valued at the lower of cost, taken on a weighted average basis, and net realisable value.

#### 2.8. Revenue recognition

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 comprises the fair value of the consideration received or receivable for the sale of goods, in the ordinary course of the Group's activities.

Revenue is shown net of value added tax, rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the entity and specific criteria have been met for each of the Group's activities as described below:

# 2.8.1. Sale of goods

Sales of goods are recognised when the Group has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of these products.

Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the product in accordance with sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the revenue has met the criteria specified within IFRS 15 with specific reference to the five-step model for each of the Group's activities.

# 2.8.2. 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.



#### 2.8.2. Provision of management services

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

The contract asset is then transferred to receivables when the entitlement to payment becomes unconditional.

#### 2.8.3. Sale of motor vehicles, trucks and automotive parts

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

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

#### 2.8.4. 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.

#### 2.8.5. Right of return

Revenue from expected returns is not recognised until it is certain that no returns will be made. IFRS 15 requires that revenue for expected returns only be recognised when the period ends and no returns are made. Thus, this qualifies as a sale with a right of return, as the customer has the



right to return the goods and in return receive a full refund of the consideration paid. This only applies to domestic sales as export sales do not have any returns.

The Group updates the measurement of the refund liability at the end of each reporting period for changes in expectations about the amount of refunds and recognises corresponding adjustments as revenue or reductions of revenue. The asset is presented separately from the liability. An asset recognised for an entity's right to recover products from a customer on settling a refund liability are initially measured by reference to the former carrying amount of the product less any expected costs to recover those products.

At year end the entity recognises a refund liability by creating a provision of returns based on the expected rate of return based on history relating to the year-end sales.

#### 2.8.6. Interest income

Interest income is recognised on a time apportionment basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

#### 2.8.7. 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.

#### 2.8.8. Rental income

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

#### 2.8.9. Premiums

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

#### 2.9 Employee benefits

#### 2.9.1. Pension obligations

The Group operates a self-administered defined contribution plan with Old Mutual. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognised as employee benefit expense when due.



Prepaid contributions are recognised an asset to the extent that a cash refund or a reduction in future payments is available. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employees the benefits relating to employee service in the current and prior periods.

#### 2.9.2. National Social Security Authority Pension Fund

The Group and its employees also contribute to the National Social Security Authority Scheme. This is a defined benefit social security scheme which was promulgated under the National Social Security statutory instrument. The Group obligations under the scheme are limited to specific contributions as legislated from time to time.

The Group's contributions to the pension plans are charged to the statement of comprehensive income.

#### 2.9.3. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or, whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing

termination benefits as a result of an offer made to encourage voluntary redundancy.

The Groups senior executives analyse, on a regular basis, currency and interest rate exposures and re-evaluate financial risk management strategies against regularly revised economic forecasts. Compliance with exposure limits is reviewed at the Board of Directors' meetings.

#### 2.10. Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases which are defined as leases with a lease term of 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the company's incremental borrowing rate.



Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is presented as a separate line in the Group and Corporation's statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

When a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received

and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the Group's statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

#### 2.11. Taxation

#### 2.11.1. Current and deferred income tax

The tax expense comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.11.2. Value Added Tax (VAT)

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. The standard VAT rate for the year 2023 was 15%.

#### 2.11.3. 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%), and IMTT on US dollar transfers is also calculated at 2cents per dollar (2%). The tax is charged provided that if a single transaction on which the tax is payable is equivalent to or exceeds one hundred and sixty five million Zimbabwean Dollars or five hundred thousand United States dollars, a flat intermediated money transfer tax of three million three hundred thousand and twenty thousand United States dollars respectively is chargeable on such transaction.



#### 2.12. Consolidation

#### 2.12.1 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 is able to affect those returns through use of its power over the entity.

The Group re-assesses whether 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 income are reclassified to profit or loss.

#### 2.12.2. 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.

#### 2.12.3. 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.



#### 2.13. 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.

#### 2.13.1. Investments in associates in the separate financial statements

In the Group's separate financial statements, investments in associates are accounted for using

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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.

#### 2.14. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds and the redemption value is recognised in the Statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

#### 2.15. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.16. Bank and cash balances

Bank and cash balances include cash on hand, deposits held with financial institutions, short term highly liquid investments with short term maturities of three months or less and bank overdrafts.

#### 2.17. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

#### 2.18. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).



If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.19. 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.

#### 2.20. 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.

#### 2.21. 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.



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.

#### 2.21.1. Impairment of assets

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.



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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.

#### 2.22. Segment information

The Group's operating businesses are organised and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The basis of segment reporting is representative of the internal structure used for management reporting purposes.

#### 2.23. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of the time value of money is material. When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **Onerous contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.



#### Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

#### 3. Critical accounting estimates and judgements

The preparation of financial statements requires management and Directors to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. 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 estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that the Directors and management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### 3.1. Key sources of uncertainty

#### 3.1. 1. Functional currency

The financial statements are presented in Zimbabwe Dollar (ZWL\$) which is the functional currency of the Group. Adoption of the ZWL\$ as a functional currency was done effective the 22nd of February 2019 following the promulgation of Statutory Instrument 33 of 2019 (SI 33/19).

The Directors assessed that the ZWL\$ remained the functional currency of the entity. Historic foreign currency-based transactions have been translated using the applicable interbank rate.



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#### 3.1.2. Financial Instruments

#### Significant increase of credit risk

ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group considers qualitative and quantitative reasonable and supportable forward-looking information.

#### 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. Refer to Note 2.6.

#### 3.1.3. Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment at the end of each reporting period. The remaining useful lives and residual values are reassessed based on business trends, technological developments, asset condition and management's plans. The useful lives and residual values so determined involved the exercise of significant levels of judgement based on data that is not readily observable. Refer to note 2.4.

#### 3.1.4. Valuation of land and buildings

The valuation was undertaken using the appropriate valuation methodology and professional judgment of the valuers. The Group engaged professional valuers to value land and buildings at the end of the reporting period. The fair values as determined by the valuers are used for reporting purposes.

Valuations of land and buildings are based on market comparable and income methods. The market comparable approach considers comparable market evidence i.e. the sales evidence either achieved or on the market, of similar land and buildings situated in the comparable residential suburbs and undeveloped land with that of subject land and buildings or the sales evidence of complete transactions as well as transactions where offers had been made but the transaction had not been completed. The income approach involves the capitalization of





expected rental income by an appropriate yield. The most acceptable approach in assessing the valuation of commercial properties is the income approach. Accordingly, the income approach was used for all land and buildings except for undeveloped land and residential properties, for which the comparative approach was used.

The valuers have stated that valuations rely on inputs such as market rentals per square meter, rental yields and recent price per square metre for comparable properties. Refer to Note 2.4.

#### 3.1.5. Use of interbank spot rate

In preparing the financial statements, transactions incurred in other currencies other than the functional currency were recognised at the prevailing interbank rate at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Gains and losses arising on exchange are recognised in the statement of profit or loss and other comprehensive income.

On 26 March 2020, the Reserve Bank of Zimbabwe (RBZ), fixed the ZWL\$ to USD exchange rate at a rate of ZWL\$25: USD1, to provide for greater certainty in the pricing of goods and services in the economy. Subsequently, in June of 2020, the Monetary Policy Committee announced the introduction of a formal market-based foreign exchange trading system (the foreign exchange auction trading system). Exchange control circular no. 3 of 2022 dated 9 May 2022 was issued by the Reserve bank of Zimbabwe. The circular highlighted that all surrender of export and domestic sales in foreign currency shall be sold to the Reserve Bank of Zimbabwe at the prevailing interbank rate as determined by the willing buyer willing seller mechanism and prior to this announcement all export receipts were being liquidated at the auction rate.

Effective February 1, 2023, the Governor of the Reserve Bank of Zimbabwe through Exchange Control Directive Ryoo2/2023, increased the exports retention percentage from 60% to 75%.

#### 3.1.6. Assessment of impairment of property, equipment and right of use asset

Determining whether property, equipment and right of use asset is impaired requires an estimation of the value in use. The value in use calculation requires the Directors to estimate the future cash flows expected and a suitable discount rate to calculate present value. The Directors believe that there is no evidence of impairment of property, equipment and

the right of use asset at the end of the reporting period. The Directors determine a suitable discount rate for purposes of determining the right of use asset value in use as the Group's



applicable incremental borrowing rate. The assessment does not relate to properties that are fair valued. Refer to Note 2.4.

#### 3.1.7. 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 because of having used the item during a particular period for purposes other than to produce inventories during that period.

#### 3.1.8. Impairment of Loans and trade receivables

A provision for impairment is established when there is evidence of significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments.

#### 3.1.9. Investments in subsidiaries

Values for investments in subsidiaries are deemed costs for the investments based on the net fair value of the assets of the subsidiaries.

#### 3.1.10. 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.

#### 3.1.11. 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.

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#### 3.1.12. 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.

#### 3.1.13. Provisions

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. Refer to Note 2.24.

#### 3.1.14 Insurance contracts (IFRS 4)

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.

#### 3.1.14. 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.

#### 3.1.15. 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%.

#### 3.2.1. Financial Instruments

#### Establishing Group assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped based on shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflect the similar credit risk characteristics of the Group assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

#### Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. Refer to Note 2.6.

#### 3.2.2. Income tax

The Group is subject to income taxes in Zimbabwe. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of the business. The Group recognizes liabilities based on estimates of whether additional taxes will be due. Where



the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the current year, the entity applied a tax rate of 24.72% (December 2022:24.72%). Refer to Note 2.11.

#### 3.2.3. Hyperinflation accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and in the manner required by the Companies and other Business Entities Act (Chapter 24:31). The financial statements are based on the statutory records, which are maintained under the historical cost convention, these are restated to take account of the effects of inflation in accordance with International Accounting Standard 29, 'IAS 29' (Financial Reporting in Hyperinflationary Economies). Refer to note 2.1 for judgements used.

#### 3.2.4. Determining appropriateness of use of interbank spot rate

In determining the appropriateness of use of the interbank rate of exchange to translate transactions incurred in other currencies other than the functional currency, the Group considered the following factors:

- The Group is a net exporter and has not accessed foreign currency from any other market except from own generated resources;
- Twenty five percent of export receipts are compulsorily liquidated at prevailing auction market rates;
- Imports and other operational requirements are funded from own generated funds; and
- The Group's operations are considered essential services and, in the event own generated resources would have been inadequate, it would have participated on the auction market for allocation.

#### 3.2.5. Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. The assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment.

#### 3.2.6. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) because 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. Judgement is required on whether a present obligation exist.

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



| Standard/ Interpretation:  | Effective<br>date:<br>Years<br>beginning on<br>or after | Expected<br>impact:                               |
|--|---|---|
| IFRS 17: Insurance contracts<br>IFRS 17 provides the first comprehensive guidance on<br>accounting for insurance contracts under IFRS Accounting<br>Standards. It aims to increase transparency and reduce<br>diversity in the accounting for insurance contracts. On 25<br>June 2020, the IASB issued 'Amendments to IFRS 17' to<br>address concerns and implementation challenges that were<br>identified after IFRS 17 'Insurance Contracts' was published in<br>2017.  | 1 January<br>2023                                       | Likely there<br>will be a<br>material<br>impact   |
| <b>IAS 12 : Deferred Tax Related Assets and liabilities</b><br>Deferred Tax related to Assets and liabilities arising from<br>a Single Transaction amends IAS 12 Income Taxes. The<br>amendments narrowed the scope of the recognition<br>exemption in paragraphs 15 and 24 IAS 12 so that it no<br>longer applies to transaction that on initial recognition give<br>rise to equal taxable and deductible temporary difference<br>The amendment apply to transaction such as lease and<br>decommissioning obligation. | 1 January<br>2023                                       | Unlikely<br>there will be<br>a material<br>impact |
| <b>Classification of liabilities as Current or Non-current</b><br>Classification of liabilities as current or non-current clarifies<br>a criterion in IAS 1 Presentation of Financial Statement for<br>Classifying a liability as noncurrent: The requirement for an<br>entity to have the right to defer settlement of the liability for<br>at least 12 months after the reporting period.  | 1 January<br>2023                                       | Unlikely<br>there will be<br>a material<br>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 2024 or later periods:

| Standard/ Interpretation:  | Effective<br>date:<br>Years<br>beginning on<br>or after | Expected<br>impact:                             |
|--|---|---|
| <ul> <li>IFRS 16, Leases -Lease Liability in a Sale and Leaseback)</li> <li>The amendment requires a seller-lessee to account for variable lease payments that arise in a sale-and-leaseback transaction as follows: <ul> <li>On initial recognition, include variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction.</li> <li>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.</li> </ul> </li> <li>Seller-lessees are required to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019.</li> </ul> | January 2024  | Likely there<br>will be a<br>material<br>impact |
| Amendments to IAS 7 Statement of Cash Flows and IFRS<br>7 Financial Instruments: Disclosures - Supplier Finance<br>Arrangements<br>The amendments add a disclosure objective to IAS 7 stating<br>that an entity is required to disclose information about its<br>supplier finance arrangements that enables users of financial<br>statements to assess the effects of those arrangements on<br>the entity's liabilities and cash flows.<br>In addition, IFRS 7 was amended to add supplier finance<br>arrangements as an example within the requirements<br>to disclose information about an entity's exposure to<br>concentration of liquidity risk.  | January 2024  | Unlikely<br>to have a<br>material<br>impact     |



| Standard/ Interpretation:   | Effective<br>date:<br>Years<br>beginning on<br>or after                  | Expected<br>impact:                                |
|---|--|--|
| <ul> <li>IFRS 10: Consolidated Financial Statements and IAS 28:<br/>Sale or Contribution of Assets between an Investor and its<br/>Associate or Joint Venture</li> <li>Executive Summary<br/>The amendments deal with situations where there is a sale or<br/>contribution of assets between an investor and its associate<br/>or joint venture.</li> <li>IAS 28 and IFRS 10 are amended as follows:</li> </ul>   | Postponed<br>to a date to<br>be advised<br>(initially 1<br>January 2016) | Unlikely<br>there will be<br>a material<br>impact. |
| <ul> <li>IAS 28 now reflects the following:</li> <li>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</li> <li>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.</li> </ul>  |  |  |
| <ul> <li>IFRS 10 now reflects the following:</li> <li>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</li> <li>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.</li> <li>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.</li> <li>Earlier application of these amendments is still permitted</li> </ul> |  |  |



| Standard/ Interpretation:  | Effective<br>date:<br>Years<br>beginning on<br>or after | Expected<br>impact:                               |
|--|---|---|
| Amendments to IAS 1 Presentation of Financial<br>Statements: Classification of Liabilities as Non-current<br>Executive Summary<br>The amendments to IAS 1 affect only the presentation<br>of liabilities as current or non-current in the statement of<br>financial position and not the amount or timing of recognition<br>of any asset, liability, income or expense, or the information<br>disclosed about those items.<br>The amendments<br>*clarify that the classification of liabilities as current or<br>non-current is based on rights that are in existence at the end<br>of the reporting period,<br>*specify that classification is unaffected by expectations about<br>whether an entity will exercise its right to defer settlement of<br>a liability,<br>*explain that rights are inexistence if covenants are complied<br>with at the end of the reporting period, and<br>*introduce a definition of 'settlement' to make clear that<br>settlement refers to the transfer to the documentary of cash,<br>equity instruments, other assets or services. | January 2024  | Unlikely<br>there will be<br>a material<br>impact |
| Non -Current liabilities with Covenants<br>Non -current liabilities with Covenants amends IAS 1<br>Presentation of Financial statement. The amendments<br>improve the improve the information an entity provides<br>when its right to defer settlement of a liability for at least<br>twelve month is subject to compliance with covenants. The<br>amendments also respond to stakeholders concerns about<br>the classification of such a liability as current or non-current  | January 2024  | Unlikely<br>there will be<br>a material<br>impact |



| IFRS S1 General requirements for the disclosure of<br>sustainability-related financial information<br>IFRS S1 establishes general requirements with the objective<br>of requiring an entity to disclose information about its<br>sustainability-related risks and opportunities. IFRS S1<br>prescribes how an entity should prepare and present its<br>sustainability-related financial information. It sets out general<br>requirements for the content and presentation of these<br>disclosures so that the information disclosed is useful to<br>primary users of financial reporting in making decisions about<br>the provision of resources to the entity. | January 2024  | Likely there<br>will be a<br>material<br>impact |
|---|---|---|
|   |   | I I   |
| Standard/ Interpretation:   | Effective<br>date:<br>Years<br>beginning on<br>or after | Expected<br>impact:                             |





| For the year ended 31 December 2023                              |                    | GROUP            |                  |                 |                    | CORPORATION    | ATION           |               |
|--|--------------------|------------------|------------------|-----------------|--------------------|----------------|-----------------|---------------|
|  | Inflation Adjusted | justed           | Historical Cost  | Cost            | Inflation Adjusted | ijusted        | Historical Cost | l Cost        |
| 2 Martin   | 2023               | 2022             | 2023             | 2022            | 2023               | 2022           | 2023            | 2022          |
| 5.3 Administration Expenses                                      | ZML\$              | ZML\$            | ZML\$            | ZML\$           | ZML\$              | \$ML\$         | ZWL\$           | ZWL\$         |
| Included in the administration expenses are the following items: |                    |                  | •                | •               |                    |                |                 |               |
| Loss on disposal of items of property and equipment              | 3,161,819          |                  | 78,436           | 7,763,938       | 3,161,819          | 8,547,797      | 701,328         | 1,778,790     |
| Audit fees   | 574,920,507        | 241,666,550      | 448,525,675      | 51,604,979      | 141,676,605        | 2,676,195      | 126, 128, 236   | 3,063,066     |
| Depreciation   | 9,039,169,549      | 6,307,463,021    | 3,410,298,537    | 645,939,962     | 357,482,642        | 331,402,854    | 167,903,741     | 59,141,004    |
| Amortisation of intangible assets                                | 1,308,270          | 602,847          | 170,447          | 70,535          | •                  |                | •               |               |
|  |                    |                  |                  |                 |                    |                |                 |               |
| Directors' emoluments:   |                    |                  |                  |                 |                    |                |                 |               |
| -for services as directors                                       | 2,222,565,595      | 915,343,294      | 822,092,516      | 151,734,604     | 212,529,740        | 22,216,460     | 123,532,052     | 14,412,312    |
| -for managerial services   | 44,572,232,750     | 1,064,854,617    | 18,581,258,572   | 2,045,980,600   | 1,463,305,461      | 127,654,029    | 1,090,655,985   | 120,059,322   |
|  |                    |                  |                  |                 |                    |                |                 |               |
| Employee benefits expense :                                      |                    |                  |                  |                 |                    |                |                 |               |
| -Salaries, wages and other                                       | 130,754,090,830    | 44,607,060,155   | 66,136,477,847   | 5,540,396,696   | 11,017,580,331     | 5,172,990,486  | 6,718,823,303   | 701,160,275   |
| -National Social Security Authority                              | 1,603,561,189      | 567,640,292      | 618,934,809      | 90,564,800      | 256,939,051        | 55,290,058     | 176,154,325     | 21,051,931    |
| - Pension costs  | 2,482,521,518      | 723,236,222      | 1,211,475,030    | 128,432,503     | 505,326,479        | 146,672,572    | 309,768,291     | 21,680,250    |
| - Medical aid  | 4,677,342,371      | 3,021,048,574    | 2,736,520,297    | 427,210,336     | 266,457,662        | 164,489,015    | 131,480,037     | 26,950,361    |
| Other Administration expenses                                    | (4,167,713,256)    | 15,000,951,155   | (10,305,265,202) | 1,002,635,057   | 5,695,499,998      | 5,433,927,354  | 3,534,510,236   | 739,768,477   |
| Total  | 191,763,161,142    | 72,449,866,728   | 83,660,566,964   | 10,092,334,010  | 19,919,959,788     | 11,465,866,818 | 12,379,657,534  | 1,709,065,788 |
| 5.4 Net finance costs  |                    |                  |                  |                 |                    |                |                 |               |
| Finance costs:   |                    |                  |                  |                 |                    |                |                 |               |
| Interest on debts and borrowings                                 | (6,183,088,444)    | (15,989,993,123) | (1,783,250,255)  | (2,539,311,742) | •                  | (21,641,647)   | •               | (4,503,610)   |
| Finance income:  |                    |                  |                  |                 |                    |                |                 |               |
| Interest on accounts receivable                                  | 6,743,093,668      | 13,366,868,002   | 2,646,580,471    | 2,209,892,927   | 4,352,808,924      | 12,077,589,351 | 1,738,929,243   | 2,014,626,523 |
|  | 560,005,224        | (2,623,125,120)  | 863,330,216      | (329,418,815)   | 4,352,808,924      | 12,055,947,703 | 1,738,929,243   | 2,010,122,913 |
|  |                    |                  |                  |                 |                    |                |                 |               |

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4.

| GROUP<br>Inflation Adjusted Historical Cost  | 2022<br>ZWL\$ | (23,506,663,276) (12,369,984,909) (14,406,280,723) (2,188,237,229)<br>(23,506,663,276) (12,369,984,909) (14,406,280,723) (2,188,237,229) | 40,054,313,906 1,922,285,753 61,015,806,046 5,808,286,159 11,700,240,694    | 16,547,650,630 (10,447,699,157) 46,609,525,323 3,620,048,930 11,023,855,170 | 78,445,647,100 28,829,387,692 140,419,309,236 12,798,967,906                                     | 78,445,647,100 28,829,387,692 140,419,309,236 12,798,967,906 | 64,266,351,856 2,868,709,669 95,622,466,863 10,504,866,295 (5,210,985,293)<br>% % | (24.72)       (24.72)       -       (24.72)         (7.26)       (7.26)       (7.26)       (7.26)         21.77       21.77       21.42       21.42         (13.79)       34.97       35.77       35.77         24.90       (23.80)       (23.79)       (23.79)         0.90       0.96       26.14       1.42 |
|--|---------------|--|---|---|--|--|---|--|
| INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED<br>Notes to the Financial Statements<br>For the year ended 31 December 2023 | 6 Taxation    | Income tax<br>Current tax expenses<br>Current year   | Deferred tax expense<br>Origination and reversed of termonizory differences | ncome statement   | Amounts recognised in other comprehensive income<br>Revaluation of property, plant and equipment | Income tax charged directly to other comprehensive income    | Reconciliation of effective tax charge<br>Profit/(loss) before tax                | Standard rates<br>Interest subject to lower rates of tax<br>Tax incentive subject to lower rates<br>Permanent differences-associated companies<br>Disallowable expenses<br>Total   |

| K   |                    | GROUP           | Ъ               |               |                    | CORPORATION    | ATION           |               |
|---|--------------------|-----------------|-----------------|---------------|--------------------|----------------|-----------------|---------------|
|   | Inflation Adjusted | ljusted         | Historical Cost | l Cost        | Inflation Adjusted | djusted        | Historical Cost | l Cost        |
| 7 Deferred taxation                                   | 2023               | 2022            | 2023            | 2022          | 2023               | 2022           | 2023            | 2022          |
|   | \$ML\$             | \$NN2           | \$JWL\$         | \$TML\$       | ZWL\$              | ZWL\$          | ZWL\$           | \$ML\$        |
| Net deferred tax analysed as follows                  |                    |                 |                 |               |                    |                |                 |               |
| Deferred tax liabilities                              | 90,547,983,444     | 54,514,533,369  | 90,008,723,031  | 8,869,962,429 | (578,607,845)      | 13,481,006,262 | 42,466,479      | 137,641,646   |
| Deferred tax asset                                    | (8,343,091,331)    | (5,765,684,709) | (2,048,218,211) | (279,589,214) | 1,751,731,915      | (607,641,528)  | (354,709,728)   | (135,556,166) |
| H / K   | 82,204,892,113     | 48,748,848,660  | 87,960,504,820  | 8,590,373,215 | 1,173,124,070      | 12,873,364,734 | (312,243,249)   | 2,085,480     |
|   |                    |                 |                 |               |                    |                |                 |               |
| Deferred tax comprises of the tax effect on temporary | 0                  |                 |                 |               |                    |                |                 |               |
| differences arising from:                             |                    |                 |                 |               |                    |                |                 |               |
| Property, plant and equipment                         | 72,977,325,003     | 32,834,179,421  | 70,873,756,842  | 7,024,259,680 |                    | 289,314,201    | 42,466,479      | 51,967,310    |
| Receivables   | 2,262,641,620      | 206,090,377     | 2,262,641,620   | 42,887,247    | •                  | •              | •               |               |
| Investments   | 5,260,902,464      | 15,057,541,952  | 5,448,421,200   | 473,956,246   | •                  | 13,191,692,061 | •               | 85,674,336    |
| Inventory   | •                  | 1,135,391,618   | •               | (8,930,925)   | •                  | •              | •               |               |
| Revaluations  | 10,047,114,357     | 5,281,330,002   | 11,423,903,369  | 1,337,790,181 | •                  | •              | •               |               |
| Prepayments   | 374,930,219        | 34,092,684      | 765,344,441     | 49,713,815    | •                  | •              | •               |               |
| Provisions  | (2,543,773,897)    | (2,139,882,487) | (2,597,618,665) | (449,907,762) | (578,607,845)      | (688,839,434)  | (578,607,845)   | (135,556,166) |
| Assessed loss   | (1,363,668,388)    | (3,306,512,261) | (1,237,682,481) | 120,604,733   | (797,840,376)      | •              | (797,840,376)   |               |
| Unrealised exchange loss                              | (4,810,579,265)    | (353,382,646)   | 1,021,738,494   |               | 2,549,572,291      | 81,197,906     | 1,021,738,493   |               |
|   | 82,204,892,113     | 48,748,848,660  | 87,960,504,820  | 8,590,373,215 | 1,173,124,070      | 12,873,364,734 | (312,243,249)   | 2,085,480     |
|   |                    | 2               |                 | -             | -                  |                | -               | =             |

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

For the year ended 31 December 2023 Notes to the Financial Statements

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 assets and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and current tax assets. 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\$1 363 668 387 (2022 : ZW\$3 306 512 261)

| L. Z  | 283,021,902,<br>6,254,380,                          | 114,731,365,<br>(5,565,117,<br>(1458 065               | 397,983,566,<br>3,871,752,                    | 384,039,724,<br>(271-185                | 785,623,858,        | 27,599,027,<br>6,307,463,<br>(32,562,331,<br>(214,555,   | <b>1,129,604</b> ,<br>9,039,169,<br>(8,703,982,<br>(21,398,<br><b>1,443,392</b> ,             | 784,180,466,<br>396,853,962,                                 |
|---|---|--|---|---|---------------------|--|---|--|
| Capital work<br>in progress<br>ZWL\$          | 2,334,959,194<br><b>3,096,297,313</b>               | -<br>760,896,099<br>(3,448,507,501)<br>776,214,106)    | <b>2,717,430,999</b><br>1,501,149,847         | (2,030,587,613)<br>-<br>-               | 2,187,993,233       |  |   | 2,187,993,233<br>2,717,430,999                               |
| Mining<br>assets<br>ZWL\$                     |   | 1 1  |   | ı                                       |                     |  |   |  |
| Office furniture<br>& equipment<br>ZWL\$      | 2,405,799,694<br>(20,861,327)                       | -<br>221,280,726<br>(40,283,995)<br>791.011            | <b>2,536,144,055</b><br>988,636,901           | 4,393,166,098<br>-<br>(13 458 351)      | 7,904,488,703       | 1,023,909,878<br>370,768,096<br>(1,392,953,813)<br>(1,724,161)                                   | -<br>1,135,414,095<br>(991,779,999)<br>(3,767,924)<br><b>139,866,171.32</b>                   | 7,764,622,532<br>2,536,144,055                               |
| Motor<br>vehicles<br>ZWL\$                    | 15,991,736,765<br>-                                 | -<br>(7,942,325,578)<br>(908,589,851)<br>/307 865 957) | 6,742,965,379<br>950,480,429                  | 2,016,320,020<br>-<br>1257 549 225)     | 9,452,216,603       | 3,980,441,435<br>1,156,871,710<br>(4,924,931,489)<br>(212,381,656)                               | -<br>717,655,130<br>(553,598,070)<br>(17,519,235)<br><b>146,537,825.49</b>                    | 9,305,678,777<br>6,742,965,379                               |
| Plant &<br>equipment<br>ZML\$                 | 30,987,701,239<br>2,554,112,243                     | -<br>(3,198,902,531)<br>(644,107,267)<br>/5,404.007    | 29,693,699,677<br>303,072,288                 | 18,739,103,271<br>-<br>1177 797)        | 48,735,697,439      | 21,763,868,135<br>1,524,506,577<br>(23,287,925,302)<br>(449,410)                                 | -<br>2,935,270,745<br>(2,930,130,846)<br>(111,667)<br><b>5,028,232.00</b>                     | 48,730,669,207<br>29,693,699,677                             |
| Land, buildings &<br>permanent works<br>ZWL\$ | 231,301,705,737<br>624,832,745                      | -<br>124,890,416,964<br>(523,628,921)                  | <b>356,293,326,525</b><br>128,413,129         | 360,921,723,133<br>-<br>-               | 717,343,462,787     | 830,808,268<br>3,255,316,638<br>(2,956,520,553)  | 1,129,604,353<br>4,250,829,579<br>(4,228,473,612)<br>-<br>1,151,960,319                       | 716,191,502,468<br>355,163,722,173                           |
| Inflation Adjusted<br>GROUP                   | Cost or valuation<br>At 1 January 2022<br>Additions | Transfers<br>Revaluation<br>Impairments<br>Discossed   | As 31 December 2022<br>Additions<br>Transfers | Revaluation<br>Impairments<br>Disnosate | At 31 December 2023 | Accumulated depreciation<br>At 1 January 2022<br>Charge for the year<br>Revaluation<br>Disposals | As 31 December 2022<br>Charge for the year<br>Revaluation<br>Disposals<br>At 31 December 2023 | Net book value<br>As 31 December 2023<br>As 31 December 2022 |

635

606

114 594

,975 679

ž

764

715 021

157

352 549 548

218

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED Notes to the Financial Statements For the year ended 31 December 2023

| INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED | otes to the Financial Statements  | or the year ended 31 December 2023 |
|--|-----------------------------------|------------------------------------|
| INDUSTRIAL DEVELOPMENT CORP.                           | Notes to the Financial Statements | For the year ended 31 December 202 |

| permanent works | equipment       | vehicles      | & equipment   | assets  | in progress   | <u>1 0(a)</u>   |
|-----------------|-----------------|---------------|---------------|---------|---------------|-----------------|
| \$ML\$          | ZML\$           | ZWL\$         | ZWL\$         | \$TML\$ | ZML\$         | ZML\$           |
|                 |                 |               |               |         |               |                 |
| 13,9/3,631,426  | 960,159,071     | 265,382,792   | 67,587,034    |         | 145,268,136   | 15,412,028,459  |
| 76,555,396      | 647,114,254     | 168,164,447   | 157,202,970   |         | 422,298,234   | 1,471,335,301   |
| 59,565,982,943  | 4,572,689,511   | 1,023,813,158 | 308,238,486   |         |               | 65,470,724,099  |
| -               | (668,001)       | (54,154,551)  | (5,188,684)   |         | (3,067,095)   | (63,078,331)    |
| 73,616,169,765  | 6,179,294,835   | 1,403,205,846 | 527,839,806   |         | 564,499,274   | 82,291,009,528  |
| 49,012,645      | 140,890,383     | 437,342,040   | 414,837,854   |         | 1,991,304,516 | 3,033,387,438   |
| 635,842,649,670 | 42,387,647,255  | 6,925,865,235 | 6,160,764,067 |         |               | 691,316,926,226 |
|                 | (37,007)        | (57,197,928)  | (5,084,593)   |         |               | (62,319,527)    |
| 709,507,832,080 | 48,707,795,466  | 8,709,215,194 | 7,098,357,134 |         | 2,555,803,789 | 776,579,003,664 |
|                 |                 |               |               |         |               |                 |
| 24,413,073      | 12,089,213      | 1,569,830     | 2,947,499     | ,       | 49,748        | 41,069,363      |
| 288,211,895     | 176,499,132     | 137,435,457   | 43,793,478    |         | •             | 645,939,962     |
| (267,804,968)   | (188,529,527)   | (107,564,350) | (45,764,285)  | •       | 9,934         | (609,653,196)   |
|                 | (58,818)        | (31,440,937)  | (976,692)     |         |               | (32,476,447)    |
|                 |                 |               |               |         |               | •               |
| 44,820,000      |                 |               |               |         | 59,682        | 44,879,682      |
| 1,666,954,360   | 1,025,232,125   | 245,839,291   | 472,272,761   |         |               | 3,410,298,537   |
| (1,658,402,371) | (1,023,344,679) | (198,376,463) | (424,329,613) |         | •             | (3,304,453,125) |
|                 | (23,242)        | (2,934,549)   | (2,666,353)   |         |               | (5,624,144)     |
| 53,371,989      | 1,864,204       | 44,528,279    | 45,276,796    |         | 59,682        | 145,100,950     |
|                 |                 |               |               |         |               |                 |
| 709,454,460,091 | 48,705,931,262  | 8,664,686,915 | 7,053,080,338 |         | 2,555,744,107 | 776,433,902,712 |
| 73,571,349,765  | 6,179,294,835   | 1,403,205,846 | 527,839,806   |         | 564,439,592   | 82,246,129,845  |

# INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

Notes to the Financial Statements For the year ended 31 December 2023

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

Sunvay 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 2023.

# Chemplex Corporation

The Property. Plant and Equipment were revalued by Intergrated Properties (Private) Limited(Dawn) as at 31 December 2023 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 2023 are as follows: GROUP

| Balance at 1 January | Additions | Changes in fair values | Disposals | Depreciation | Balance at 31 December |
|----------------------|-----------|------------------------|-----------|--------------|------------------------|
| Ba                   | Adi       | сh                     | Dis       | De           | Ba                     |
|                      |           |                        |           |              |                        |

Land and buildings

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

59,565,982,943 (20.406.927) 73,571,349,765 13,949,218,353 76,555,396 13.421.618 709,444,481,892 49.012.64 635,810,697,86 73,571,349,70 355,163,722,173 231,301,705,722 624,832,745 124,366,788,057 (1.129.604.351) 716, 191, 502, 468 356,293,326,490 128,413,129 360,921,723,169 (1.151.960.320

2022 ZWL\$

**Historical Cost** 

2023 ZWL9

2022 ZWL\$

Inflation Adjusted 2023 ZWL\$  
 Level 2
 Level 3
 Fair value as at 31 December 2023

 ZWL\$
 31 December 2023

 ZWL\$
 ZWL\$
 ZWL\$

 716,191,502,468
 Inflation Adjusted

 709,444,481,892
 709,444,481,892
 Historical Cost

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED Notes to the Financial Statements For the year ended 31 December 2023

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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   | Inter-relationship between key  |
|  | inputs   | unobservable inputs and fair value measurement  |
| The Investment Method was applied on all income producing properties.  | Average rentals per square metre -<br>Average rentals per square meter were between  | The estimated fair value would increase (decrease) if:                                |
| Market capitalisation rates were derived from market sales   | USD1.2-3.00 for industrial properties.   | - void period were shorter(longer)  |
| evidence and were determined in consultation with other  |  | - occupancy rate higher(lower) and  |
| investors and property brokers in the market.  | Average investment yield -<br>11% to 12%<br>Expetted market rental growth was lower due<br>to constrained economic condition | -yields were higher   |
| 10000  |  |   |
| The Direct Comparison Method was applied on all residential  | Offices  | Market value would increase if:   |
| properties, area intergrated Properties (PVI) Limited Identified<br>various properties that have been sold or which were on sale   | Average rentals per square metre were<br>between USD5.00 - 10.00 for offices.  | - yield rates were higher(lower)<br>-building quality was hicher                      |
| and situated in comparable areas using the Main Space  | Aveage yield was 10.50%  | -land values were higher  |
| Equivalent (MOSE) principle. The total MOSE of Comparative<br>areas was then used to determine the value per square metre  | Expetced market rental growth was lower due  | -location of the property was better  |
| utilising size, quality, location and the MSE factor.  |  | -main space was nigner<br>-the building size was big and in good location             |
|  | Values were driven by:   | -Void periods were shorter thus reducing property expenses and improving income yield |
| - 100 Children -   | Location factor, Quality factor; Size factor<br>and land values  | -Occupancy rates were higher thus bossting net incomes.                               |
| All and a second a |  |   |
| The Depreciation Replacement Value was used on   | Specialised  | Depreciated   |
| specialised properties whose values cannot be aeasily<br>observable in the market Gross replacement costs were   | properties. Building<br>costs Depreciation   | replacement value<br>would increase if -  |
| applied per square metre of plinth areas of a building and then factors depended on  | factors depended on  | The buildings were  |
| rise to a depreciated replacement cost which would then be   | obsolesce of the   | new analon were wen<br>maintained -Land   |
| added to the land value to give a depreciated replacement value.   | building. Land values<br>were observed from  | values were higher -<br>Gross replacement   |
|  | the market and<br>differed from location   | costs per square<br>metre were hicher   |
|  | to location.   |   |
| Here and the second sec |  |   |
|  |  |   |
|  |  |   |
|  |  |   |
| ) Impairment loss<br>During the year ended 31 December 2023, due to reduction in market value for some assets, the Group tested its assets for impairment and recognised an  | market value for some assets, the Group tested its a   | ssets for impairment and recognised an  |
| impairment loss of nil (2022 : Nil ).  |  |   |

(b) Ir

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

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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

| iost Total<br>ZML\$   | 144,575,880<br>79,383,874<br>197,273,447<br>(2.050,469) | <b>419,182,731</b><br>14,809,807<br>(7,469,028) | <b>4.26,523,509</b><br>4,534,497<br>59,141,004<br>(271,680)        | 44,820,000<br>91,888,658<br>(4,885,723)<br>131,822,935         | 294,700,575<br>374,362,731 |
|---|---|---|--|--|----------------------------|
| Historical Cost<br>Office furniture<br>& equipment<br>ZML\$ | 12,595,146<br>28,897,159<br>76,671,820<br>(2,050,469)   | <b>116,113,655</b><br>14,809,807<br>(1,300,929) | 129,622,532<br>2,656,055<br>8,539,146<br>(10,923,521)<br>(271,680) | 44,035,626<br>(599,504)<br>(599,504)<br><b>43,436,022,1800</b> | 86,186,510<br>116,113,655  |
| Motor<br>vehicles<br>ZML\$                                  | 3,623,709<br>50,486,715<br>120,601,627                  | <b>174,712,051</b><br>-<br>(6,168,099)          | 168,543,952<br>757,942<br>6,902,359<br>(7,660,301)                 | 47,853,032<br>47,853,032<br>(4,286,120)<br>43,566,912.330      | 124,977,040<br>174,712,051 |
| Land, buildings &<br>permanent works<br>ZML\$               | 128,357,025<br>-<br>-                                   | 128,357,025<br>-<br>-                           | 128,357,025<br>1,120,500<br>43,699,500                             | 44,820,000<br>-<br>-<br>44,820,000                             | 83,537,025<br>83,537,025   |

| djusted Total ZML\$   | 3,554,641,629<br>819,979,495<br>187,917,507<br>(10,013,608) | 4,552,325,023<br>31,468,343<br>(14,160,090)<br>4,569,833,275 | 163,656,726<br>1,139,493,113<br>(177,439,963)<br>(1,305,531)<br>1,129,604,345<br>287,577,812 | (8,486,062)<br>1,408,696,095<br>3,161,137,181<br>3,422,920,677 |
|---|---|--|--|--|
| Inflation Adjusted<br>Office furniture<br>& equipment<br>ZMLS | 299,586,995<br>252,187,333<br>16,211,824<br>(10,013,608)    | 557,972,544<br>31,468,343<br>(5,926,765)<br>583,514,122      | 56,656,866<br>58,339,931<br>(113,691,266)<br>(1,305,531)<br>137,815,366                      | (2.764,948)<br>135,050,418.3300<br>448,463,704<br>557,972,544  |
| Motor<br>vehicles<br>ZML\$                                    | 100,063,447<br>567,792,162<br>171,705,683                   | 839,561,292<br>-<br>(8,233,326)<br>831,327,967               | 16,591,389<br>47,157,308<br>(63,748,697)<br>-<br>149,762,446                                 | (5,721,114)<br>144,041,332<br>687,286,635<br>839,561,292       |
| Land, buildings &<br>permanent works<br>ZML\$                 | 3,154,991,186   | 3,154,991,186<br>-<br>3,154,991,186                          | 95 608 471<br>1,033,995,874<br>1,129,604,345   | -<br>1,129,604,345<br>2,025,386,841<br>2,025,386,841           |
|   |   |  |  |  |

As 31 December 2022

Additions

Disposals

Disposals

Revaluation adjustment

Additions

Cost or valuation At 1 January 2022 Accumulated depreciation

At 31 December 2023

Revaluation adjustment

Disposals

Charge for the year

At 1 January 2022

As 31 December 2022

Charge for the year

Revaluation adjustment

Disposals

At 31 December 2023

As 31 December 2023 As 31 December 2022

Net book value

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INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

Notes to the Financial Statements For the year ended 31 December 2023

CORPORATION

8.1 Intangible assets

|  |                         |             | Inflation Adjusted | ljusted    |
|--|-------------------------|-------------|--------------------|------------|
| GROUP  |                         |             |                    |            |
| N 4  | Patents and<br>licences | Softwares   | Other              | Total      |
| a freed of                                     | ZWL\$                   | ZML\$       | ZWL\$              | ZWL\$      |
| Cost at 1 January 2022                         |                         | 60,499,760  | 2,721,834          | 63,221,594 |
| Additions                                      | 1                       | (1,327,216) | 1,327,216          | •          |
| Balance at 31 December 2022                    |                         | 59,172,544  | 4,049,050          | 63,221,594 |
| Additions                                      |                         | (199,671)   | •                  | (199,671)  |
| Balance at 31 December 2023                    |                         | 58,972,873  | 4,049,050          | 63,021,923 |
|  |                         |             |                    |            |
| Accumulated amortisation and impairment losses |                         |             |                    |            |
| Balance at 1 January 2022                      |                         | 16,387,233  | •                  | 16,387,233 |
| Amortisation                                   |                         |             | •                  | •          |
| Balance at 31 December 2022                    |                         | 16,387,233  | •                  | 16,387,233 |
| Amortisation                                   |                         | 1,308,271   | •                  | 1,308,271  |
| Balance at 31 December 2023                    |                         | 17,695,504  | •                  | 17,695,504 |
| Comine another                                 |                         |             |                    |            |
| Carrying amounts<br>At 31 December 2023        | L                       | 41,277,369  | 4,049,050          | 45,326,419 |
| At 31 December 2022                            |                         | 42,785,311  | 4,049,050          | 46,834,361 |
| 4  |                         |             |                    |            |

| st              | Total                | ZML\$   | 730,008 | •       | 730,008 | • | 730,008 | 297,412 | 70,535 | 367,947 | 170,447 | 538,394 | 191,614 | 362,061 |
|-----------------|----------------------|---------|---------|---------|---------|---|---------|---------|--------|---------|---------|---------|---------|---------|
| Historical Cost | Other                | ZWL\$   | 412     | 1,789   | 2,201   | • | 2,201   |         | •      | •       | •       | •       | 2,201   | 2,201   |
|                 | Softwares            | \$TML\$ | 729,596 | (1,789) | 727,807 |   | 727,807 | 297,412 | 70,535 | 367,947 | 170,447 | 538,394 | 189,413 | 359,860 |
|                 | Patents and licences | ZWL\$   |         |         | •       |   |         |         |        |         |         |         | •       |         |

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# INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED Notes to the Financial Statements

For the year ended 31 December 2023

| 9 Investment properties                                  | Inflation Adjsuted | djsuted<br>2022 | Historical Cost<br>2023 | al Cost<br>2022 |
|--|--------------------|-----------------|-------------------------|-----------------|
| Group  | ZWL\$              | ZWL\$           | ZWL\$                   | ZWL\$           |
| Balance at 1 January                                     | 15,176,912,610     | 9,427,190,614   | 3,158,303,702           | 570,288,090     |
| Reclassification from/(to) property, plant and equipment | (44,659)           | (3,020,841)     | I                       | I               |
| Disposals  |                    | 1               | 1                       | I               |
| Fair value gain  | 23,085,670,977     | 5,752,742,837   | 35,104,235,222          | 2,588,015,612   |
| Balance at 31 December                                   | 38,262,538,928     | 15,176,912,610  | 38,262,538,924          | 3,158,303,702   |

Rental Income generated from investment property amounted to ZWL\$5 188 417 692 (2022 : ZWL\$1 895 633 543). There were no repairs and maintenance costs of investment property that generated investment income in 2022 and 2023.

## 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, Subdivision 5, stand number 2081; two 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 vacant commercial stands number 1183 and 1184 all in Ventersburg Eastste and an industrial property on Lot 1 of Lot 8 of Lot 8 in Willowvale. The fair value of the Group's investment properties as at 31 December 2023 was determined by an independent property valuer, G.M Property Link (Private) Limited and Intergrated Properties, having appropriate recognised 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 \$38 262538 928 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 reconcilitation from the opening balances to the closing balances for level 3 fair values

|                             | ZWL\$          |
|-----------------------------|----------------|
| Balance at 1 January 2023   | 15,176,912,610 |
| Acquisitions                | (44,659)       |
| Disposals                   |                |
| Change in fair value        | 23,085,670,977 |
| Balance at 31 December 2023 | 38,262,538,928 |

# 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           | Inter-relationship between key                         |
|--|------------------------------------|--|
| a lost 1 men   | inputs                             | unobservable inputs and fair value measurement         |
| The Investment Method was applied on all income producing Average rentals per square metre - | Average rentals per square metre - | The estimated fair value would increase (decrease) if: |
| properties.  | USD1.20 to USD3.00                 |  |
| Market capitalisation rates were derived from market sales                                   |                                    | - expected market rental growth were higher (lower)    |
| evidence and were determined in consultation with other                                      |                                    | <ul> <li>void period were shorter(longer)</li> </ul>   |
| investors and property brokers in the market.  | Average investment yield -         | - occupancy rate higher(lower) and                     |
|  | 11% to 12%                         | - yield rates were higher(lower)                       |
| The Direct Comparison Method was applied on all residential                                  |                                    | -building quality was higher                           |
| properties, after Intergrated Properties (Private) Limited                                   | Estimated remaining life           | -land values were higher                               |
| identified various properties that have been sold or which                                   | 1 -20vrs                           | -location of the property was better                   |
| 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                                    | Ab si                              |  |
| square metre of MSE.   |                                    |  |
|  |                                    |  |

- 10 Investments
- 10.1 Investment in subsidiaries

### Corporation

The Corporation uses the cost model to account for its investment in subsidiaries. At 31 December 2023, the amount of the investment in

subsidiaries and the percentages of shareholding are as follows:

|  |      | Inflation Adjusted                     | isted           | Historical Cost | al Cost       |
|--|------|--|-----------------|-----------------|---------------|
| + 11 11 11   |      | 2023                                   | 2022            | 2023            | 2022          |
|  |      | \$ML\$                                 | ZWL\$           | ZWL\$           | \$TWL\$       |
| Willowvale Motor Industries Private Limited                | 100% | 16,708,902,382                         | 16,708,902,382  | 122,596,195     | 122,596,195   |
| Chemplex Corporation Limited                               | 100% | 136,992,238,093                        | 136,992,238,093 | 765,684,208     | 765,684,208   |
| Ginhole Investments (Private) Limited t/a Last Hope Estate | 100% | 4,785,475,875                          | 4,785,475,875   | 37,773,674      | 37,773,674    |
| Deven Engineering (Private) Limited                        | 100% | 7,431,025,963                          | 7,431,025,963   | 55,644,450      | 55,644,450    |
| Sunway City (Private) Limited                              | 99.  | 72,659,151,205                         | 72,659,151,205  | 535,581,903     | 535,581,903   |
|  |      | 238,576,793,518                        | 238,576,793,518 | 1,517,280,430   | 1,517,280,430 |
|  |      | 1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1. |                 | 1               |               |

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

| INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED<br>Notes to the Consolidated Financial Statements (continued) |
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|  |

For the year ended 31 December 2023

### Investment in associates 10.2

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.

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| The following table illustrates summarised financial information of the Group's investment in all the associate entities.  | 's investment in all the associate entities.  | :  |   |  |
|--|---|--|---|--|
| Associate and percentage owned   | Percentage owned ncipal place of business Nature and activities of<br>each Associate  | Nature and activities of<br>each Associate   |   |  |
| Sino-Zimbabwe Cement Company (private) Limited<br>Amtec Motors (private) Limited<br>Sable Chemicals Limited<br>Zimbabwe Grain Bag (private) Limited<br>The carrying amounts of the investment in associate at cost net of accumula | <ul> <li>35% Zimbabwe</li> <li>35% Zimbabwe</li> <li>27.5% Zimbabwe</li> <li>28% Zimbabwe</li> <li>86% Zimbabwe</li> <li>Producer of ammonium nitrate fertilizer</li> <li>49% Zimbabwe</li> <li>Manufacturer of polypropylene packagi</li> <li>accumulated impairment in the separate statement of financial position as at 31 December 2023 was</li> </ul> | Cerment manufacturer and distributor<br>Sales of brand new vehicles and servicing of vehicles<br>Producer of ammonium nitrate fertilizer<br>Manufacturer of polypropylene packaging and various bags.<br>I position as at 31 December 2023 was | utor<br>servicing of vehicles<br>rtilizer<br>ackaging and various bags<br>3 was |  |
| zwrazu izo aso ooz (zuzz. zwrazu izo aso ooz). III ule gloup life dal ylifg alloulits as at o'i bedenbel zuzo ale zwratus to ruo otr (zuzz. zwrada rao ruo otr otro).<br>The Carrierd Amounts of the Accordates:                   | lig allouills as at o'i Decellibel 2020 ale 2WL\$ 109 41  | o ros o4r(zuzz. zvvc309 ros<br>Inflation Adiustad  | 114 040).   | 1  |
| GROUP  | Sino - Zimbabwe<br>Cement Company   | Amtec<br>Motors  | Sable<br>Chemicals G  | Sable Zmbabwe<br>Chemicals Grain Bad (Private) |
|  | (Private) Limited<br>ZWL\$  | (Private) Limited<br>ZWL\$   | Limited<br>ZWL\$  | Limited<br>ZWL\$                               |
| Opening balance  | 23,471,782,402  | 7,602,692,971  | 32,357,565,140  | 6,361,073,826                                  |
| Share of profit/(loss)   | 7,792,045,104   | 460,579,140  |   | 2,314,264,085                                  |
| Share of other comprehensive income  |   | 7,156,267,178  |   | 4,918,291,001                                  |
| Under/(over) statement of prior reserves and Impairments   | 53,908,046,685  | 495,549,559  | (32,357,565,140)  | (5,061,838,604)                                |
| Total  | 85,171,874,191  | 15715 088 847  |   | 8,531,790,308                                  |
| The Carrying Amounts of the Associates:  |   | Inflation Adjusted   |   |  |
| GROUP<br>2022  | Sino - Zimbabwe<br>Cement Company   | Amtec<br>Motors  | Sable<br>Chemicals G  | Sable Zmbabwe<br>Chemicals Grain Bag (Private) |
|  | (Private) Limited<br>ZWL\$  | (Private) Limited<br>ZWL\$   | Limited<br>ZWL\$  | Limited<br>ZWL\$                               |
| Opening balance  | 21,330,402,711  | 2,765,645,443  | 16,397,611,759  | 6,540,477,038                                  |
| Share of profit/(loss)<br>Share of OCI   | 5,685,595,507<br>-  | (390,308,707)<br>532.577,898   | (3,643,903,974)<br>19,615,473,520   | 2,811,293,398<br>2.663.341.673                 |
|  |   |  |   |  |

Total ZWL\$ 69,793,114,339

10,566,888,329

12,074,558,179

16,984,192,500 109,418,753,347

Total ZWL\$

47,034,136,952 4,462,676,225 (4,515,091,928)

 (11,616,166)
 (5,654,038,283)

 2,357,565,140
 6,361,073,826

32,357,565,140

(3,544,215,817) 23,471,782,402

Under/(Over) statement of prior reserves

Total

69,793,114,339

22,811,393,091

|                 |                 |                               | Total             | \$NN2   | 8,656,374,848 | 10,011,793,684 | 17,522,790,131 | 71,441,209,693  | 107,632,168,355 |                 |                               | Total             | \$JWL\$ | 1,661,651,907 | 1,350,443,463 | 5,791,595,402 | (147,315,924) | 8,656,374,848 |
|-----------------|-----------------|-------------------------------|-------------------|---------|---------------|----------------|----------------|-----------------|-----------------|-----------------|-------------------------------|-------------------|---------|---------------|---------------|---------------|---------------|---------------|
|                 | Zimbabwe        | Chemicals Grain Bag (Private) | Limited           | ZWL\$   | 1,323,735,226 | 2,314,264,084  | 4,918,291,000  | (24,500,000)    | 8,531,790,311   | Zimbabwe        | Chemicals Grain Bag (Private) | Limited           | \$ZWL\$ | 72,266,623    | 585,027,968   | 554,239,329   | 112,201,306   | 1,323,735,226 |
|                 | Sable           | Chemicals Gr                  | Limited           | ZWL\$   | 4,227,132,153 |                | ·              | (4,227,132,153) |                 | Sable           | Chemicals Gr                  | Limited           | ZWL\$   | 909,539,683   | (757,235,938) | 4,076,943,694 | (2,115,286)   | 4,227,132,153 |
| Historical Cost | Amtec           | Motors                        | (Private) Limited | \$TML\$ | 1,398,821,019 | (94,515,505)   | 12,604,499,131 | 19,699,208      | 13,928,503,853  | Amtec           | Motors                        | (Private) Limited | \$ML\$  | 65,009,579    | 33,644,333    | 1,160,412,379 | 139,754,728   | 1,398,821,019 |
| H               | Sino - Zimbabwe | Cement Company                | (Private) Limited | \$TMZ   | 1,706,686,450 | 7,792,045,104  |                | 75,673,142,637  | 85,171,874,191  | Sino - Zimbabwe | Cement Company                | (Private) Limited | \$ML\$  | 614,836,022   | 1,489,007,100 | •             | (397,156,672) | 1,706,686,450 |



A

|                   |              | Inflation Adiusted |                  |                     |
|-------------------|--------------|--------------------|------------------|---------------------|
| Sino - Zimbabwe   | babwe        | Amtec              | Sable            | Zimbabwe            |
| Cement Company    | mpany        | Motors             | Chemicals        | Grain Bag (Private) |
| (Private) Limited | -imited      | (Private) Limited  | Limited          | Limited             |
|                   | ZWL\$        | ZWL\$              | ZWL\$            | ZWL\$               |
| 101,095,668,393   | 68,393       | 19,978,348,387     | •                | 7,072,469,358       |
| 222,420,783,686   | 83,686       | 62,095,060,542     |                  | 15,105,509,138      |
| (36,512,471,816)  | 71,816)      | (15,775,865,309)   | •                | (1,587,907,856)     |
| (43,655,768,286)  | 68,286)      | (9,151,765,994)    | •                | (3,178,253,674)     |
| 243,348,211,976   | 11,976       | 57,145,777,626     | •                | 17,411,816,966      |
|                   |              |                    |                  |                     |
| 140,533,783,264   | 83.264       | 71,238,501,952     | •                | 14.898.477.224      |
| (79,995,263,117   | 63,117)      | (39,520,840,169)   | •                | (6,867,218,532)     |
| (2,583,695,330)   | 95,330)      | 5,462,334,311      | •                | 1,552,385,431       |
| (27,461,058,106)  | 58,106)      | (31,829,445,018)   | •                | (2,923,619,210)     |
| (92,15            | (92,156,458) | (2,985,705,589)    | •                | (2,220,129)         |
| 30,401,610,253    | 10,253       | 2,364,845,486      | •                | 6,657,804,784       |
| (9,373,156,452)   | 56,452)      | (690,012,250)      | -                | (1,934,816,857)     |
| 21,028,453,801    | 53,801       | 1,674,833,236      | •                | 4,722,987,927       |
| Cine 7imhchur     |              | Amtoo              | 0<br>1<br>0<br>0 | ZimhahaniZ          |
|                   | Dauwe        |                    |                  |                     |
|                   |              |                    |                  |                     |
| (Private) Limited |              | (Private) Limited  |                  |                     |
|                   | ZWL\$        | ZWL\$              | ZWL\$            | ZWL\$               |
| 32,850,665,869    | 65,869       | 9,709,099,032      | 50,640,397,761   | 5,239,560,600       |
| 63,292,437,578    | 37,578       | 29,864,659,867     | 114,351,825,983  | 8,914,033,252       |
| (15,248,216,567   | 16,567)      | (7,660,666,090)    | (54,602,748,284) | (1,171,803,522)     |
| (13,832,651,446)  | 51,446)      | (4,266,936,554)    | (20,507,350,071) |                     |
| 67,062,235,435    | 35,435       | 27,646,156,255     | 89,882,125,389   | 12,981,790,330      |
|                   |              |                    |                  |                     |
| 97,604,055,571    | 55,571       | 36,743,289,173     | 12,798,298,927   | 11.877,500,698      |
| (46,245,132,110)  | 32,110)      | (19,551,605,242)   | (18,286,023,733) | (5,822,397,432)     |
| 3,365,216,815     | 16,815       | 1,349,139,404      | 1,000,276,850    | 371,062,887         |
| (29,052,679,536)  | 79,536)      | (19,767,596,429)   | (2,930,887,766)  | (1,644,105,087)     |
| (15,26            | (15,290,783) | (1,821,339,584)    | (2,515,282,963)  | (1,729,612)         |
| 25,656,169,957    | 69,957       | (3,048,112,678)    | (9,933,618,685)  | 4,780,331,454       |
| (9,411,611,365)   | 11,365)      | 1,628,808,288      | (174,219,027)    | 957,002,008         |
| 16,244,558,592    | 58,592       | (1,419,304,390)    | (10,107,837,712) | 5,737,333,461       |
|                   |              |                    |                  |                     |

| INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED<br>Notes to the Financial Statements |
|---|
| For the year ended 31 December 2023   |
| Summarised Associate's statement of financial position:<br>GROUP<br>2023                    |
|   |
| Current assets<br>Non current assets  |
| Current liabilities<br>Non current liabilities  |
| Equity  |
| Additional information on associate companies   |
| Revenue<br>Cost of sales  |
| Other income/(expenses)   |
| Administration expenses<br>Net finance costs  |
| Profit/(Loss) before tax  |
| Тах   |
| Profit  |
| GROUP   |
| 2022  |
|   |
| Current assets  |
| Non current assets  |
| Current liabilities<br>Non current liabilities  |
| Equity  |
| Additional information on Associate Companies   |
| Revenue   |
| Cost of sales   |
| Other income  |
| Administration expenses<br>Net finance crets  |
| Profit /(loss) before tax   |
| Tax   |
| Profi/(loss)  |
|   |

|   |                                   | Historical Cost                       |                  |                                  |
|---|-----------------------------------|---------------------------------------|------------------|----------------------------------|
| Sino  | Sino - Zimbabwe                   | Amtec                                 | Sable            | Zimbabwe                         |
| Cemen   | <b>Cement Company</b>             | Motors                                | Chemicals        | Grain Bag (Private               |
| (Priva  | (Private) Limited                 | (Private) Limited                     | Limited          | Limited                          |
|   | ZWL\$                             | ZWL\$                                 | ZWL\$            | ZWL\$                            |
| 101.0   | 101.095.668.393                   | 15.258.757.451                        | •                | 7.072.469.358                    |
| 222.4   | 222.420.783.686                   | 59,713,531,701                        |                  | 15,105,509,138                   |
| (36,5   | (36,512,471,816)                  | (15,775,865,309)                      |                  | (1,587,907,860)                  |
|   | SEE 760 706)                      |                                       |                  | (2 170 JE2 E74)                  |
| (40,0   | (43,033,700,200)                  | (0,347,310,323)                       | •                | (7) (0, 200, 014)                |
| Z43,3   | 243,348,211,976                   | <b>JU,649,104,918</b>                 | •                | 11,411,810,902                   |
|   |                                   |                                       |                  |                                  |
| 140 5   | 110 533 783 264                   | 38 NG5 155 580                        |                  | 11 808 177 774                   |
| 0,0T1   | 70 005 763 117V                   | (01 134 130 108)                      |                  | 15 267 218 532)                  |
|   | 9,993,203,117)<br>77 583 695 330) | (Z 1, 134, 133, 120)<br>1 103 107 816 |                  | (0,001,210,332)<br>1 557 385 131 |
| 2.4/<br>/ 77  | 100,000,000)<br>161 068 106)      | 1,100,101,010<br>117 ABE 167 317      |                  |                                  |
| ( ,4</td <td>(27,401,030,100)<br/>(00,450,450)</td> <td></td> <td>•</td> <td>(2,323,019,210)</td> | (27,401,030,100)<br>(00,450,450)  |                                       | •                | (2,323,019,210)                  |
|   | (92,156,458)                      | (1,596,634,005)                       |                  | (2,220,129)                      |
| 30,4  | 30,401,610,253                    | (527,277,015)                         | •                | 6,657,804,784                    |
| (9,3  | (9,373,156,452)                   | 183,584,270                           | -                | (1,934,816,857)                  |
| 21,0  | 21,028,453,801                    | (343,692,745)                         | •                | 4,722,987,927                    |
|   |                                   |                                       |                  |                                  |
| Sino  | Sino - Zimbabwe                   | Stone                                 | Sable            | Zimbabwe                         |
| Cemen   | Cement Company                    | Holdings                              | Chemicals        | Grain Bag (Private               |
| (Priva  | (Private) Limited                 | (Private) Limited                     | Limited          | Limited                          |
|   | ZWL\$                             | ZWL\$                                 | ZWL\$            | ZWL\$                            |
| 6,4   | 6,429,360,000                     | 1,727,663,954                         | 3,575,860,779    | 1,090,348,483                    |
| 1,8   | 1,868,308,000                     | 5,719,226,993                         | 23,796,525,988   | 1,855,003,382                    |
| (3,1  | (3,173,142,000)                   | (1,594,178,650)                       | (11,362,789,421) | (243,851,401)                    |
| (2  | 248,279,000)                      | (766,090,412)                         | (4,267,563,589)  |                                  |
| 4,8   | 4,876,247,000                     | 5,086,621,885                         | 11,742,033,757   | 2,701,500,464                    |
|   |                                   |                                       |                  |                                  |
| 15.5  | 15.567.465.000                    | 4.734.620.216                         | 2.663.316.046    | 2.471.698.651                    |
| (6,6  | (6,696,740,000)                   | (2,384,376,879)                       | (3,805,307,307)  | (1,211,636,374)                  |
| - ლპ  | 376,820,000                       | 227,720,647                           | 208,156,834      | 77,217,898                       |
| (3,2  | (3,284,134,000)                   | (2,230,504,007)                       | (609,915,463)    | (342,136,989)                    |
|   | (3,189,000)                       | (224,078,148)                         | (523,428,427)    | (359,931)                        |
| 5,9   | 5,960,222,000                     | 123,381,829                           | (2,067,178,317)  | 994,783,255                      |
| (1,7  | 1,705,916,000)                    | (1,038,801)                           | (36,254,844)     | 199,151,373                      |
| 4,2   | 4,254,306,000                     | 122,343,028                           | (2,103,433,161)  | 1,193,934,628                    |
|   |                                   |                                       |                  |                                  |

| NUUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED<br>Votes to the Financial Statements<br>For the year ended 31 December 2023   |
|---|
| Summarised Associate's statement of financial position:<br>SROUP<br>2023  |
| Current assets<br>Von current assets<br>Current liabilities<br>Von current liabilities  |
| Additional information on associate companies<br>Revenue<br>Dost of sales<br>Other income/(expenses)<br>Administration expenses<br>Vet finance costs<br>Profit/(Loss) before tax<br>Tax |
| 3ROUP<br>2022   |
| Current assets<br>Von current assets<br>Durrent liabilities<br>Von current liabilities<br>Equity  |
| Additional information on Associate Companies<br>Revenue<br>Cost of sales<br>Dither income<br>Administration expenses<br>Vet finance costs<br>Profit /(loss) before tax<br>Tax          |
|   |

|       | INDLISTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED                  |                                      |   |                         |
|-------|--|--------------------------------------|---|-------------------------|
|       | Notes to the Financial Statements<br>For the year ended 31 December 2023 |                                      |   |                         |
|       | Group's share from associates  |                                      | Inflation Adjusted                      |                         |
| 66    | GROUP<br>2023  | Sino - Zimbabwe<br>Cement Company    | Amtec                                   | Ū                       |
| TH    |  | (Private) Limited                    | (Private) Limited                       | Ď                       |
|       |  | 35%<br>ZWL\$                         | 27.5%<br>ZWL\$                          |                         |
|       | Current assets   | 35,383,483,937                       | 5,494,045,806                           |                         |
|       | Non current assets   | 77,847,274,290                       | 17,076,141,649<br>// 220 262 060/       |                         |
|       | Current liabilities  | (12,179,500,130)<br>(15,279,518,900) | (4,338,302,90U)<br>(2,516,735,654)      |                         |
|       | Net equity   | 85,171,874,192                       | 15,715,088,842                          |                         |
| т Бе  | Carrying amount recognised   | 85,171,874,192                       | 15,715,088,842                          |                         |
| D 74  |  |                                      |   |                         |
|       | Share of associate's revenue and loss:                                   | Sino - Zimbabwe                      | Amtec                                   |                         |
|       |  | Cement Company<br>(Private) Limited  | Motors<br>(Private) Limited             | CI<br>(Private          |
| 1.14  |  | 35%                                  | 27.5%                                   |                         |
|       | Revenue  | <b>ZWL\$</b><br>52,707,260,397       | <b>ZWL\$</b><br>19,590,588,037          |                         |
| NITLK | Profit/(oss)   | 7,792,045,104                        | 519,573,789                             |                         |
|       | Profit/(loss) of Associate recognised                                    | 7,792,045,104                        | 519,573,789                             |                         |
|       |  |                                      |   |                         |
| 24    | 2022   | Sino - Zimbabwe                      | Amtec                                   |                         |
| DE    |  | Cement Company<br>(Private) Limited  | Motors<br>(Private) Limited             | CI<br>(Private          |
|       |  | 35%                                  | 27.5%                                   |                         |
|       | -  | ZWL\$                                | ZWL\$                                   |                         |
|       | Current assets<br>Non current assets                                     | 11,497,733,054<br>22 152 353 152     | 2,670,002,234<br>8,212,781,464          | 18,230<br>41,166        |
| 200   | Current liabilities  | (5,336,875,798)                      | (2,106,683,173)                         | (19,656                 |
| •     | Non current liabilities<br>Net equity                                    | (4,841,431,442)<br>23,471,778,966    | (1,1/3,40/,552)<br>7,602,692,972        | (7,382<br><b>32,357</b> |
|       | Carreine amount recommissed  | 23 471 778 q66                       | 7 607 692 972                           | 32 357                  |
|       |  | 6000                                 | 1 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 |                         |
|       | Share of associate's revenue and loss:                                   | Sino - Zimbabwe<br>Cement Company    | Amtec<br>Motors                         | 0                       |
|       |  | (Private) Limited                    | (Private) Limited                       | (Private                |
|       |  | 35%<br>ZWL\$                         | 27.5%<br>ZWL\$                          |                         |
|       | Revenue  | 34,161,419,450                       | 5,052,202,261                           | 4,607                   |
|       | Profit/(loss) of associate   | 5,685,595,507                        | (390,308,707)                           | (3,643                  |

102,325,115,417 (17,895,802,945) 109,418,753,347 44,343,039,729 (19,353,598, 109,418,753, TOTAL

ZWL\$

3,465,509,985

49%

Limited 36%

ZWL\$

Zimbabwe Limited

Sable

nemicals Grain Bag (Private)

7,401,699,478 (778,074,849) (1,557,344,300) **8,531,790,313** 

> ī .

8,531,790,313

•

TOTAL ZWL\$ 10,645,286,360 79,598,102,274 **ZWL\$** 7,300,253,840 49% **Grain Bag** Zimbabwe Limted 2,333,667,467 2,333,667,467 36% ZWL\$ hemicals ) Limited Sable ī . ı.

ZWL\$ TOTAL 34,965,663,176 75,899,668,263 69,793,114,339 (27,674,732,080 (13,397,485,020 69,793,114,339 TOTAL 2,567,384,694 4,367,876,293 (574,183,726) 49% ZWL\$ 6,361,077,262 Zimbabwe 6,361,077,262 Zimbabwe hemicals Grain Bag (Private) te) Limited 36% (30,543,194) 66,657,354 656,989,382) 82,646,025) ZWL\$ 57,565,140 57,565,140 Sable Sable

**ZWL\$** 49,640,984,667 4,462,676,224 4 462 **ZWL\$** 5,819,975,342 49% **Grain Bag** 2,811,293,398 2,811,293,398 imto ) Limited 36% ZWL\$ 43,903,974) (3,643,903,974) hemicals 07,387,614 (390,308,707) 5,685,595,507 5

Profit/(loss) of associate recognised

116

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Group's share from associates GROUP 2023

Carrying amount recognised

Share of associate's revenue and loss:

Revenue

Profit/(loss) of Associate recognised

Carrying amount recognised

Share of associate's revenue and loss:

Profit/(loss) of associate recognised Profit/(loss) of associate

Revenue

| ent assets | current assets | ent liabilities |  |
|------------|----------------|-----------------|--|

Profit/(loss)

Non current liabilities Non current assets Current liabilities Current assets

Net equity

| 0/00              | 0/ 0- 1-7                                   | 20.00             |                               |
|-------------------|---|-------------------|-------------------------------|
| ZWL\$             | ZWL\$                                       | ZWL\$             | ZWL\$                         |
| 35,383,483,937    | 4,196,158,299                               | I                 | 3,465,509,985                 |
| 77,847,274,290    | 16,421,221,218                              | ı                 | 7,401,699,478                 |
| (12,779,365,136)  | (4,338,362,960)                             | I                 | (778,074,851)                 |
| (15,279,518,900)  | (2,350,512,704)                             | I                 | (1,557,344,300)               |
| 85,171,874,192    | 13,928,503,852                              |                   | 8,531,790,311                 |
| 85,171,874,192    | 13,928,503,852                              |                   | 8,531,790,311                 |
|                   |   | I                 | 1                             |
| Sino - Zimbabwe   | Amtec                                       | Sable             | Sable Zimbabwe                |
| Cement Company    | Motors                                      | Chemicals         | Chemicals Grain Bag (Private) |
| (Private) Limited | (Private) Limited (Private) Limited Limited | (Private) Limited | Limited                       |
| 35%               | 27.5%                                       | 36%               | 49%                           |
| ZWL\$             | ZWL\$                                       | ZWL\$             | ZWL\$                         |
| 52,707,260,397    | 10,476,250,287                              | I                 | 7,300,253,840                 |
|                   |   |                   |                               |
| 1,792,045,104     | (51,459,857)                                | I                 | 2,328,425,117                 |
| 7,792,045,104     | (51,459,857)                                | 1                 | 2,328,425,117                 |

107,632,168,356

ZWL\$

70,483,764,524 10,069,010,364

TOTAL

(17,895,802,947) (19,187,375,905)

43,045,152,222 101,670,194,986

TOTAL

Chemicals Grain Bag (Private) Sable Zimbabwe

**Historical Cost** 

Amtec Motors

Limited Limited 36% ZWL\$

(Private) Limited 27.5%

Cement Company (Private) Limited 35%

Sino - Zimbabwe

49%

107,632,168,356

| Sino - Zimbabwe<br>Cement Company | Amtec<br>Motors   | Sable Zimbabwe<br>Chemicals Grain Bag       | Sable Zimbabwe<br>Chemicals Grain Bag (Private) | TOTAL           |
|-----------------------------------|-------------------|---|---|-----------------|
| (Private) Limited                 | (Private) Limited | (Private) Limited (Private) Limited Limited | nited   |                 |
| 35%                               | 27.5%             | 36%   | 49%   |                 |
| ZWL\$                             | ZWL\$             | ZWL\$                                       | ZWL\$   | ZWL\$           |
| 2,250,276,000                     | 475,107,587       | 1,287,309,880                               | 534,270,757                                     | 4,546,964,224   |
| 653,907,800                       | 1,572,787,423     | 8,566,749,356                               | 908,951,658                                     | 11,702,396,237  |
| (1,110,599,700)                   | (438,399,129)     | (4,090,604,192)                             | (119,487,186)                                   | (5,759,090,207) |
| (86,897,650)                      | (210,674,863)     | (1,536,322,892)                             |   | (1,833,895,405) |
| 1,706,686,450                     | 1,398,821,018     | 4,227,132,153                               | 1,323,735,228                                   | 8,656,374,848   |
| 1,706,686,450                     | 1,398,821,018     | 1,398,821,018 4,227,132,153                 | 1,323,735,228                                   | 8,656,374,848   |

| 1,350,443,46  | 585,027,968  | (757,235,938)   | 33,644,333                  | 1,489,007,100                       |
|---------------|--|---|-----------------------------|-------------------------------------|
| 1,350,443,460 | 585,027,968  | (757,235,938)   | 33,644,333                  | 1,489,007,100                       |
| 8,920,559,429 | 1,211,132,339  | 958,793,777   | 1,302,020,559               | 5,448,612,750                       |
| ZWL           | 49%<br>ZWL\$   | 36%<br>ZWL\$  | 27.5%<br>ZWL\$              | 35%<br>ZWL\$                        |
|               | Chemicals Grain Bag (Private)<br>te) Limited Limited | Motors Chemicals Grain Ba<br>Private) Limited (Private) Limited | Motors<br>(Private) Limited | Cement Company<br>(Private) Limited |
| тота          | Sable Zimbabwe                                       | Sable 2   | Amtec                       | Sino - Zimbabwe                     |
|               |  |   |                             |                                     |

**L\$** 

2022

# INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

Notes to the Financial Statements For the year ended 31 December 2023

| Investments in associates                        | Inflation       | Inflation Adjusted | Historical Cost | Cost          |
|--|-----------------|--------------------|-----------------|---------------|
| GROUP  | 2023            | 2022               | 2023            | 2022          |
|  | \$ML\$          | ZWL\$              | \$ZWL\$         | ZWL\$         |
| Opening balances                                 | 69,793,114,339  | 47,034,136,957     | 8,656,374,848   | 1,661,651,907 |
| Movement in reserves-associates                  | 39,625,639,007  | 22,758,977,383     | 98,975,793,507  | 6,994,722,941 |
| Carrying amount of interests in associates       | 109,418,753,347 | 69,793,114,339     | 107,632,168,356 | 8,656,374,848 |
| Share of:  |                 |                    |                 |               |
| Movement in reserves-associates                  | 10,566,888,329  | 4,462,676,224      | 10,069,010,365  | 1,350,443,463 |
| Other comprehensive income                       | 78,846,105,153  |                    | 97,514,542,995  |               |
|  | 89,412,993,482  | 4,462,676,224      | 107,583,553,360 | 1,350,443,463 |
|  |                 |                    |                 |               |
| CORPORATION                                      |                 |                    |                 |               |
|  | 2023            | 2022               | 2023            | 2022          |
|  | \$TMT\$         | ZWL\$              | ZWL\$           | ZWL\$         |
| Sino - Zimbabwe Cement Company (Private) Limited | 14,331,177,077  | 14,331,177,077     | 60,556,009      | 60,556,009    |
| Amtec Motors Private Limited                     | 3,867,938,078   | 3,867,938,078      | 31,006,682      | 31,006,682    |
| Zimbabwe Grain Bag (Private) Limited             | 1,926,819,907   | 1,926,819,907      | 38,768,986      | 38,768,986    |
|  | 20,125,935,062  | 20,125,935,062     | 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 2023 classified as Other Investments.

## Impairment of Sable Chemicals

An asset cannot be carried in the balance sheet at more than its recoverable amount, therefore in accordance with IAS 36.8 and the Group's policy on impairment, the Group is required to assess at each balance sheet date whether there is any indication that an asset may be impaired and if the indications are there, a formal assessment or impairment test is then carried out. After an assessment it was determined that the investment in Sable was indeed impaired as it met all the conditions of IAS 36 and has been making perenial losses. A Board resolution was passed to impair the investment which was then fully impaired based on the 2022 Group audited financial statements carrying amounts. The impaired amount was debited to the statement of profit or loss and other comprehensive income. Subsequently the investment in Sable will be carried at nil until such a time when the investment returns to profitability at which point an assessment will be redone to bring back the investment into the Group Financial Statements. The Group will not be subsequently recognising losses from Sable as this should be limited to the amount of investment carried in the consolidated financial statements which will be nil. The carrying amounts of the investment in associate which was impaired was a historical figure of ZW\$L4 227 132 153 and an inflation adjusted figure of ZWL\$32 357 565 140. Resultantly the carrying amount in the separate statement of financial position as at 31 December 2023 was nil

Nature of investment

Sable Chemical Industries Limited

Sable Chemical Industries Limited is the sole producer of Ammonium Nitrate fertilizer in Zimbabwe.

Investments in associates- Sable chemicals

Impairment

Carrying amount

Corporation (at cost)

| Historical Cost<br>2023 2022<br>ZWL\$ ZWL\$ | 32,153 4,227,132,153<br>32,153) -  | - 4,227,132,153 |
|---|------------------------------------|-----------------|
|   | 4,227,132,153<br>(4,227,132,153)   |                 |
| Inflation Adjusted<br>2022<br>ZWL\$         | 32,357,565,140<br>-                | 32,357,565,140  |
| 2023<br>ZWL\$                               | 32,357,565,140<br>(32,357,565,140) |                 |

Line of business Fertilisers

> Country of Incorporation Zimbabwe

% interest held 36%

| Other Investments      |               | GROUP              | UP            |                 |
|------------------------|---------------|--------------------|---------------|-----------------|
|                        | Inflation ,   | Inflation Adjusted | Historic      | Historical Cost |
| 1/2000 1/1/1/1/        | 2023          | 2022               | 2023          | 2022            |
|                        | \$JWL\$       | ZWL\$              | ZWL\$         | ZWL\$           |
| Balance at 1 January   | 5,415,758,933 | 5,207,912,973      | 59,331,336    | 10,351,647      |
| Additions              | 244,964,481   | 133,696,782        | 244,964,481   | 27,822,345      |
| Fair value adjustment  | 258,198,402   | 85,419,483         | 453,510,882   | 23,502,698      |
| Disposals              | (148,222,971) | (11,270,304)       | (148,222,971) | (2,345,354)     |
| Balance at 31 December | 5,770,698,845 | 5,415,758,933      | 609,583,728   | 59,331,336      |
|                        |               |                    |               |                 |
|                        |               | CORPORATION        | RATION        |                 |
|                        | Inflation /   | Inflation Adjusted | Historic      | Historical Cost |
|                        | 2023          | 2022               | 2023          | 2022            |
|                        | ZWL\$         | ZWL\$              | ZWL\$         | ZWL\$           |
| Balance at 1 January   | 5,131,112,679 | 5,131,112,679      | 7,916,099     | 7,916,099       |
| Balance at 31 December | 5,131,112,679 | 5,131,112,679      | 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 ZWL\$1 489 872 437 and 2.25% shareholding in Allied Insurance ZWL\$3 641 240 242

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 | The fair value of securities are based on net asset values which use the movements in the assets and liabilities of                           | The estimated fair value would increase(decrease) due to the following :           |
| asset value, which was determined by the directors as a proxy valuation method derived from the market approach.                         | investee entities. The net asset values are not observable<br>from market data, although verified by independent and<br>experienced auditors. | -Increase or (decrease) in fair value or historical cost adjustments of underlying |
| The market approach as prescribed in IERS 13- Fair value   |   |  |
| measurement requires the identification of a similar or identical quoted   |   |  |
| asset with a similar risk profile.   |   | -(Decrease) as a result of economic obsolescence of                                |
|  |   | underlying assets.   |
| A discounted cashflow technique or earnings may have been used to  |   |  |
| value such investments by identifying a risk-adjusted discount rate<br>and maintainable earnings (earnings-multiple approach)            |   | -Financial performance of the investee.  |
|  |   |  |
| The market and income approach may not be appropriate for valuing  |   |  |
| 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.   |   |  |

| INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED | Notes to the Financial Statements | For the vear ended 31 December 2023 |
|--|-----------------------------------|-------------------------------------|
| INDUS <sup>-</sup>                                     | Notes t                           | For the                             |

10.4

|                                  |                    | GROUP           |                 |              |
|----------------------------------|--------------------|-----------------|-----------------|--------------|
| Non-current assets held for sale | Inflation Adjusted | usted           | Historical Cost |              |
|                                  | 2023               | 2022            | 2023            | 2022         |
|                                  | \$ZWL\$            | ZWL\$           | ZWL\$           | \$JWL\$      |
| Balance at 1 January             | ı                  | 1,160,715,701   |                 | 44,563,190   |
| Fair value adjustments           | •                  | (1,160,715,701) |                 | (44,563,190) |
| Balance at 31 December           | •                  | •               | •               |              |
| 4                                |                    |                 |                 |              |
|                                  |                    | CORPORATION     | NOI             |              |
| Non-current assets held for sale | Inflation Adjusted | usted           | Historical Cost |              |
|                                  | 2023               | 2,022           | 2023            | 2,022        |
|                                  | ZWL\$              | ZWL\$           | ZWL\$           | \$JWL\$      |
| Balance at 1 January             | ı                  | 1,011,266,353   |                 | 37,774,674   |
| Fair value adjustments           | -                  | (1,011,266,353) |                 | (37,774,674) |
| Balance at 31 December           | •                  | •               |                 | •            |
|                                  |                    |                 |                 |              |

The IDCZ Board and management agreed that the title of Last Hope Estate on which the company's operations are located will be changed from Zimbabwe Development Company under Ministry of Finance and Economic Development to IDCZ. After the changeover of the title, the entity will be a 100% owned company. Accordingly, the company had been presented as a disposal group held for sale 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 2023 the disposal group comprised of the following assets and liabilities :

|      | INDUSTRIAL DEVELOPMENT CORPORATION OF ZMBABWE LIMITED<br>Notes to the Financial Statements<br>For the year ended 31 December 2023 | ĒD                   |                    |                |                     |                                      |
|------|---|----------------------|--------------------|----------------|---------------------|--------------------------------------|
| 10.5 | Fair value measurement  |                      |                    |                |                     |                                      |
|      | The non-current assets held for sale and available for sale financial assets have been categorised as level 3. GROUP              | ets have been catego | rrised as level 3. |                |                     |                                      |
|      | Inflation Adjusted  |                      |                    |                |                     |                                      |
|      |   | Level 1              | Level 2            | Level 3        | Fair val<br>31 Dece | Fair value as at<br>31 December 2023 |
|      | Other Investments   |                      | ZWL\$              | ZWL\$          | 5 770 608 845       | ZWL\$<br>5 770 608 845               |
|      |   |                      |                    |                | 5,770,698,845       | 5,770,698,845                        |
|      | Historical Cost   | Level 1              | Level 2            | Level 3        | Fair va             | Fair value as at                     |
|      |   |                      |                    |                | 31 Dec              | 31 December 2023                     |
|      |   |                      | ZWL\$              | ZWL\$          | ZWL\$               | \$JWL\$                              |
|      | Other Investments   |                      | 1                  |                | 609,583,728         | 609,583,728                          |
|      |   |                      |                    |                | 609,583,728         | 609,583,728                          |
|      | CORPORATION<br>Inflation Adjusted   | 1                    |                    |                | Fair va             | Eair value as at                     |
|      |   |                      |                    |                | 31 Dec              | 31 December 2023                     |
|      |   |                      | ZWL\$              | ZWL\$          | 2WL\$               | \$JWL\$                              |
|      | Available for sale financial assets(FVTOCI)   |                      | ı                  |                | 5,131,112,679       | 5,131,112,679                        |
|      |   |                      |                    | 3              | 5,131,112,679       | 5,131,112,679                        |
|      | Historical Cost   |                      | 1 ove 1            | <u>ava</u>   3 | Eair val            | Eair value as at                     |
|      |   |                      | 4                  |                | 31 Dece             | 31 December 2023                     |
|      |   |                      | ZWL\$              | ZWL\$          | ZWL\$               | \$1WZ                                |
|      | Available for sale financial assets(FVT OCI)  |                      |                    |                | 59,331,336          | 59,331,336                           |
|      |   |                      |                    |                | 59.331.336          | 59.331.336                           |

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED Notes to the Financial Statements

For the year ended 31 December 2023

Valuation techniques and significant unobservable inputs The valuation technique used in measuring the non-current assets held for each and available for each financial seets as well as the

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       | The fair value of securities are based on net asset values | The estimated fair value would increase(decrease) due to the following :           |
| investment securities(non-listed entities) with reference to the net      | which use the movements in the assets and liabilities of   |  |
| asset value, which was determined by the directors as a proxy             | investee entities.   |  |
| valuation method derived from the market approach.                        | The net asset values are not observable from market data,  | -Increase or (decrease) in fair value or historical cost adjustments of underlying |
|   | although verified by independent and experienced auditors  | assets and liabilities held by investees.  |
| 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.   |  | -(Decrease) as a result of economic obsolescence of                                |
|   |  | underlying assets.   |
| 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)                    |  |  |
|   |  | -Financial performance of the investee.  |
|   |  |  |
| 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.                          |  |  |

### 10.6 Non Controlling Interest (NCI) Notes to the Financial Statements

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

Inflation Adjusted

| Total   |     | ZWL\$                   |  | 58,865,242,341 |                                    | 2,794,895,463                                     |                                 |  |
|---|-----|-------------------------|--|----------------|------------------------------------|---|---------------------------------|--|
| Intra-group<br>eliminations   |     |                         |  | 668,477,002    |                                    | 96,570,646  |                                 |  |
| ZFC (Private) Limited Ir<br>in Chemplex e<br>Corporation<br>Zmbabwe | 20% | 2WL\$<br>95,233,192,803 | 73,049,842,478<br>(17,755,444,207)<br>(55,475,958,602)<br>95,651,632,473 | 58,196,765,339 | 106,627,650,839<br>(8,730,191,746) | 19,353,242,286<br>10,623,050,540<br>2,698,324,817 | 19,970,896,180<br>(774,442,145) | (3,396,885,984)<br>28,725,423,127<br><b>24,554,094,998</b> |

| Tota  |          |     | ZWLS |                |                |                 |                  |                | 282 46,856,503,41; |                |                 |                |                | 496 <b>209,443,09</b> |                |               |                  |                |                |  |
|---|----------|-----|------|----------------|----------------|-----------------|------------------|----------------|--------------------|----------------|-----------------|----------------|----------------|-----------------------|----------------|---------------|------------------|----------------|----------------|--|
| Intra-group<br>eliminations                         |          |     |      |                |                |                 |                  |                | 316,956,282        |                |                 |                |                | 37,449,496            |                |               |                  |                |                |  |
| ZFC (Private) Limited<br>in Chemplex<br>Corboration | Zimbabwe | 50% | SMLS | 56,430,176,281 | 60,216,490,586 | (9,926,146,696) | (25,980,956,837) | 80,739,563,334 | 46,539,547,133     | 81,450,226,074 | (1,880,731,561) | 21,989,762,208 | 20,109,030,647 | 171,993,599           | 11,507,536,416 | (593 818 131) | (33.750.209.195) | 47,035,006,602 | 12,690,979,276 |  |

| rises the information relating to  | 2                           |                 |  | ss)/ Income  | activities<br>totivities<br>totivities<br>I <b>cash equivalents</b>   |                  | S                           |                 |  | come/(loss)   | activities<br>totivities<br>activities<br>cash equivalents  |
|--|-----------------------------|-----------------|--|--|---|------------------|-----------------------------|-----------------|--|---|---|
| <ul> <li>(a) I ne rollowing table summarises the information relating to<br/>31 December 2023</li> </ul> | Principal place of business | NCI percentages | Non current assets<br>Current assets<br>Non current liabilities<br>Current liabilities<br>Net assets<br>Carrying amount of NCI | Revenue<br>Profit<br>OCI<br><b>Total Comprehensive (loss)/ Income</b><br>Profit allocated to NCI<br>OCI allocated to NCI | Cash flows from operating activities<br>Cash flows from investing activities<br>Cash flows from financing activities<br>Net increase in cash and cash equivalents | 31 December 2022 | Principal place of business | NCI percentages | unon current assets<br>Current assets<br>Non current liabilities<br>Current liabilities<br><b>Net assets</b><br>Carrying amount of NCI | Revenue<br>Profit<br>OCI<br><b>Total Comprehensive Income/(loss)</b><br>Profit allocated to NCI<br>OCI allocated to NCI | Cash flows from operating activities<br>Cash flows from investing activities<br>Cash flows from financing activities<br>Cash flows from financing activities<br>Net increase in cash and cash equivalents |

# 10.6 Non Controlling Interest (NCI) (continued)

31 December 2023

Principal place of business

NCI percentages

Non current liabilities Non current assets Current liabilities Current assets

Carrying amount of NCI Net assets

Revenue

Profit OCI

Total Comprehensive (loss)/ Income Profit allocated to NCI OCI allocated to NCI

Net increase in cash and cash equivalents Cash flows from operating activities Cash flows from investing activities Cash flows from financing activities

31 December 2022

Principal place of business

NCI percentages

Non current liabilities Non current assets Current assets

Carrying amount of NCI

Current liabilities Net assets

Revenue

Profit OCI

Total Comprehensive Income/(loss) Profit allocated to NCI OCI allocated to NCI Cash flows from operating activities Cash flows from investing activities Cash flows from financing activities

Net increase in cash and cash equivalents

Historical Cost

|  | Total                   |     | \$ZWL                          |                                    |                     |                | 53,266,170,636 |                |                |                |                | 13,772,858,292 |   |               |               |                 |               |
|--|-------------------------|-----|--------------------------------|------------------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|---------------|---------------|-----------------|---------------|
| Intra-group<br>eliminations                                  |                         |     |                                |                                    |                     |                | 639,490,475    |                |                |                |                | 133,684,850    |   |               |               |                 |               |
| ZFC (Private) Limited Intra-group<br>in Chemplex elimination | Corporation<br>Zimbabwe | 50% | <b>ZWL\$</b><br>95,233,192,803 | 66,356,759,128<br>(17,755,444,207) | (55, 475, 958, 602) | 88,358,549,123 | 52,626,680,161 | RJ 837 J37 534 | 12 926 136 520 | 63,866,763,567 | 76,792,900,087 | 13,639,173,442 | 1 | 5,862,630,134 | (314,244,762) | (3,262,744,595) | 2,285,640,777 |

eliminations ZFC (Private) Limited Intra-group in Chemplex ration

| Zimbabwe                 | -             |
|--------------------------|---------------|
| 50%                      |               |
| ZWL\$                    | \$JWL\$       |
| 11,743,075,765           |               |
| 9,752,994,928            |               |
| (2,065,623,402)          |               |
| (4,193,005,443)          |               |
| 15,237,441,848           |               |
| 8,244,736,061 62,578,076 | 8,307,314,137 |
|                          |               |
| 11,392,130,479           |               |
| 5,585,064,068            |               |
| 7,569,219,623            |               |
| 13,154,283,691           |               |
| 3,233,136,626            | 3,244,929,958 |
|                          |               |
|                          |               |
| 3,620,605,816            |               |
| (98,388,837)             |               |
| (2,365,285,914)          |               |
| 1,156,931,065            |               |
|                          |               |



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| ordenenis                         | d 31 December 2023 |
|-----------------------------------|--------------------|
| OLES TO THE FILIATIONAL STATEMENT | the year ended 31  |
| OI SAIO                           | or the y           |

| 11 Inventories  | Inflation Adjusted | ljusted        | Histori        | Historical Cost |
|---|--------------------|----------------|----------------|-----------------|
| GROUP   | 2023               | 2022           | 2023           | 2022            |
|   | ZWL\$              | ZWL\$          | \$ZWL\$        | ZWL\$           |
| Raw materials   | 23,506,394,512     | 22,177,389,243 | 14,322,769,819 | 1,995,152,195   |
| Finished goods  | 31,122,838,492     | 18,340,934,025 | 27,030,947,711 | 1,901,910,020   |
| Land held for trading                                       | 1,743,283          | 21,754,449     | 665,375        | 2,487,409       |
| Stores  | 2,959,742,735      | 5,921,232,876  | 1,041,978,183  | 357,011,814     |
| Work in progress  | 1                  | 1              | •              | I               |
| Consumables   | 987,814,952        | 1,544,117,697  | 714,770,868    | 164,660,541     |
| Total inventories at lower of cost and net realisable value |                    |                |                |                 |
|   | 58,578,533,974     | 48,005,428,290 | 43,111,131,956 | 4,421,221,979   |
|   |                    |                |                |                 |
| 12 Non-current portion of land held for sale                | 2023               | 2022           | 2023           | 2022            |
|   | ZWL\$              | ZWL\$          | \$JWL\$        | ZWL\$           |
| Balance at 1 January  | 546,589,807        | 568,344,247    | 19,230,980     | 21,354,903      |
| Disposal  | (430,061,092)      | (21,754,441)   | (13,608,796)   | (2,123,923)     |
| Balance at 31 December                                      | 116,528,715        | 546,589,805    | 5,622,184      | 19,230,980      |

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.

For valuation techniques and significant inputs refer to note 10.6. Valuation techniques and significant unobservable inputs

13 Trade and other receivables

|                           |                    | GROUP          |                 |                |
|---------------------------|--------------------|----------------|-----------------|----------------|
| A A A                     | Inflation Adjusted | usted          | Historical Cost | ost            |
|                           | 2023               | 2022           | 2023            | 2022           |
| tion and                  | \$ML\$             | ZWL\$          | ZWL\$           | \$ML\$         |
| Trade receivables         | 83,144,279,324     | 46,531,906,878 | 83,144,279,324  | 9,683,500,560  |
| Other receivables         | 79,630,061,741     | 24,144,470,411 | 43,976,386,816  | 3,651,367,004  |
| Expected credit losses    | (1,548,952,187)    | (947,659,570)  | (1,548,952,187) | (197,207,219)  |
| Total                     | 161,225,388,878    | 69,728,717,719 | 125,571,713,953 | 13,137,660,345 |
| 10) 1 +                   |                    | CORPORATION    | 7               |                |
|                           | Inflation Adjusted | usted          | Historical Cost | ost            |
|                           | 2023               | 2022           | 2023            | 2022           |
|                           | ZWL\$              | ZWL\$          | ZWL\$           | ZWL\$          |
| Other receivables         | 196,333,800        | 287,886,867    | 196,333,800     | 59,909,033     |
| Expected credit losses    |                    | (93,866,949)   | •               | (19,533,639)   |
| Total                     | 196,333,800        | 194,019,918    | 196,333,800     | 40,375,394     |
|                           |                    | •              |                 |                |
| Related party receivables | 5,261,492,901      | 2,460,347,491  | 5,261,492,901   | 511,996,398    |

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.



| For the year ended 31 December 2023 |
|-------------------------------------|
|                                     |

As at 31 December 2023, the ageing analysis of trade receivables is as follows : 1

| GROUP   |                           |                                 |                            |                         |               | Dast due but                      |
|---|---------------------------|---------------------------------|----------------------------|-------------------------|---------------|-----------------------------------|
|   | Total                     | Neither due                     |                            |                         |               | not Impaired                      |
|   |                           | nor impaired                    | 15 - 30 days               | 30 - 60 days            | 60 - 90 days  | 120 days                          |
|   | ZWL\$                     | ZWL\$                           | ZWL\$                      | ZWL\$                   | ZWL\$         | ZWL\$                             |
| 2023  | 81,595,327,137            | 43,745,315,821                  | 3,459,195,243              | 13,737,367,381          | 9,809,770,006 | 10,843,678,686 Inflation Adjusted |
| 2022  | 45,584,247,308            | 30,975,616,358                  | 193,764,213                | 1,714,803,016           | 775,383,010   | 11,924,680,710                    |
| 2023  | 81,595,327,137            | 43,608,397,479                  | 3,512,684,745              | 13,814,455,928          | 9,809,770,006 | 10,850,018,979 Historical Cost    |
| 2022  | 9,616,111,425             | 6,446,001,656                   | 182,665,369                | 214,509,227             | 161,329,743   | 2,611,605,430                     |
| As at 31 December 2023, included in trade receivables is an allowance of ZWL \$1 135 972 748(2022 : ZWL \$619 265 800 ) relating to doubtful debts. Below is the movement for doubtful debts. | 35 972 748(2022 :ZWL\$619 | 9 265 800 ) relating to doubtfu | debts. Below is the moveme | ent for doubtful debts. |               |                                   |

|                        | Inflation Adjusted | ed           | Historical Cost | t            |
|------------------------|--------------------|--------------|-----------------|--------------|
|                        | Individually       | Individually | Individually    | Individually |
|                        | Impaired           | Impaired     | Impaired        | Impaired     |
|                        | 2023               | 2022         | 2023            | 2022         |
|                        | ZWL\$              | ZWL\$        | ZWL\$           | 2WL\$        |
| Balance at 1 January   | 619,265,800        | 18,853,035   | 35,180,851      | 35,180,851   |
| Charge for the year    | 516,706,948        | 600,412,765  | 1,100,791,897   | •            |
| Balance at 31 December | 1,135,972,748      | 619,265,800  | 1,135,972,748   | 35,180,851   |

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

|  | 2023<br>ZWL\$  | 2022<br>ZWL\$  | 2023<br>ZWL\$  | 2022<br>ZWL\$ |
|--|----------------|----------------|----------------|---------------|
| istory with the Group                                  | •              | 192,783,239    | •              | 42,113,783    |
| Less than four years of trading history with the Group | 43,745,315,821 | 30,782,833,119 | 43,608,397,479 | 6,403,887,873 |
|  | 43,745,315,821 | 30,975,616,358 | 43,608,397,479 | 6,446,001,656 |

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.

| INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED | Notes to the Financial Statements<br>For the year ended 31 December 2023 |
|--|--|
|--|--|

## 13.1 Intergroup balances

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| The Corporation's Group balances receivable comprise of the following : | Inflation Adjusted | Adjusted      | Historic      | Historical Cost |
|---|--------------------|---------------|---------------|-----------------|
| No N                                | 2023               | 2022          | 2023          | 2022            |
|   | \$ML\$             | ZWL\$         | ZWL\$         | ZWL\$           |
| Group companies   |                    |               |               |                 |
| Subsidiary Companies  |                    |               |               |                 |
| Chemplex Corporation  | 4,371,870,623      | 2,185,957,570 | 4,371,870,623 | 454,896,069     |
| Allied Insurance (Pvt) Ltd  | 2,237,035          |               | 2,237,035     | ı               |
| Last Hope t/a Ginhole Investments                                       | 31,454,177         | 10,443,883    | 31,454,177    | 2,173,364       |
| Willowvale Motor Industries   | 337,952,552        | 30,697,693    | 337,952,552   | 6,388,166       |
| Deven Engineering   | 592,736,255        | 260,509,023   | 592,736,255   | 54,211,725      |
| Sunway City Harare  | 253,492,976        | 63,058,756    | 253,492,976   | 13,122,478      |
| Industrial Sands  | 29,232             | 140,471       | 29,232        | 29,232          |
|   | 5,589,772,850      | 2,550,807,397 | 5,589,772,850 | 530,821,034     |
|   |                    |               |               |                 |
| Associate Companies   |                    |               |               |                 |
| Sino-Zimbabwe Cement Company  | 1                  | 1,002,123     |               | 208,541         |
| Amtec Motors  | 31,169,898         | 1             | 31,169,898    | ı               |
| Motira Tractors   | 504,073            | 2,404,920     | 504,073       | 500,462         |
|   | 31,673,971         | 3,407,043     | 31,673,971    | 709,003         |
| Expected credit losses  | (359,953,920)      | (93,866,949)  | (359,953,920) | (19,533,639)    |
|   | 5,261,492,901      | 2,460,347,491 | 5,261,492,901 | 511,996,398     |
|   |                    |               |               |                 |

During the year a provision for credit losses amounting to ZWL\$359 953 920 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.

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| Cash and cash equivalents   |   |                               |                                    |                    |
|---|---|-------------------------------|------------------------------------|--------------------|
|   | GROUP   | Inflation Adjusted            | ted<br>CORPORATION                 |                    |
|   | 2023<br>ZWL\$                                 | 2022<br>ZWL\$                 | 2023<br>ZWL\$                      | 2022<br>ZWL\$      |
| Cash at banks and on hand   | 19,199,311,892                                | 20,169,206,192                | 2,962,812,043                      | 6,700,109,042      |
|   | GROUP   | Historical Cost               | st CORPORATION                     |                    |
|   | 2023<br>ZWL\$                                 | 2022<br>ZWL\$                 | 2023<br>ZWL\$                      | 2022<br>ZWL\$      |
| Cash at banks and on hand   | 19,199,311,892                                | 4,197,196,111                 | 2,962,812,043                      | 1,394,287,477      |
|   |   | Inflation Adjusted            | isted<br>CORPORATION               |                    |
|   | 2023  | 2022                          | 2023                               | 2022               |
|   | \$ZWL\$                                       | ZWL\$                         | ZWL\$                              | ZWL\$              |
| Cash at bank and on hand  | 19,199,311,892                                | 20,169,206,192                | 2,962,812,043                      | 6,700,109,042      |
| Bank overdrafts (note 16.2)   | (1,085,550,181)<br>18 113 761 711             | (9,136,610)<br>20 160 069 582 | -<br>2 962 812 043                 | -<br>6 700 109 042 |
|   |   |                               |                                    |                    |
|   | GROUP   |                               | CORPORATION                        |                    |
|   | 2023  | 2022                          | 2023                               | 2022               |
|   | ZWL\$   | ZWL\$                         | ZWL\$                              | ZWL\$              |
| Cash at bank and on hand  | 19,199,311,892                                | 4,197,196,111                 | 2,962,812,043                      | 1,394,287,477      |
| Bank overdrafts (note 16.2)   | (1,085,550,181)                               | (1,901,321)                   |                                    |                    |
|   | 18,113,761,711                                | 4,195,294,790                 | 2,962,812,043                      | 1,394,287,477      |
| 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                                    | s been disclosed under cash and cash equivale | ents as it meets the defi     | inition of cash                    |                    |
| and cash equivalents.   |   |                               |                                    |                    |
| Balances held at hank are also used for settlement of foreirn transactions. The Central Bank throuch Exchance Control Onerations Guide 8/ECOGAD 8) introduced prioritisation criteria which | s The Central Bank through Exchange Contro    | ol Onerations Guide 8/F       | ECOGAD 8) introduced prioritisatio | on 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)

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INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

Notes to the Financial Statements

|  |                                 | -<br>-<br>-    |                 |               |
|--|---------------------------------|----------------|-----------------|---------------|
| <ol> <li>5 Share Capital and Reserves</li> <li>(a) Authorised</li> </ol>                                   | Inflation Adjusted              | ajusted 2022   | HISTORICAL COST | COST 2022     |
| 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<br>Number of ordinary shares, with a nominal value of ZWL\$2                     | 1,710,776,958                   | 780,249,414    | 1,710,776,958   | 780,249,414   |
|  |                                 |                |                 |               |
| (c) Share capital movement   | ZWL\$                           | ZWL\$          | ZWL\$           | ZWL\$         |
| In issue at 1 January  | 76,115,229,374                  | 42,812,061,049 | 1,560,498,828   | 1,560,498,828 |
| Increase in share capital  | 12,533,127,013                  | 33,303,168,326 | 1,861,055,088   | -             |
| In issue at 31 December  | 88,648,356,387                  | 76,115,229,374 | 3,421,553,916   | 1,560,498,828 |
| (i) Capital waiting allotment  |                                 | 10,077,303,278 |                 | 1,350,000,000 |
| This represents capital received from Government during the year from which shares sre still to be issued. | ear from which shares sre still | to be issued.  |                 |               |

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

Notes to the Financial Statements

### (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.

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED Notes to the Financial Statements

For the year ended 31 December 2023

### (d) Nature and purpose of reserves (i) Mark to market reserve

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

| Mark to market reserve | GROUP      |            | CORPORATION | 7          |
|------------------------|------------|------------|-------------|------------|
|                        | 2023       | 2022       | 2023        | 2022       |
|                        | ZWL\$      | ZWL\$      | ZWL\$       | \$JWL\$    |
| Balance at 1 January   | 33,173,959 | 33,173,959 | 33 173 959  | 33 173 959 |
| Balance at 31 December | 33,173,959 | 33,173,959 | 33 173 959  | 33 173 959 |
| Mark to market reserve | GROUP      |            | CORPORATION | 7          |
|                        | 2023       | 2022       | 2023        | 2022       |
|                        | ZWL\$      | ZWL\$      | ZWL\$       | \$TMZ      |
| Balance at 1 January   | 6,903,475  | 6,903,475  | 6,903,475   | 6,903,475  |
| Balance at 31 December | 6,903,475  | 6,903,475  | 6,903,475   | 6,903,475  |

# (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 ov period and has been designated as a capital reserve. This reserve was transferred to Retained Earnings as at 31 December 2021.

### (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 |             |
|  | 2023            | 2022               | 2023        | 2022        |
|  | ZWL\$           | ZWL\$              | ZWL\$       | \$ZWL\$     |
| Balance at 1 January                           | 204055 751 255  | 83177 801 702      | 275 041 120 | 275 041 120 |
| Other comprehensive income net of deferred tax | 366,116,010,156 | 120,877,949,553    | 1           | 1           |
| Balance at 31 December                         | 570,171,761,411 | 204,055,751,256    | 275,041,120 | 275,041,120 |
|  |                 |                    |             |             |
|  |                 | Historical Cost    | ost         |             |
| Revaluation reserve                            | GROUP           | 0                  | CORPORATION | ATION       |
|  | 2023            | 2022               | 2023        | 2022        |
|  | ZWL\$           | ZWL\$              | ZWL\$       | ZWL\$       |
| Balance at 1 January                           | 68,157,108,666  | 13,237,505,225     | 210,603,118 | 48,105,767  |
| Other comprehensive income net of deferred tax | 616,074,961,320 | 54,919,603,441     |             | 162,497,351 |
| Balance at 31 December                         | 684,232,069,986 | 68,157,108,666     | 210,603,118 | 210,603,118 |

- Loans and borrowings 16
- 16.1 Loans and borrowings Non current

 $\ll$ 

| Other Liabilities - Non current |            | 1                       |  |
|---------------------------------|------------|-------------------------|--|
| ties - No                       |            | e Liability             |  |
| er Liabili                      | Provisions | Finance Lease Liability |  |
| Othe                            | Prov       | Fina                    |  |

Loans and borrowings - Non current

**Other Liabilities - Non current** Finance Lease Liability Provisions

16.2 Loans and borrowings - Current

Sino Zimbabwe Cement Company/Other Central African Building Society (CABS) AFC Commercial Bank Limited Stanbic Bank Limited FBC Bank Limited

Loans and borrowings - Current

0000 AFC Commercial Bank Limited Central Afric FBC Bank L Stanbic Ban Sino Zimbab

| Society (CABS)                           |                        |                    | t Company/Other                  |  |
|--|------------------------|--------------------|----------------------------------|--|
| STILLAL ALLICALI BUILDING SOCIETY (CABS) | <b>3C Bank Limited</b> | anbic Bank Limited | no Zimbabwe Cement Company/Other |  |

| ZWL\$ ZWL\$ ZWL\$ ZWL\$ | 12,771 1.178,093,847 659,989,311<br>89,311 02,082 1.178,093,847 659,989,311<br>02,082 1.178,093,847 659,989,311<br>Historical Cost CORPORATION | 1,178,093,847 659,98<br>Historical Cost |
|-------------------------|--|---|
| \$TML\$                 | 322,112,771<br>659,989,311<br><b>982,102,082</b><br>GROUP  | 982,102,082<br>GROUP                    |

CORPORATION

Inflation Adjusted

GROUP

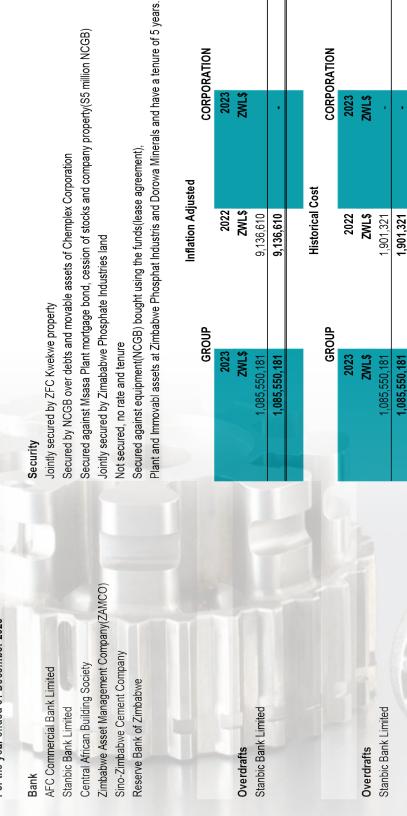
| 2022<br>ZWL\$ |  |
|---------------|--|
| 2023<br>ZWL\$ | -<br>659,989,311<br><b>659,989,311</b>           |
| 2022<br>ZWL\$ | 245,160,413<br>245,160,413                       |
| 2023<br>ZWL\$ | 322,112,771<br>659,989,311<br><b>982,102,082</b> |

| GROUP         |               | CORPORATION | N          |
|---------------|---------------|-------------|------------|
| 2023          | 2022          | 2023        | 202        |
| ZWL\$         | ZWL\$         | ZWL\$       | \$ML\$     |
|               | 2,008,657,200 | •           |            |
| •             | 1,932,125,958 |             |            |
| 1,085,550,181 |               |             |            |
| 153,082,656   | 97,810,726    |             | ı          |
| -             | 45,744,916    | •           | 45,744,914 |
| 1,238,632,837 | 4,084,338,800 | •           | 45,744,914 |

|                 | ATION       | 2022 | ZWL\$   | I           | I           | I           |               | 2,767,289 | 2,767,289     |
|-----------------|-------------|------|---------|-------------|-------------|-------------|---------------|-----------|---------------|
| l Cost          | CORPORATION | 2023 | \$ML\$  | •           |             | •           | 1             | -         | •             |
| Historical Cost |             | 2022 | \$JWL\$ | 418,000,000 | 402,073,906 | 20,354,336  |               | 2,767,291 | 843,195,533   |
|                 | GROUP       | 2023 | ZWL\$   | 1           | I           | 153,082,656 | 1,085,550,181 | -         | 1,238,632,837 |

# INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED Notes to the Financial Statements

For the year ended 31 December 2023



2022 ZWL\$

CORPORATION

2023 ZWL\$

ZWL\$ 2022

ZWL\$ 2023

CORPORATION

The bank overdrafts are unsecured with a tenure of up to 12 months and were utilised to finance working capital requirements. Interest rates ranges from 100% to 150%.

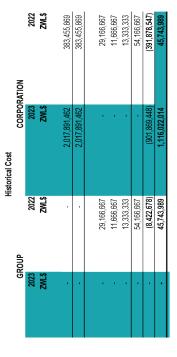
| Trade and other payables   |                 | Inflation      | Inflation Adjusted |               |
|--|-----------------|----------------|--------------------|---------------|
|  | GROUP           |                | CORPORATION        | lion          |
|  | 2023            | 2022           | 2023               | 2022          |
| N N N  | ZWL\$           | \$ZWL\$        | ZWL\$              | ZWL\$         |
| Trade payables   | 73,001,192,486  | 23,899,723,509 |                    |               |
| Accruals   | 23,283,651,584  | 9,875,952,212  | 5,766,765,055      | 4,457,444,348 |
| VAT control account  | 2,435,312,185   | 1,702,384,250  | 422,292,457        | 50,128,424    |
| Other payables   | 26,714,785,232  | 36,262,609,586 | 4,224,660,315      | 4,462,493,307 |
| The second secon | 125,434,941,488 | 71,740,669,557 | 10,413,717,827     | 8,970,066,079 |
| Related party payables   | ,               |                | 1,325,601          | 4,560,067     |
|  |                 | Histor         | Historial Cost     |               |
|  | GROUP           |                | CORPORATION        | lion          |
|  | 2023            | 2022           | 2023               | 2022          |
|  | ZWL\$           | ZWL\$          | ZWL\$              | \$ZWL\$       |
| Trade payables   | 73,001,192,487  | 3,749,948,084  | •                  |               |
| Accruals   | 23,270,922,819  | 4,982,705,807  | 5,766,765,055      | 949,155,441   |
| VAT control account  | 2,435,312,186   | 265,407,990    | 422,292,456        | 10,431,688    |
| Other payables   | 26,714,708,118  | 4,020,832,815  | 4,224,660,315      | 907,076,674   |
| The second se  | 125,422,135,611 | 13,018,894,695 | 10,413,717,826     | 1,866,663,803 |
| Related party payables   |                 |                |                    | 11,150,423    |
|  |                 |                |                    |               |
|  |                 |                |                    |               |
|  |                 |                |                    |               |
|  |                 |                |                    |               |
|  |                 |                |                    |               |
|  |                 |                |                    |               |

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED

Notes to the Financial Statements For the year ended 31 December 2023

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| INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED<br>Notes to the Financial Statements<br>For the year ended 31 December 2023             |                                     |                             |                 |                            |
|--|-------------------------------------|-----------------------------|-----------------|----------------------------|
| Loans receivable   | GROUP                               | Inflation Adjusted          | S               | :                          |
|  | 2023<br>ZWL\$                       | 2022<br>ZML\$               | 2023<br>ZML\$   | 2022<br>ZML\$              |
| Long term loans to companys<br>Chemplex Corporation Limited  |                                     |                             | 2,017,891,462   | 1,842,658,833              |
|  | •                                   | •                           | 2,017,891,462   | 1,842,658,833              |
| Other<br>Bullion Commodities   |                                     | 140,157,502                 | •               | 140,157,502                |
| Clorpeace Investments<br>Comhold Investments   |                                     | 56,063,002<br>64 072 004    |                 | 56,063,002<br>64.072.004   |
|  |                                     | 260,292,507                 |                 | 260,292,507                |
| Expected credit loss   | •                                   | (40,474,342)                | (901,869,448)   | (1,883,133,175)            |
| Total long term loans receivable   |                                     | 219,818,165                 | 1,116,022,014   | 219,818,165                |
| Short term loans receivable  |                                     |                             |                 |                            |
| Chemplex Corporation Limited   | •                                   | •                           | 8,441,774,627   | 9,168,126,326              |
| Matrix Fertilisers   |                                     | 8,075,076                   | •               | 8,075,076                  |
| CPG t/a Agrifoods  |                                     | 516,890,093                 | •               | 516,890,093                |
| Ministry of Finance and Economic Development   | 2,500,000                           | 12,013,500                  | 2,500,000       | 12,013,500                 |
| Bullion Commodities<br>Artherman Investments   | -<br>59 856 972                     | 322,369,067<br>277 221 123  | -<br>59 856 972 | 322,369,067<br>277 221 123 |
| Willowvale Motor Industries  | -                                   | -                           | 298,391,398     | -                          |
| Senwork Enterprises  | 115,994,713                         | •                           | 115,994,713     |                            |
| Radar Investments  |                                     | 8,009,002                   | •               | 8,009,002                  |
| Clorpeace Investments  |                                     | 109,927,528                 | •               | 109,927,528                |
| Welii-Will Investments   | 11,650,422                          | •                           | 11,650,422      |                            |
| Zscosteel  | 86,013,677                          | 464,550,421                 | 86,013,677      | 464,550,421                |
| Comhold Investments  | 59,707,220                          | 248,192,880                 | 59,707,220      | 248,192,879                |
|  | 335,723,004                         | 1,967,248,689               | 9,075,889,029   | 11,135,375,015             |
| T otal short term loans receivable   | 335,723,004                         | 1,967,248,689               | 9,075,889,029   | 11,135,375,015             |
| Loans receivable include Development Finance loans advanced from Head Office to various manufacturing companies including IDCZ group companies | e to various manufacturing companie | s including IDCZ group comp | anies.          |                            |
|  |                                     |                             |                 |                            |



| 1,907,879,953 | 1,680,417 | 107,564,426 | 2,500,000 | 67,084,752 | 57,689,500 |             |             | 1,666,667 | 22,875,833 |   | 96,672,581 | 51,648,744 | 2,317,262,873 | 2,317,262,873 |  |
|---------------|-----------|-------------|-----------|------------|------------|-------------|-------------|-----------|------------|---|------------|------------|---------------|---------------|--|
| 8,441,774,627 | •         | •           | 2,500,000 | •          | 59,856,972 | 298,391,398 | 115,994,713 | •         | 11,650,422 | • | 86,013,677 | 59,707,220 | 9,075,889,029 | 9,075,889,029 |  |
|               | 1,680,417 | 107,564,426 | 2,500,000 | 67,084,752 | 57,689,500 |             | •           | 1,666,667 | 22,875,833 | • | 96,672,581 | 51,648,744 | 409,382,920   | 409,382,920   |  |
| •             | •         | •           | 2,500,000 | •          | 59,856,972 | •           | 115,994,713 |           | 11,650,422 | • | 86,013,677 | 59,707,220 | 335,723,004   | 335,723,004   |  |

60TH ANNUAL REPORT FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2023

# 19 Commitments and contingencies

### (a) Commitments

expected to be settled from 2023 onwards. The capital expenditure will be funded through direct capital injection by the shareholder, borrowings and internally generated resources. For the year 31 December 2023 the Group is committed to incur capital expenditure of ZWL\$446 016 847 742 (2022: ZWL\$7 584 390 831). The commitments are

# (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.

(c) Contingent liabilities

### (d) Contingent asset

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

resulted in the closure of the National Glass in Kadoma. IDCZ Limited was awarded judgement for the principal sum of USD4 211 570 together with interest at 8.5% per annum from 15 March 1999 to date of payment and arbitration costs of USD606 640. The judgement debt now amounts to an excess of USD12 673 710 with interest and costs included. It is considered that the judgement sum of 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 JSD12 673 710 will be recovered in due course although, due to the nature of international disputes this may take long.

### INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED Notes to the Financial Statements

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For the year ended 31 December 2023

### Related party disclosures 20

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

• • •

|  | Country of    | equity interest | equity interest |
|--|---------------|-----------------|-----------------|
|  | incorporation | 2023            | 2022            |
| 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, Mutapa Investment Fund 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.

|                  | Inflation Adjusted | Sales to Purchases from Amounts owed Amounts owed | parties parties parties | ZWL\$ ZWL\$ ZWL\$ |             | 31,169,898   | - 31,169,898 |                  |       | Sales to Purchases from Amounts owed Amounts owed | related related by related to related |  |
|------------------|--------------------|---|-------------------------|-------------------|-------------|--------------|--------------|------------------|-------|---|---------------------------------------|--|
| 31 December 2023 | GROUP              |   |                         |                   | Associates: | Amtec Motors |              | 31 December 2022 | GROUP |   |                                       |  |

ZWL\$

ZWL\$

parties ZWL\$

parties ZWL\$

related <sup>o</sup>urchases from

related

Sales to

arties

31 169 898

31 169 898

Amounts owe to relate

Amounts owed by related

**Historical Cost** 

ZWL\$ to related

ZWL\$

parties ZWL\$

ZWL\$ parties

ZWL\$

ZWL\$

ZWL\$

ZWL\$

Associates: Motira

arties

by related

Amounts owed

Purchases from related

Sales to related

500 462 208 541 **709 003** 

ounts owe

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 2 404 920 1 002 123 3 407 043 Sino-Zimbabwe Cement Company (Private) Limited

are also documented on this note

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED For the year ended 31 December 2023 Notes to the Financial Statements

| Inflation Adjusted | Management fees Amounts owed by Amounts owed to<br>receivable related parties related parties | - 237 035                          | 5,068,748,680 4371 870 623   | - 31 454 177 - | 337 952 552 -                                 | 64,921,529 592 736 255              |  |
|--------------------|---|------------------------------------|------------------------------|----------------|---|-------------------------------------|--|
| CORPORATION        | December 2023   | Allied Insurance (Private) Limited | Chemplex Corporation Limited | Last Hope      | Willowvale Motor Industries (Private) Limited | Deven Engineering (Private) Limited |  |

|        |                 | Historical Cost                 |                 |
|--------|-----------------|---------------------------------|-----------------|
| ed to  | Management fees | Management fees Amounts owed by | Amounts owed to |
| arties | receivable      | related parties                 | related parties |
| ZWL\$  | \$JWL\$         | \$ML\$                          | \$ML\$          |
|        |                 | 2 237 035                       |                 |
|        | 2,914,492,963   | 4,371,870,623                   | ı               |
|        |                 | 31,454,177                      |                 |
|        | 226,875,368     | 337,952,552                     | 1               |
|        | 37,329,399      | 592,736,255                     |                 |
|        | 502,890,067     | 253,492,976                     | I               |
|        | 1               | 504,073                         |                 |
|        | ı               | 29,232                          | ı               |
|        |                 |                                 |                 |
|        |                 | 31,169,898                      | ,               |

ī

Industrial Sands (Private) Limited Motira Tractors (Private) Limited

Associated companies : Amtec Motors

 $\ll$ 

31,169,898 5,621,446,821

6,402,843,830

5,621,446,821

3,681,587,797

Terms and conditions of transactions with related parties

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 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 which the related party operates.

| 20.1 Compensation to key management personnel       |                    | GR            | GROUP           |             |
|---|--------------------|---------------|-----------------|-------------|
|   | Inflation Adjusted | ed            | Historical Cost | st          |
|   | 2023               | 2022          | 2023            | 2022        |
|   | \$ZWL\$            | \$ZWL\$       | ZWL\$           | \$ML\$      |
| I alle o l  |                    |               |                 |             |
| Short term employee benefits                        | 44,182,552,943     | 3,208,294,786 | 18,532,617,044  | 475,347,338 |
| Post employment benefits                            | 33,407,998         | 9 482 746     | 9,547,514       | 497,935     |
| Total compensation paid to key management personnel | 44,215,960,941     | 3,217,777,532 | 18,542,164,558  | 475,845,273 |
|   |                    | CARCO         | CORPORATION     |             |
|   | Inflation Adjusted |               | Historical Cost | st          |
|   | 2023               |               | 2023            | 2022        |
|   | ZWL\$              | ZWL\$         | ZWL\$           | ZWL\$       |

120,059,322 120,059,322

1.090.655.98 1.090.

862,772,088

862.772.088

1,463,305,461 1,463,305,46

Total compensation paid to key management personnel

Short term employee benefits

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.

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### 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 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:

| 2023          | Change in rate | Inflation Adjusted<br>Effect on profit<br>before tax<br>ZWL\$ | Effect on equity<br>ZWL\$ | Change in rate<br>% | Historical Cost<br>Effect on profit<br>before tax<br>ZWL\$ | Effect on equity<br>ZWL\$ |
|---------------|----------------|---|---------------------------|---------------------|--|---------------------------|
|               | %              | Ζννιφ   | ZVVLŞ                     | 70                  | ZVVLŞ  | ∠₩₩                       |
| Renminbi Yuan |                |   |                           |                     |  |                           |
|               | +2%            | -   | -                         | +2%                 | -  | -                         |
|               | - 2%           | -   | -                         | - 2%                | -  | -                         |
| 2022          | Change in rate | Effect on profit<br>before tax                                | Effect on equity          | Change in rate      | Effect on profit<br>before tax                             | Effect on equity          |
|               | %              | ZWL\$   | ZWL\$                     | %                   | ZWL\$  | ZWL\$                     |
| Renminbi Yuan |                |   |                           |                     |  |                           |
|               | +2%            | -   | -                         | +2%                 | -  | -                         |
|               | - 2%           | -   | -                         | - 2%                | -  | -                         |

### 21.2.2 Interest rate risk

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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 Ac  | ljusted         |                 |
|-----------------------------|------|--------------|---------------|-----------------|-----------------|
|                             |      | GROU         |               | CORPOR          | ATION           |
|                             |      | 2023         | 2022          | 2023            | 2022            |
|                             |      | ZWL\$        | ZWL\$         | ZWL\$           | ZWL\$           |
| Change in interest rate of: | +10% | 56,000,522   | (262,312,512) | (4,352,808,924) | 1,205,594,770   |
|                             | -10% | (56,000,522) | 262,312,512   | 4,352,808,924   | (1,217,787,700) |
|                             |      |              | Historical    | Cost            |                 |
|                             |      | GROUP        |               | CORPOR          | ATION           |
|                             |      | 2023         | 2022          | 2023            | 2022            |
|                             |      | ZWL\$        | ZWL\$         | ZWL\$           | ZWL\$           |
| Change in interest rate of: | +10% | 86,333,022   | (32,941,882)  | 169 -           | 201,012,291     |
|                             | -10% | (86,333,022) | 32,941,882    |                 | (201,012,291)   |

### 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 and flexibility through the use of bank loans, debentures, bank facilities and cash resources. Furthermore, the Group is vigorously e.g. accounts receivables and other financial assets. The Group's objective is to maintain a balance between continuity of funding 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 2023 based on contractual undiscounted payments:

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| GROUP<br>Inflation Adjusted           |                 |                |               |               |       |                 |  |
|---------------------------------------|-----------------|----------------|---------------|---------------|-------|-----------------|--|
|                                       | On demand       | 0 to 3         | 3 to 12       | 1 to 5        | +5    | Total           |  |
|                                       |                 | months         | months        | years         | years |                 |  |
|                                       | ZWL\$           | ZWL\$          | ZWL\$         | ZWL\$         | ZWL\$ | ZWL\$           |  |
| Year ended 31 December 2023           |                 |                |               |               |       |                 |  |
| Interest bearing loans and borrowings | 1,085,550,181   |                | 1,238,632,831 | I             | ı     | 2,324,183,012   |  |
| Other liabilities                     | 22,867,262,024  | 255,594,991    | 628,801,910   |               | ·     | 23,751,658,925  |  |
| Trade and other payables              | 102,699,464,575 | 10,173,675,809 | 2,596,475,266 | 187,231,607   | ·     | 115,656,847,257 |  |
|                                       | 126,652,276,780 | 10,429,270,800 | 4,463,910,007 | 187,231,607   |       | 141,732,689,194 |  |
| Variable 24 December 2002             |                 |                |               |               |       |                 |  |
| Leal elided of Decelliner 2022        |                 |                |               |               |       |                 |  |
| Interest bearing loans and borrowings | 13,130,603,425  |                | 111,215,026   | 1,482,260,572 | ı     | 14,724,079,023  |  |
| Other liabilities                     | 12,199,522,716  | •              | 319,627,853   | I             |       | 12,519,150,569  |  |
| Trade and other payables              | 50,647,640,815  | 5,825,337,777  | 565,399,622   | 286,180,844   |       | 57,324,559,058  |  |
|                                       | 75,977,766,956  | 5,825,337,777  | 996,242,501   | 1,768,441,416 | •     | 84,567,788,650  |  |
| + ( 1011 ) +                          |                 |                |               |               |       |                 |  |
| Historical cost                       |                 |                |               |               |       |                 |  |
|                                       | On demand       | 0 to 3         | 3 to 12       | 1 to 5        | +5    | Total           |  |
|                                       |                 | months         | months        | years         | years |                 |  |
| 1                                     | ZWL\$           | \$ZWL\$        | ZWL\$         | ZWL\$         | ZWL\$ | ZWL\$           |  |
| Year ended 31 December 2023           |                 |                |               |               |       |                 |  |
| Interest bearing loans and borrowings | 1,085,550,181   |                | 1,238,632,831 |               |       | 2,324,183,012   |  |
| Other liabilities                     | 22,867,262,024  | 271,147,970    | 875,035,409   | T             |       | 24,013,445,403  |  |
| Trade and other payables              | 102,404,183,179 | 10,173,675,809 | 2,617,164,308 | 187,231,607   | ·     | 115,382,254,903 |  |
|                                       | 126,356,995,384 | 10,444,823,779 | 4,730,832,548 | 187,231,607   |       | 141,719,883,318 |  |
|                                       |                 |                |               |               |       |                 |  |
| Year ended 31 December 2022           |                 |                |               |               |       |                 |  |
| Interest bearing loans and borrowings | 2,742,473,908   |                | 23,121,627    | 308,162,281   |       | 3,0/3,/5/,816   |  |
|                                       |                 |                |               |               |       |                 |  |

3,279,622,805 9,023,207,489 15.376,588,110

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59,497,057 367,659,338

| JSTRIAL DEVEL<br>is to the Financi<br>the veer ended |  | INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED | Notes to the Financial Statements | Eor the vest ended 31 December 2023 |
|--|--|--|-----------------------------------|-------------------------------------|
|--|--|--|-----------------------------------|-------------------------------------|

| CORPORATION<br>Inflation Adjusted                | On demand   | 0 to 3             | 3 to 12            | 1 to 5         | ې<br>+         | Total                       |
|--|-------------|--------------------|--------------------|----------------|----------------|-----------------------------|
|  | ZWL\$       | months<br>ZWL\$    | months<br>ZWL\$    | years<br>ZWL\$ | years<br>ZWL\$ | ZWL\$                       |
| Year ended 31 December 2023                      |             | 755 501 003        |                    |                |                | 755 501 003                 |
| Trade and other payables                         | 1           | 8,984,998,763      | 1,885,578,942      |                | 1 1            | 10,870,577,705              |
| Amounts owed to Group companies                  |             | 9,240,593,756      | -<br>1,885,578,942 |                |                | -<br>11,126,172,698         |
| Year ended 31 December 2022                      |             |                    |                    |                |                |                             |
| Interest bearing loans and borrowings            | -           |                    | 13,310,670         | 589,219,829    | I              | 602,530,499                 |
| Other liabilities                                | 152,012,970 | 1                  | 53,633,535         | I              | I              | 205,646,504                 |
| Trade and other payables                         |             | 7,050,922,862      | -                  | 1              | I              | 7,050,922,862               |
|  | 152,012,970 | 7,050,922,862      | 66,944,204         | 589,219,829    |                | 7,859,099,866               |
| Historical Cost                                  | On demand   | 0 to 3             | 3 to 12            | 1 to 5         | +5             | Total                       |
|  |             | months             | months             | years          | years          |                             |
|  | \$ML\$      | ZWL\$              | ZWL\$              | ZWL\$          | ZWL\$          | ZWL\$                       |
| Year ended 31 December 2023<br>Other liabilities |             | 255 594 993        | I                  | I              | ı              | 255 594 993                 |
| Trade and other payables                         | I           | 8,984,998,762      | 1,885,578,942      | ı              | I              | 10,870,577,704              |
|  |             | 9,240,593,755      | 1,885,578,942      |                | I              | 11,126,172,697              |
| Year ended 31 December 2022                      |             |                    |                    |                |                |                             |
| Interest bearing loans and borrowings            |             |                    | 2,767,291          | 122,498,925    | I              | 125,266,216                 |
| Other liabilities<br>Trade and other navables    | 31,603,528  | -<br>1 165 888 370 | 11,150,423<br>     |                | 1 1            | 42,753,951<br>1 леб 888 320 |
|  | 31,603,528  | 1,465,888,329      | 13,917,714         | 122,498,925    |                | 1,633,908,496               |

# 21.3 Capital management

the objectives, policies or processes during the year ended 31 December 2023. The Group's capital comprise net debt and equity The primary objective of the Corporation's capital management is to ensure that the Corporation maintains a healthy capital ratio adjust the dividend payment to shareholders, return on capital to shareholders, or issue new shares. No changes were made to adjustments to it in light of changes in the economic environment to maintain and adjusts the capital structure the Group may in order to support the business and maximise shareholder value. The Group manages its capital structure and makes as detailed below:

| Inflation /<br>Inflation /<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2024<br>2023<br>2024Inflation /<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023Inflation /<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>20233 | P          | jjusted<br>2022<br>ZWL\$<br>5,267,470,146<br>9,145,356<br>71,809,343,730<br>(20,188,513,294)<br>56,897,445,938<br>449,153,184,995<br>506,050,630,933 | Historical Cost<br>2023<br>2023<br>2023<br>2023<br>2023<br>2023<br>2024<br>2024 | ost 2022<br>ZWL\$<br>1,088,355,946<br>1,901,321<br>13,018,894,695<br>(4,197,196,111)<br>9,911,955,851<br>84,154,314,999<br>84,154,314,999 |
|---|------------|--|---|---|
| Itio  | 11%<br>60% | 60%  | 12% 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 2023, the Group had ZWL\$1 548 952 188(2022 : ZWL\$947 659 570) 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 2023 and 2022 is the carrying amounts of the financial assets as illustrated in note 21.5.

# 21.5 Fair values of financial instruments

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

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

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|   | 2023  | Inflation<br>2023   | Inflation Adjusted<br>2023 2022                                 | 2022  |
|---|---|---|---|---|
|   | Carrying amount<br>ZWL\$  | Fair value<br>ZWL\$   | Carrying amount<br>ZWL\$  | Fair value<br>ZWL\$   |
| Financial assets<br>Trade and other receivables<br>Cash and short term deposits<br>Available for sale financial assets                          | 161,225,388,878<br>19,199,311,892<br>5,770,698,845              | 161,225,388,878<br>19,199,311,892<br>5,770,698,845              | 69,728,717,719<br>20,169,206,192<br>5,415,758,933               | 69,728,717,719<br>20,169,206,192<br>5,415,758,933               |
| Financial liabilities<br>Interest bearing loans and borrowings<br>Trade and other payables<br>Overdraft   | 1,560,745,602<br>125,434,941,494<br>1,085,550,181               | 1,560,745,602<br>125,434,941,494<br>1,085,550,181               | 5,262,432,648<br>71,740,669,513<br>9,136,610                    | 5,262,432,648<br>71,740,669,513<br>9,136,610                    |
| CORPORATION   | Carrying amount<br>ZML\$  | Fair value<br>ZWL\$   | Carrying amount<br>ZML\$  | Fair value<br>ZML\$   |
| Financial assets<br>Trade and other receivables<br>Cash and short term deposits<br>Loans receivable<br>Arrounts receivable from group companies | 196,333,800<br>2,962,812,043<br>10,191,911,043<br>5,261,492,901 | 196,333,800<br>2,962,812,043<br>10,191,911,043<br>5,261,492,901 | 194,019,918<br>6,700,109,042<br>11,355,193,179<br>2,460,347,491 | 194,019,918<br>6,700,109,042<br>11,355,193,179<br>2,460,347,491 |
| Financial liabilities<br>Interest bearing loans and borrowings<br>Trade and other payables<br>Overdraft   | -<br>10,413,717,827<br>-  | -<br>10,413,717,827<br>-  | 45,744,912<br>8,970,066,237                                     | 45,744,912<br>8,970,066,237                                     |
| Amount owed to group companies  | İ   | •   | 53,582,241  | 53,582,241  |

| Historical Cost<br>2023   | 2   | 2023              | 2022  | 2022  |
|---|---|-------------------|---|---|
| Carrying amount   | Fair value  | value             | Carrying amount   | Fair value  |
| ZWL\$   | ZWL\$   | ZWL\$             | ZWL\$   | ZWL\$   |
| 125,571,713,953   | 125,571,713,953   | 953               | 13,137,660,345  | 13,137,660,345  |
| 19,199,311,892  | 19,199,311,892  | 392               | 4,197,196,111   | 4,197,196,111   |
| 609,583,728   | 609,583,728   | 728               | 59,331,336  | 59,331,336  |
| 1,560,745,608   | 1,560,745,608   | 508               | 1,088,355,946   | 1,088,355,946   |
| 125,422,135,611   | 125,422,135,611   | 511               | 13,018,894,695  | 13,018,894,695  |
| 1,085,550,181   | 1,085,550,181   | 181               | 1,901,321   | 1,901,321   |
| Carrying amount   | Fair value  | value             | Carrying amount   | Fair value  |
| ZWL\$   | ZWL\$   | ZWL\$             | ZWL\$   | ZWL\$   |
| 196,333,800<br>2,962,812,043<br>10,191,911,043<br>5,261,492,901 | 196,333,800<br>2,962,812,043<br>10,191,911,043<br>5,261,492,901 | 300<br>343<br>301 | 40,375,394<br>1,394,287,477<br>2,363,006,862<br>511,996,398 | 40,375,394<br>1,394,287,477<br>2,363,006,862<br>511,996,398 |
| -<br>10,413,717,826<br>-  | -<br>10,413,717,826<br>-  | - 326             | 2,767,289<br>1,866,663,803<br>-<br>11,150,423               | 2,767,289<br>1,866,663,803<br>-<br>11,150,423               |

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

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short- term maturities of these instruments. At 31 December 2023, the carrying amounts of these instruments were therefore equal to their fair values.

factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, Long-term fixed rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk 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

INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED For the year ended 31 December 2023 Notes to the Financial Statements

Fair value hierarchy

|   |         | Inflation Adjusted | djusted         |                 |         | Historical Cost | l Cost          |
|---|---------|--------------------|-----------------|-----------------|---------|-----------------|-----------------|
| 2023  | Level 1 | Level 2            | Level 3         | Total           | Level 1 | Level 2         | Level 3         |
|   | ZWL\$   | ZWL\$              | ZWL\$           | ZWL\$           | ZWL\$   | ZWL\$           | ZWL\$           |
| Financial and non-financial assets          |         |                    |                 |                 |         |                 |                 |
| Land and buildings                          |         |                    | 716,191,502,468 | 716,191,502,468 | ı       | ,               | 709,444,481,892 |
| Available for sale financial assets         |         |                    | 5,770,698,845   | 5,770,698,845   | I       | ı               | 609,583,728     |
| Investment properties                       |         |                    | 38,262,538,928  | 38,262,538,928  | ı       | ,               | 38,262,538,924  |
| A Levy A                                    |         |                    |                 |                 |         |                 |                 |
| 2022  | Level 1 | Level 2            | Level 3         | Total           | Level 1 | Level 2         | Level 3         |
|   | ZWL\$   | ZWL\$              | \$ZWL\$         | ZWL\$           | ZWL\$   | ZWL\$           | ZWL\$           |
| Financial and non-financial assets          |         |                    |                 |                 |         |                 |                 |
| Land and buildings                          |         |                    | 355,503,704,924 | 355,503,704,924 | •       |                 | 73,571,349,766  |
| Available for sale financial assets         |         | •                  | 5,420,943,203   | 5,420,943,203   |         |                 | 59,331,336      |
| Investment properties                       | -       |                    | 15,191,440,807  | 15,191,440,807  | I       | ı               | 3,158,303,702   |
| Assets held for sale                        | -       | •                  |                 | •               | ·       |                 | •               |
|   |         |                    |                 |                 |         |                 |                 |
| The classification is explained as follows: |         |                    |                 |                 |         |                 |                 |

73,571,349,766 59,331,336 3,158,303,702

Total ZWL\$

Total ZWL\$

709,444,481,892 609,583,728

38,262,538,924

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 2023, there were no financial assets at fair value through profit and loss. Refer to Note 8 (a), 9.1 and 10.4 for valuation techniques.

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INDUSTRIAL DEVELOPMENT CORPORATION OF ZIMBABWE LIMITED Notes to the Financial Statements

For the year ended 31 December 2023

### Segment information 22

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.

Motor vehicle and truck dealership, importer and wholesaler of automotive parts and provider of motor vehicle plans.

Coach building, general engineering and manufacturing .

Fertilizer and chemical manufacturing

Chemicals and Fertilizers Reportable segments

Motor and Transport Engineering

Operations

| Corporate and Other                               | Promote investments     | and economic co-ope | eration across borde | ers and development c    | of residential, comme | Promote investments and economic co-operation across borders and development of residential, commercial and industrial stands | .sbi              |                 |
|---|-------------------------|---------------------|----------------------|--------------------------|-----------------------|---|-------------------|-----------------|
| The Group has four operating segments as follows: |                         |                     |                      |                          |                       |   |                   |                 |
|   |                         |                     |                      | Inflatio                 | Inflation Adjusted    |   |                   |                 |
|   | Chemicals & fertilizers | & fertilizers       | Motor &              | Motor & transport        | Corporate & other     | & other   | Consolidated      |                 |
|   | 2023                    | 2022                | 2023                 | 2022                     | 2023                  | 2022  | 2023              | 2022            |
|   | \$ML\$                  | \$ML\$              | ZWL\$                | \$ML\$                   | ZWL\$                 | ZWL\$   | \$JWL\$           | \$JWL\$         |
| Revenue   |                         |                     |                      |                          |                       |   |                   |                 |
| External customer                                 | 404,904,297,011         | 152,124,221,518     | 9,855,401,316        | 3,558,185,153            | 47,311,854,913        | 15,077,999,481  | 462,071,553,240   | 170,760,406,152 |
| Intersegment sales                                | (613,782,237)           | (267,395,186)       |                      |                          |                       |   | (613,782,237)     | (267,395,186)   |
| Total revenue                                     | 404,290,514,774         | 151,856,826,333     | 9,855,401,316        | 3,558,185,153            | 47,311,854,913        | 15,077,999,481  | 461,457,771,003   | 170,493,010,967 |
| Ro suits  |                         |                     |                      |                          |                       |   |                   |                 |
| Depreciation                                      | 7,597,553,505           |                     | 422.690.436          |                          | 1.018.925.608         |   | 9.039.169.549     |                 |
| Impairment of assets                              | . 1                     |                     |                      | ,                        | - 1<br>               |   |                   |                 |
| Share of profit of associates                     | -                       | (3,643,903,974)     |                      | I                        | 10,566,888,329        | 8,106,580,198   | 10,566,888,329    | 4,462,676,224   |
| Commont anofit (local                             | (3 EED 680 107)         | 122 122 180 0721    | (034 067 730)        | 1 752 237 030            | 86 JEJ E63 810        | 11 E01 77E 630  | 04 767 046 003    | VE 287 868 244) |
|   | (2,220,060,137)         | (21,122,480,373)    | (934,001,139)        | 1,233,337,020            | 610,000,202,000       | 14,201,212,029  | 01,101,010,000    | (2,201,000,314) |
| Operating assets                                  | 424,418,035,195         | 254,747,653,262     | 87,295,071,006       | 30,452,002,655           | 572,295,094,102       | 284,414,238,357   | 1,084,008,200,303 | 569,613,894,274 |
|   |                         |                     |                      |                          |                       |   |                   |                 |
| Operating liabilities                             | 107,463,433,647         | 51,589,709,740      | 2,307,580,677        | 2,433,249,960            | 16,749,477,351        | 13,771,210,855  | 126,520,491,675   | 67,794,170,555  |
| Other disclosures                                 |                         |                     |                      |                          |                       |   |                   |                 |
| Investment in an associate                        |                         | 32,357,565,140      | T                    | T                        | 109,418,753,347       | 37,435,549,201  | 109,418,753,347   | 69,793,114,341  |
| Capital expenditure                               | (44,571,184)            | (386,391,114)       | (177,797)            | (177,797) 11,039,020,603 | (226,436,392)         | (29,973,673)  | (271,185,373)     | 10,622,655,817  |

1. Inter- segment revenues are eliminated on consolidation.

2 .Segment assets includes intercopmany transactions

3. Segment liabilities do not include long term liabilities ZWL\$84 790 352 397(2022:ZWL \$49 926 942 507).

**Historical Cost** 

|  | Chemicals & fertilizers | & fertilizers  | Motor 8        | Motor & transport | Corporate & other | k other        | Consolidated      |                 |
|--|-------------------------|----------------|----------------|-------------------|-------------------|----------------|-------------------|-----------------|
|  | 2023                    | 2022           | 2023           | 2022              | 2023              | 2022           | 2023              | 2022            |
|  | \$ML\$                  | ZWL\$          | ZWL\$          | ZWL\$             | \$ZWL\$           | ZWL\$          | ZWL\$             | \$ZWL\$         |
| Revenue  |                         |                |                |                   |                   |                |                   |                 |
| External customer  | 158,032,248,250         | 21,241,166,686 | 5,697,538,462  | 564,423,358       | 24,553,777,842    | 2,256,635,059  | 188,283,564,554   | 24,062,225,103  |
| Intersegment sales   | (444,886,872)           | (40,608,292)   |                | ı                 |                   | ı              | (444,886,872)     | (40,608,292)    |
| Total revenue  | 157,587,361,378         | 21,200,558,394 | 5,697,538,462  | 564,423,358       | 24,553,777,842    | 2,256,635,059  | 187,838,677,682   | 24,021,616,811  |
| Doculto  |                         |                |                |                   |                   |                |                   |                 |
| Depreciation   | 2,979,759,366           | 550,195,380    | 88,111,128     | 13,427,301        | 342,428,043       | 82,317,281     | 3,410,298,537     | 645,939,962     |
| Impairment of assets   |                         | 1              | I.             | I                 |                   |                | 1                 | 1               |
| Share of profit of associates  | -                       | (757,235,938)  | 1              |                   | 10,011,793,684    | 2,107,679,401  | 10,011,793,684    | 1,350,443,463   |
|  |                         |                |                |                   |                   |                |                   |                 |
| Segment profit/ (loss)   | 18,828,546,580          | (186,905,149)  | 2,441,612,872  | 252,447,181       | 110,312,395,650   | 11,129,614,514 | 131,582,555,102   | 11,195,156,546  |
|  |                         |                |                |                   |                   |                |                   |                 |
| Operating assets   | 398,203,136,828         | 39,723,351,307 | 83,935,612,014 | 6,099,642,557     | 535,729,155,043   | 57,078,307,622 | 1,017,867,903,885 | 102,901,301,486 |
| Operating liabilities  | 126,776,012,782         | 8,285,772,835  | 3,326,366,526  | 1,057,574,412     | 17,825,850,915    | 2,945,884,663  | 147,928,230,223   | 12,289,231,910  |
| and the second s |                         |                |                |                   |                   |                |                   |                 |
| Other disclosures  |                         | 1007           |                |                   |                   | 710 110 001    |                   |                 |
| Investment in an associate   | 1                       | 4,227,132,153  | 1              | т                 | 107,632,168,356   | /52,112,224    | 107,632,168,356   | 4,9/9,244,3//   |
| Capital expenditure  | 1,963,654,504           | 1,205,120,064  | 68,939,160     | 7,952,631         | 1,000,793,775     | 258,262,606    | 3,033,387,439     | 1,471,335,301   |
|  |                         |                |                |                   |                   |                |                   |                 |

Inter- segment revenues are eliminated on consolidation.
 Segment assets does includes intercompany transactions

3. Segment liabilities do not include long term liabilities ZWL\$89 127 115 601(2022: ZWL\$8 835 533 628)



### >>> Notes to the financial statements

### 23.0 GOING CONCERN

### GROUP

The business environment remains subdued, characterised by working capital challenges, foreign currency shortages, depressed domestic demand, inflationary pressures, low investor confidence and the impact of global conflicts, which drove economies into slowdown. Despite these challenges, the Group has shown resilience and the Directors have assessed the ability to continue as a going concern and believe that the preparation of these inflation adjusted financial statements on a going concern basis is appropriate as the business strives to fulfil its mandate of supporting the National Development Strategy 1 (NDS1) of moving the economy up the value chains.

The Group made inflation adjusted profit before tax of ZWL\$64 266 351 856 (2022: ZWL\$2 868 709 669), mainly due to newly commissioned plants which the group is sweating to fulfil the huge government orders for fertilisers and livestock chemicals.

After assessment of the Group's financial performance for the year ended 31 December 2023, the financial position as at 31 December 2023; further recapitalisation needs for Chemplex Corporation, Willow Vale Motor Industries (WMI) and Deven Engineering, as well as the Group's forecasts for the year ending 31 December 2024, the Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial results have been prepared on a going concern basis.

### 24.0 SUBSEQUENT EVENTS

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Subsequent to 31 December 2023, on 5th April 2024, through the 2024 Monetary Policy Statement, the Reserve Bank of Zimbabwe (RBZ) introduced a structured currency which is generally defined as a currency that is pegged to a specific exchange rate or currency basket and backed by a bundle of foreign exchange assets (potentially including gold). This means that domestic notes and coins can only be issued when fully backed by a foreign "reserve" currency of foreign exchange assets and that currency is fully convertible into reserve currency on demand.

The structured currency is anchored by a composite basket of foreign currency and precious metals (mainly gold) held as a reserve by the RBZ. With effect from 5 April 2024, banks were required to convert the Zimbabwe Dollar (ZWL\$) balances into the new currency called the Zimbabwe Gold (ZWG). The new currency is co-circulating with other foreign currencies in the economy. The factor used for all ZWL\$ balances to ZWG on 5 April was ZWG2 498.7242.



On conversion of all current ZWL\$ balances, banks were directed to rename all the current ZWL\$ accounts as ZWG accounts.

The Directors assessed the implications of the introduction of the new currency in line with the requirements of IAS 10 - Events After the Reporting Period and concluded that the introduction of the structured currency is a non-adjusting event on the inflation adjusted financial statements for the year ended 31 December 2023. However, the Group complied with the requirements of the Monetary Policy statement with effect from 5 April 2024.



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