2019
ANNUAL REPORT

ZECO HOLDINGS LIMITED

We're building the future

AUDITED GROUP FINANCIAL STATEMENTS

CONTENTS

NATURE OF BUSINESS

Zeco was incorporated in Zimbabwe on November 2007 in order to facilitate the consolidation of the ownership of Delward and Crittall-Hope, all of which were wholly owned and/or under the control of Native Investment Africa Group. Delward and Crittall Hope are engineering companies that have been operating for more than 50 years, with ownership changing hands over the years. In 2008, Zeco also acquired all the assets held by Corbett Holdings (Private) Limited ("Corbett") and its subsidiaries. The nature of business undertaken by Zeco is defined by the activities or operations of its subsidiaries which are outlined hereunder.

DELWARD ENGINEERING

This is the successor company to Zeco Limited, a highly diversified heavy engineering Company established in Bulawayo in 1948 under the name Railway Engineering and Steel Construction Company Limited ("RESCCO"). In 1980, RESCCO changed its name to Zeco Limited.

The business activities of Delward are structured into the following divisions:

Rolling Stock

- Railway Wagons/Coaches – is involved in the manufacture and rehabilitation of wagons such as covered ,high sided, fuel tankers, hopper and drop sided wagons. All wagons are manufactured to AAR or UIC standards with the use of computer aided design and drafting systems.

  The division's rolling stock products have so far been supplied to Zambia, Malawi, Botswana, Tanzania, Democratic Republic of Congo, Uganda, Mozambique, Madagascar, Ethiopia/Djibouti, Zimbabwe and United Kingdom. This history opens the door for significant opportunities and markets for this division.

- Mining rolling stock- is involved in the manufacture of mining transportation equipment such as granby-cars, cocopans, and skips of all sizes.

- Traction (Railway) is involved in the building, repowering and refurbishment of Steam, diesel-electric.

Structural Division

The division is involved in the design, manufacture and assembly of all manner of steel structures including the production of storage tanks, heat exchangers, separator columns, chimneys, pressure vessels, transmission towers, material handling systems, storage facilities, structural steel frame buildings and other custom designed fabrications. The division is also involved in trailer and coach building, specializing in the manufacture of tri axle trailers (5-30 Ton), hi speed trailers, bulk fuel tanks, container trailers, chassis extensions, flat deck trailers and aluminium boxed bodies.

It also offers consultancy facilities, enabling it to collaborate with other industry players in and outside Zimbabwe.

NATURE OF BUSINESS (continued)

In its history, the division carried out overhauls of boiler plant, ash handling plant and valves at Zimbabwe's Harare and Munyati Power Stations. It also built Botswana's Morupolule Thermal Power plant and Colliery, repaired Zisco's Steel's Blast Furnaces and built Gaborone Aircraft Hangar and Francistown Abattoir in Botswana.

Erection Division

The division is involved in the raising of steel structures, including on-site installation and commissioning of process plant equipment, hire of cranes, equipment and labour and dismantling and removal of process plant and equipment. It has an extensive range of mobile cranes of lifting capacity of up to 60 tons and chain block capacity of up to 120 tons.

Examples of Projects completed in the history of this division include Mazowe Satellite Earth Station (in association with SUMITOMO Corporation and NEC Corporation) and Hwange Thermal Power Station Stage I and II boiler's turbines, precipitators, ash handling plant and cladding amounting to a total of 20 000 tonnes of steel work. It also erected major items of plant such as demisters, humidifiers for Triangle Sugar Mill, constructed Zisco Steelwork's Sinter Plant comprising conveyors, mills, sinter machine, crushing plant and transfer towers, stripped and re-erected Bindura Nickel Mine Corporation's smelting Plant at Trojan Mine including installation of a new precipitate and Wankie Colliery coke ovens.

Machine and Press Shops

The machine and press shops are fully equipped with machine tools capable of undertaking all aspects of light and heavy machining and pressing work. This service is of prime importance to many related industries.

CRITTALL HOPE

Established in Zimbabwe in 1950 as a subsidiary of Crittall Hope Limited (United Kingdom), the British company that was a household name in Europe. The factory was built in 1952 with an initial factory area of 2,500 square meters and had fifty employees. Through the years, the factory was gradually extended to an area of 10,000 square meters with eighty-one factory and sixteen administration employees. In 1968, Lonrho bought the company from Crittall-Hope Limited (United Kingdom) and in April 1998 sold it to Native Investments.

Crittall Hope is one of the largest manufacturers of building and furniture products, namely window frames, door frames, steel doors, roller shutter doors, garage doors, sliding doors, burglar bars, and fly screens, school and office furniture and steel office cabinets. The company also manufactures window handles, peg stays, concealed door bolts and sliding stays. Crittall Hope operations are structured into five divisions, namely window frames, door frames, agricultural equipment, furniture, and fittings.

NATURE OF BUSINESS (continued)

- Window frames - the window frame factory manufactures all types of standard and purpose made window frames. The set of machinery in this factory include eccentric presses, corner flash welders, hot reverting machines, arc welders and a dip paint tank.

- Door frames - the door frame factory manufactures all sizes of door frames, steel door panels, transformer doors, cupboard frames and purpose made door frames. The machinery in this factory includes guillotines, bending brakes, spot welders, eccentric presses, arc welding machines and a paint tank.

- Agricultural equipment - the agricultural equipment factory manufactures all sizes of scotch carts, harrows, water bowsers, ploughs and related products.

- Fitting Shop - the fitting shop manufactures roller shutter doors, sliding doors, hinges and brackets for window and door frames, burglar bars and fly screens.

ZIMPLASTICS

Zimplastics - is the biggest local manufacturer of a wide range of electrical accessories approved by the Zimbabwe Standards Association. Zimplastics manufactures plastic products through the use of blow and injection moulding machines. The company's product range includes light switches, plug sockets, lamp holders, surge protectors and various plastic based products ranging from kitchenware and different types of containers for the food industry.

- Zimplastics also manufactures a diverse range of roto moulded products which enables it to tailor make plastic based products to customer specifications mainly supplying the agricultural and mining industries, namely storage tanks with capacities of 640 litres to 4000 litres; toilet pans, seats and accessories for low cost housing. It is also involved in the importation and distribution of electric motors of all sizes. The company also offers back-up service and stocks allied parts and spares for electric motors. It is the biggest supplier to the farming and mining industries of motors and switch-gear. Zimplastics operates from premises owned by Zeco.

- The company is adding a new dimension to its business direction by converting the premises where Zimplastics is housed, Stand 221 and 222, Ruwa Growth Point into a world class Shopping Mall. The development will see the birth of new shopping experiences that can only be compared with some selected world class Shopping Malls. In Zimbabwe it will be the first of its kind. Ruwa has witnessed rapid growth in population in recent years and is also located along a very busy highway to/from Manicaland. Shoppers from Harare will find it easier and worthwhile to shop at Ruwa Shopping Mall because of the convenience brought about by the dualisation of the Harare/ Mutare highway currently underway plus ample parking facilities available.

- The current operations of Zimplastics are being relocated from Ruwa to our Harare Workington premises where the Group has idle space.

MISSION, VISION AND OBJECTIVES

Mission Statement

ZECO endeavors to consistently deliver superior, long-range economic benefits to its clients, employees, shareholders and other stakeholders by continuing to provide improved products and services that meet with expected professional standards and promote sustainable growth.

Vision

To be one of the world's leading heavy engineering firm and be counted amongst the world's best performing investments in our chosen areas of endeavors.

Mission Objectives

- Continuous improvement of our product quality as well as the reduction of costs
- Delivery of superior, long range economic benefits to our clients, employees and shareholders.
- Development of secure, synergistic relationships with international business associates, customers and suppliers.
- A positive attitude to economic and social progress in Zimbabwe and the region
- Dedication to quality meeting the ISO 9000 rating.

ZECO Corporate Structure

Zeco Holdings Ltd

- Delward Engineering P/L (Zeco Engineering)
- Crittall Hope Ltd

Zeco owns all the issued shares in the share capital of Delward and Crittall Hope

DIRECTORATE AND ADMINISTRATION

Senior Management

Dr. P. Chinyangwa	Chairman
Mr. H. Madziwo	Group Chief Executive Officer
Mr. E. Chiyangwa	Executive Director
Mr. M. Jonga	Non Executive Director
Eng. B Rafemoyo	Non Executive Director
Mr. J. Mwinjilo	Non Executive Director

Secretary
Mr. J. Mwinjilo

Registered offices
Stand 7753
Corner Canberra Road/Greenock Road
Workington
Harare

Auditors
MGI (Mazhandu) Chartered Accountants
7 Central Avenue
2nd Floor, Methodist House
P.O. Box 6499
Harare

Bankers

CBZ Bank Limited
8th Avenue Branch
Harare

ZB Bank
Workington
Harare

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") is committed to ensuring that the highest standards of corporate governance are practiced throughout ZECO Holdings Limited and its subsidiaries, as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

The Board of Directors as at May 28, 2019 comprises:
Dr. P. Chiyangwa
Mr. H. Madziwo
Mr. E. Chiyangwa
Mr. M. Jonga
Mr. J. Mwinjilo
Eng. B. Rafamoyo

Board's Conduct of Affairs
The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management systems and internal controls to safeguardshareholders' interests and the Group's assets. All Board members bring their independent judgment, diversified knowledge and experience to bear on issues of strategy (including social and environmental issues), performance, resources and standards of conduct and ethics. The Board regularly reviews the Group's strategic business plans, the assessment of key risks by management and the operational and financial performance of the Group to enable the Group to meet its objectives.

The Board objectively makes decisions in the interests of the Group. The Board has delegated specific responsibilities to three Sub-Committees, namely the Audit, Remuneration and Executive Committees. Information on each of the three Committees is set out further in this report. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. Matters requiring the Board's decision and endorsement are defined in the Board Terms of Reference.

The Board ideally meets at least three times a year. Fixed and optional meetings are scheduled at the start of each year and optional meetings convened as scheduled only when there are matters requiring the Board's decision at the scheduled time. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings. The Board also schedules an annual Board Strategy meeting to discuss strategic matters.

The number of Board and Board Committee meetings held in the current financial year and the attendance of directors during these meetings are as follows:

Board of Directors	Number of meetings Held	Attended
Executive Director		
Mr. H. Madziwo	2	2
Mr. E. Chiyangwa	2	0
Non-executive Director		
Dr. P. Chiyangwa	2	2
Mr. M. Jonga	2	2
Mr. J. Mwinjilo	2	2
Eng.B. Rafemoyo	2	2

During the period under review the remuneration committee, audit committee and the executive committee did not hold any meetings.

CORPORATE GOVERNANCE REPORT

Board Composition and Independent Directors

The Board comprises of six members, 4 of whom are non-executive directors (including the Chairman). The Chairman of all the various committees are all non executive directors. All directors are required to disclose any relationships or appointments which would impair their independence to the Board timely. The Board views all the non-executive directors of the company to be independent in character, judgment and that there are no relationships which are likely to affect or could appear to affect the director's judgment in the course of discharging his fiduciary duties based on the evaluations and results of review conducted by the executive committee.

Board size

The shareholders review the size of the Board on an annual basis, and considers the present Board size of directors as appropriate for the current scope and nature of the Group's operations. As independent and non-executive directors make up more than half of the Board, no individual or group is able to dominate the Board's decision-making process. Although all the directors have an equal responsibility for the Group's operations, the role of these independent non-executive directors is particularly important in ensuring that the strategies proposed by management are constructively challenged, fully discussed and examined, and take into account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business.

Remuneration committee

The Remuneration Committee is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for determining the remuneration packages of individual directors and senior management.
Roles and Responsibilities of the Remuneration Committee
The principal responsibilities of the Remuneration Committee are:

(a) Recommending to the Board for endorsement, a framework for computation of directors' fees of the Board (both executive and non-executive directors) and senior management of Senior Vice President grade or its equivalent and above. For executive directors and other senior management, the framework covers all aspects of executive remuneration (including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind);

(b) Recommending the specific remuneration packages for each director and other senior management of Senior Vice President grade or its equivalent and above;

© The Remuneration Committee reviews the reasonableness of the contracts of service of executive directors and key management personnel. Where necessary the Remuneration Committee obtains advice from external remuneration consultants for the Group's benchmarking of such contracts.

The Audit Committee

The Group has an audit committee that assists the board in fulfilment of its duties. The audit committee deals, inter alia, with internal control and risk management. The committee comprises of at least two non executive directors. The committee meets at least four times a year to consider compliance with financial reporting requirements monitor appropriateness of accounting policies and effectiveness of internal control policies.

CORPORATE GOVERNANCE REPORT

Roles and Responsibilities of the Audit Committee

- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- reviewing the adequacy of the Group's internal controls, including financial, operational, compliance and information technology controls at least annually;
- reviewing the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;
- reviewing the scope, approach and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- reviewing the external auditor's audit plan, audit report and the external auditor's evaluation of the system of internal accounting controls with the external auditor, as well as the assistance given by management to the external auditor;
- reviewing the nature and extent of the external auditor's non-audit services to the Group as well as the extent of reliance placed by the external auditor on the internal auditor's work, seeking to balance the maintenance of objectivity and value for money;
- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- reviewing the quarterly, half-yearly and full-year financial reports of the Group, prior to their submission to the Board.

The Executive committee

The executive committee sits between board meetings to deliberate and consider detailed operational issues of the group which includes strategy implementation. The directors are required in terms of the Companies Act [Chapter 24:03] to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The financial statements are prepared in accordance with the International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

CORPORATE GOVERNANCE REPORT

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The directors are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 11-28, which have been prepared on the going concern basis, were approved by the board on ………………………………..and were signed on its behalf by:

Director

Director

CHAIRMAN'S STATEMENT

Operating Environment

The challenging macroeconomic environment persisted in 2019. Foreign currency shortages continued with the local currency depreciating from the fixed exchange rate of 1:1 to the United States Dollar to 1:15 during the period. The local currency devalued against major trading currencies further impacting consumer disposable incomes. Inflation increased to 521% by the end of December 2019.

Group financial Performance
The subdued financial results reflect the challenging environment that was prevailing in 2019 during the period under review.

The group generated inflation adjusted revenues of $4.435 million compared to $5.055 million in the prior year.

Revenue could not cover operating costs in spite of cost containment resulting in an inflation adjusted bottom line of $25,998 million, as compared to the $37,626 million recorded in 2018.

The Group's asset base stood at $325,449 million.

Please note that the group has not declared a dividend for the period.

Delward Engineering T/A ZECO
The group's flagship subsidiary based in Bulawayo relies on infrastructure projects for its core business activities. Due to the challenging economic environment, no major projects being undertaken during the period under review.

Crittall Hope
Crittall Hope, the construction materials sector. The performance was curtailed by increase in raw materials due to inflationary pressures and shortage of foreign currency. Positive performance is expected this year due to promising projects which are expected to take off in the industry.

Future Outlook
The economic environment will remain dampened by inflation and currency volatility in the short to medium term with the effects of Covid-19 worsening the situation. Despite these current economic challenges, the Group will continue to pursue potential synergies and expansion projects, which will enable sustainable growth and preserving value for all stakeholders.

Acknowledgement
On behalf of the board, I would like to thank all ZECO stakeholders, Management and Staff for their continued invaluable support. We apologize for the late publication of these results which was due to circumstances beyond our control.

Dr P Chiyangwa.
CHAIRMAN
Harare
16 July 2020

INDEPENDENT AUDITORS REPORT

We have audited the financial statements of ZECO Holdings Limited set out on pages 11 to 28 which comprise the statement of financial position as at December 31, 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the organisation's financial statements do not present fairly the financial position of the organisation as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, (IFRSs).

Basis of Adverse Opinion

Date of change in functional currency - Non-compliance with IAS 21 and resultant inconsistency with IAS 29. As explained in note 2.3.1, 2.3.2 and 2.3.3 to the organisation financial statements, the organisation applied the United States Dollar, (US$), as its functional currency for the period 1 October 2018 to 22 February 2019 and the Real Time Gross Settlement Dollars, (RTGS$), and Zimbabwe Dollars, (ZWL), for the period 23 February 2019 to 31 December 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the organisation changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The organisation financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was requirement for banks to separate out FCA, RTGS accounts from the FCA Nostro US$ accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar, (RTGS), and the interbank foreign exchange market.
Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe dollar (which comprises RTGS$, Bond notes and Bond coins) was the sole legal tender effective 24 June 2019. The events triggered the need for the organisation to assess whether there was a change in functional currency (from US$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21.

Based on International Accounting Standard IAS 21 - The effects of changes in Foreign Exchange Rates ("IAS 21") the functional currency of an entity is the currency of the primary economic environment in which the entity operates and reflects the underlying transactions, events and conditions that are relevant to it. In addition, paragraph 2.1 of the Conceptual Framework for Financial Reporting ("the Conceptual Framework") prescribes that for financial information to be useful, it "must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon".

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL:US$ exchange rate and this occurred effective 1 October 2018. This impacts the basis for measuring transactions that occurred effective 1 October 2018. This impacts the basis for measuring

transactions that occurred between 1 October 2018 and 22 February 2019, the valuation of assets and liabilities as well as the accounting for foreign current and prior period exchange differences.
Accordingly, the financial statements of the organisation include balances and transactions denominated in US$ that were not converted to ZWL at a ZWL:US$ exchange rate that reflects the economic substance of its value as required by IFRS.

Exchange rate (Non- compliance with IAS 21)

For the period 1 October 2018 to 22 February 2019 the financial statements of the organisation included balances and transactions denominated in ZWL that were not converted to USD$ at a ZWL:US$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS"). This is because management applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2019, 20th of February 2019 and 1st of October 2018. We believe that the transactions in the market indicated a different rate between the two currencies through ought this period despite the legal 1:1 ZWL:US$ exchange rate.

On the 23rd of February 2019, being the date of change in functional currency for the organisation, management translated all balances using an exchange rate of 1 ZWL:1 US$. Subsequently the organisation applied relevant interbank rates up to 31 December 2019. The exchange rates used did not meet the criteria for appropriate exchange rates in terms of IFRS as defined below:

According to IAS 21, at the end of each reporting period; (a) foreign currency monetary items shall be translated using the closing rate; (b) non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and (c) non-monetary items that are measured at fair value in a foreign currency shall be translated using exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

According to paragraph 8 of IAS 21, the closing rate is defined as a) spot exchange rate at the end of the reporting period, and b) Spot exchange rate is the exchange rate for immediate delivery.

In light of the definitions above, the IFRS interpretations Committee concluded in their September 2018 paper that closing rate is the rate to which an entity would have access at the end of the reporting period through a legal exchange mechanism.

We therefore believe that the exchange rates for transactions and balances between the US$ and the RTGS$/ZWL used by the organisation (1:1 for the period 1 October 2018 to 22 February 2019 and interbank rate for transactions and balances between 23 February 2019 and 31 December 2019) did not meet the criteria for appropriate exchange rates in terms of IFRS as defined above. Had the correct rate been used, most balances would have been materially different.

In our opinion, except for the noted non-compliance with taxation legislature, the financial statements of ZECO Holdings (Private) Limited have in all material respects complied with the disclosure requirements of the ZECO Holdings (Private) Limited and the other relevant statutory requirements.

INDEPENDENT AUDITORS REPORT

Emphasis of matter

We draw your attention to page 14 in the financial statements which indicates that the company has a negative retained earnings of ZWL$60,330,291 for the year ended December 31, 2019 and, as of that date, as indicated on page 14 in the financial statements the company's current liabilities exceeded its total current assets by ZWL$4,484,174. These conditions may indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Material uncertainty related to going concern

The company incurred a net deficit of ZWL$67,871,491 in the current year (2018, deficit of ZWL$1,587,328) which resulted in negative retained earnings of ZWL$60,330,291 as at December 31, 2019, (2018:negative ZWL $19,067,414). We draw your attention to note 23 where further details on going concern have been disclosed. As stated in note 20, these events or conditions, along with other matters as set forth in note 20, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We evaluated the company's going concern assessment by challenging the underlying data used to prepare the key assumptions applied within the company's cash flows; overall profitability and cash flows, and its effect on the timing of the company's cash flows;
We performed audit procedures to identify events subsequent to year end in order to identify revenues that have been received and evidence further of cost cutting measures.

We have considered the adequacy of going concern disclosures as set out in note 23. We considered the conclusion reached by the company to prepare the financial statement on the basis of a going concern, and the resultant disclosures, to be appropriate.

Key Audit Matters

We summarise below the matters that had the greatest effect on our audit, our key audit procedures and our findings from those procedures in order that the company's management as a body may better understand the process by which we arrived at our audit opinion. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our audit opinion in the company's financial statements.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters below relate to the audit of financial statements.

Key audit matter	**How our audit addressed the key audit matter**
• The group has increasing statutory obligation owing to Zimbabwe Revenue Authority (ZIMRA), National Social Security Authority (NSSA) and Zimbabwe Manpower Development Fund. The company's outstanding balance ZWL$531,330.74 and ZWL $45,859.59 .	Our audit procedures focused on: • Reviewing the company's plans to make payments to the authorities to clear this balance. • Discussing with the management the extent of adherence to payment plans in place to avoid penalties and garnishes.

INDEPENDENT AUDITORS REPORT

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, (IFRSs), and for such internal control as the members determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the organisation or tocease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
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- Conclude on the appropriateness of management's use of 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 organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
-
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

INDEPENDENT AUDITORS REPORT

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

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

Mazhandu & Company

MGI (Mazhandu) Chartered Accountants
Fanuel Pange, CA(Z)
Managing Partner
Registered Public Auditor, PAAB number 0457
July 13, 2020

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	INFLATION ADJUSTED 2019 ZWL$	INFLATION ADJUSTED 2018 ZWL$	HISTORICAL 2019 ZWL$	HISTORICAL 2018 ZWL$
Assets					
Non-current assets					
Property, plant and equipment	**14**	230,678,641	199,620,303	230,678,641	32,196,823
Deferred tax		29,916	185,479	29,916	29,916
Total non-current assets		**230,708,557**	**199,805,782**	**230,708,557**	**32,226,739**
Current assets					
Inventory	**10**	802,163	1,255,729	802,163	202,537
Trade and other receivables	**11**	740,044	3,361,820	740,044	542,229
Related party receivable	**12**	13,641	30,405	13,641	4,904
Financial assets at fair values	**13**	5,726	35,501	5,726	5,726
Cash and cash equivalents	**14**	301,834	(17,335)	301,834	(2,796)
Total current assets		**1,863,408**	**4,666,120**	**1,863,408**	**752,600**
Assets of discontinued operations		92,877,768	32,563,857	92,877,768	5,252,235
Total assets		**325,449,734**	**237,035,759**	**325,449,734**	**38,231,575**
Equity and liabilities					
Equity					
Derived Equity		74,198,550	74,198,550	11,967,508	11,967,508
Revaluation reserve		91,392,764	26,608,613	286,707,678	26,608,613
Retained losses		72,753,581	20,146,815	(60,330,291)	(19,067,414)
Total equity		**238,344,895**	**120,953,977**	**238,344,895**	**19,508,707**
Non current liabilities					
Shareholders loan	**18**	85,344	6,911,952	85,344	1,114,831
Deferred tax	**19**	55,012,522	53,940,508	55,012,522	8,700,082
Related party payables	**12**	1,033,544	181,784	1,033,544	29,320
Total non current liabilities		**56,131,410**	**61,034,245**	**56,131,410**	**9,844,233**
Current liabilities					
Trade and other payables	**8**	6,346,806	32,504,783	6,346,806	5,242,707
Related party payables	**12**	776	4,811	776	776
Total current liabilities		**6,347,582**	**32,509,595**	**6,347,582**	**5,243,483**
Liabilities associated with discontinued operations		24,625,847	22,537,942	24,625,847	3,635,152
Total equity and liabilities		**325,449,734**	**237,035,759**	**325,449,734**	**38,231,575**

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AS AT DECEMBER 31, 2019

	Note	INFLATION ADJUSTED		HISTORICAL	
		2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Income					
Revenue	9	4,435,573	5,055,430	1,939,199	620,460
Cost of sales	6	(763,493)	(2,604,104)	(280,136)	(319,522)
Gross profit		**4,435,573**	**2,451,326**	**1,659,063**	**300,938**
Other income	7	571,999	1,348,866	192,869	165,505
Operating profit		**5,007,572**	**3,800,192**	**1,851,932**	**466,443**
Expenditure					
Administration costs	10	(6,985,788)	(15,423,525)	(1,813,052)	(1,892,457)
Total expenditure		**(6,985,788)**	**(15,423,525)**	**(1,813,052)**	**(1,892,457)**
Loss before tax		**(1,978,215)**	**(11,623,333)**	**38,880**	**(1,426,014)**
Income tax		**(46,816,655)**	**-**	**(46,816,655)**	**-**
Loss for the year from continuing operations		**(48,794,871)**	**(11,623,333)**	**(46,777,775)**	**(1,426,014)**
Discontinued operations					
Loss for the year after tax from discontinued operations		**(21,093,716)**	**(1,314,709)**	**(21,093,716)**	**(161,314)**
Loss for the year		**(69,888,586)**	**(12,938,042)**	**(67,871,491)**	**(1,587,328)**
Non monetary gain/loss		95,886,740	50,564,943	-	-
Total comprehensive income		**25,998,153**	**37,626,901**	**(67,871,491)**	**(1,587,328)**
Attributable to:					
Equity holders of the parent company:		**25,998,153**	**37,626,901**	**(67,871,491)**	**1,587,329**
Loss per share (cents)					
Weighted average number of shares in issue		**463,337,661**	**463,337,661**	**463,337,661**	**463,337,661**
Basic loss per share from continuing operations		**(0.11)**	**(0.03)**	**(0.10)**	**(0.31)**
Basic loss per share from discontinued operations		**(0.05)**	**(0.00)**	**(0.05)**	**(0.03)**
Basic loss per share		**0.06**	**0.08**	**(0.15)**	**(0.34)**
Diluted earnings per share from continuing operations		(0.11)	**(0.03)**	**(0.10)**	**(0.31)**
Diluted earnings per share from discontinued operations		(0.05)	**(0.00)**	**(0.05)**	**(0.03)**
Diluted earnings per share		**0.06**	**0.08**	**(0.15)**	**(0.47)**

STATEMENT OF CHANGES IN EQUITY AS AT DECEMBER 31, 2019

INFLATION ADJUSTED	Derived equity ZWL$	Revaluation reserve ZWL$	Retained earnings ZWL$	Total ZWL$
Restated balance as at January 1, 2018	**74,198,550**	**26,608,613**	**(17,480,086)**	**(17,480,086)**
Surplus for the year	-	-	37,626,901	37,626,901
Balance as at December 31, 2018	**74,198,550**	**26,608,613**	**20,146,815**	**120,953,977**
Realisation of revaluation reserve	-	(26,608,613)	26,608,613	-
Revaluation reserve	-	91,392,764	-	**91,392,764**
Deficit for the year	-	-	25,998,153	**25,998,153**
Balance as at December 31, 2019	**74,198,550**	**91,392,764**	**72,753,581**	**238,344,895**

HISTORICAL COST

	Derived equity ZWL$	Revaluation reserve ZWL$	Retained earnings ZWL$	Total ZWL$
Balance as at January 1, 2018	**11,967,508**	**26,608,613**	**(17,480,086)**	**21,096,035**
Loss for the year			(1,587,328)	**(1,587,328)**
Balance as at December 31, 2018	**11,967,508**	**26,608,613**	**(19,067,414)**	**19,508,707**
Deficit for the year	-	-	(67,871,491)	**(67,871,491)**
Realisation of revaluation	-	(26,608,613)	26,608,613	-
Revaluation reserve	-	286,707,678	-	**286,707,678**
Balance as at December 31, 2019	**11,967,508**	**286,707,678**	**(60,330,291)**	**238,344,894**

STATEMENT OF CASHFLOWS AS AT DECEMBER 31, 2019

	INFLATION ADJUSTED		HISTORICAL	
	2019	2018	2019	2018
Cash flows from operating activities	ZWL$	ZWL$	ZWL$	ZWL$
Loss before tax- continuing operations	(1,978,215)	(8,841,287)	38,880	(1,426,014)
Loss for the year- discontinued operations	(21,093,716)	(1,000,147)	(21,093,716)	(161,314)
	(23,071,931)	**(8,841,287)**	**(21,054,836)**	**(1,587,328)**
Adjustments for non-cash items				
Depreciation and impairment losses	-	6,995,330	-	1,128,279
Adjustment for revaluation	-	-	-	-
Interest received	(252)	(1,308)	(74)	-211.00
Depreciation for discontinued operations	-	1,000,159	-	161,316.00
Profit/(loss) on disposal	(9,141)	136	(9,141)	22.00
IAS 29 effects	95,886,740	(825,759)	-	-
Net cash flows after working capital changes	**72,805,416**	**(1,672,729)**	**(21,064,051)**	**(297,922)**
Working capital changes				
Increase in trade and other inventories	453,566	(54,870)	(599,626)	(8,850)
Increase/(decrease) in trade and other receivables	2,621,778	(480,078)	(197,815)	(77,432)
Increase/(decrease) in related party receivables	16,764	(12,350)	(8,737)	(1,992)
Increase/(decrease) in related party payables	847,725	-	1,004,224	-
Increase or decrease in trade and other payables	(26,157,977)	2,400,578	1,104,099	387,190
Increase/(decrease) in financial assets at fair value	29,775	-	-	-
Increase in deferred tax	1,227,577	-	46,312,440	-
Increase/decrease in discontinued operations liabilities	2,265,209	(6)	21,019,295	(1)
Increase/decrease in discontinued operations assets	20,514	-	600,327	-
Net cash outflows from working capital changes	**(18,675,067)**	**1,853,273**	**69,234,207**	**298,916**
Taxation	**(46,816,655)**	**(205,078)**	**(46,816,655)**	**(25,163)**
Cash inflows/(outflows) from operating activities	**7,313,693**	**(24,534)**	**1,353,502**	**(24,169)**
Cash flows from investing activities				
Proceeds from sale of property and equipment	9,141	**(1,376)**	9,141	(222)
Acquisition of property, plant and equipment	-	1,922	-	310
Net cash flows from investing activities	**9,141**	**546**	**9,141**	**88**
Cash flow from financing activities				
Interest received	252	1,308	74	211
Shareholder's loan	(6,826,608)	124,000	(1,029,487)	20,000
Net cash flow from financing activities	**(6,826,356)**	**125,308**	**(1,029,413)**	**20,211**
Increase/(decrease) in cash and cash equivalents	**496,477**	**(23,988)**	**333,228**	**(3,870)**
Movement of cash and cash equivalents				
Cash and cash equivalents at beginning of year	(194,643)	(170,655)	(31,394)	(27,525)
Increase/(decrease) in cash and cash equivalents	**496,477**	**(23,988)**	**333,228**	**(3,870)**
Cash and cash equivalents at end of year	301,834	(194,643)	301,834	(31,394)

1 Nature of business

ZECO Holdings Limited specializes in steel fabrication and installation, manufacture and rehabilitation of tracti wagons, and mining rolling stock and manufacture of window frames and door frames.

2 Summary of significant accounting policies

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

2.1 Basis of preparation and presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards, ('IFRS').

The financial statements are based on statutory records that are maintained under the historical cost convention, and have been inflation adjusted in accordance with IAS 29` Financial Reporting in Hyperinflationar Economies which requires the use of a general price index that reflects changes in the general purchasing pov of the presentation currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the organisation's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions are changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 to the financial statements.

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2.2 Functional and presentation currency

The company changed its functional and presentation currency from United States Dollars (US$) to Zimbabwe dollar (ZWL$) for the financial year ended 31 December, 2019. The change in currency was effected in response to Statutory Instrument(SI) 33 of 2019 (effective from 22 February 2019), and to enable compliance with Statutory Instrument 142 of 2019 (effective from 24 June 2019).

The promulgation of SI 142 of 2019 on 24 June 2019 resulted in the Zimbabwe Dollar being the only legally accepted legal tender for transactions in Zimbabwe apart from those transactions otherwise specified therein. Through SI 142, the Zimbabwe Dollar was placed at par with bond notes and coins and Real Time Gross Settlements dollars, (RTGS$), which forms of currency were declared legal tender with the gazetting of SI 33.

Historical cost comparative financial information as at and for the year ended 31 December 2018 was converte from US$ to ZWL$ at a rate of 1US$:1ZWL$, being the official exchange rate between US$ and the defined ZW as at that date.

With effect from 22 February 2019, transactions that are in a currency other than the Zimbabwe Dollar were reported using the official exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such balances of monetary assets and liabilities denominated in foreign currencies at the exchange rates at the end of the reporting period are generally recognised in the statement of profit and loss.

2.3 Hyperinflation

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

Management has made appropriate adjustments to reflect the changes in the general purchasing power on the Zimbabwe dollar and for the purposes of fair presentation in accordance to IAS 29, these changes have been made on the historical cost financial information. Various assumptions have been years. This was due to the limitation of data available resulting in default to the CPI. The source of the price indices used was the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to December 2019.

Year end	INDICIES	FACTOR
CPI as at 31 December 2018	88.81	6.2114
CPI as at 31 December 2019	551.63	551.63
Average		
CPI average for 2018	67.63	8.15

Comparative figures for the balance sheet for the period ended 31 December 2019 are restated by applying the change in the index from 31 December 2018 to 31 December 2019.

Comparative figures for the statement of comprehensive income for the period ended 31 December 2019 are restated by applying the change in the index from Average CPI for 2018 to 31 December 2019.

The opening revaluation reserve was eliminated against retained earnings.

2.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange rates and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss and other comprehensive income.

2.4 Property and equipment

Property and equipment is stated at historical cost less subsequent depreciation and impairment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as

appropriate, only when it is probable that future economic benefits associated with the item will flow to the organisation and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated on the straight line basis to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Buildings	2.5%
Plant and machinery	6.25%
Cranes	10%
Motor vehicles	12.5%
Computer equipment	10%
Office equipment	10%
Furniture and fittings	10%
Tools and equipment	10%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted retrospectively, if appropriate, at each reporting date. An asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with

2.5 Impairment of non- financial assets

Assets that have indefinite useful lives, for example land, are not subject to depreciation and are teste annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever or changes in circumstances indicate that the carrying amount may not be recoverable. An impairmer recognised for the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financi assets that suffered an impairment are reviewed for possible reversal of the impairment at each reportir

2.6 Financial assets

The organisation classifies its financial assets depending in the business cash flow model.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are quoted in an active market. They are included in current assets, except for maturities greater than 12 r after the reporting date. These are classified as non-current assets. Loans and receivables are classifi "accounts receivable", "cash and cash equivalents" in the statement of financial position

2.6.1 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which tl organisation commits to purchase or sell the asset.

2.6.2 Derecognition

A financial asset is derecognised when the organisation loses control over the contractual rights that c the asset. A financial liability is derecognised when it is paid or settled.

2.6.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial posi when there is a legally enforceable right to offset the recognised amounts and there is an intention to s a net basis or realise the asset and settle the liability simultaneously.

2.6.4 Impairment of financial assets

The organisation assesses at each reporting date whether there is objective evidence that an asset or of financial assets is impaired. A financial asset is impaired if, and only if, there is objective evidence o impairment as a result of one or more occurred after initial recognition of the asset and prior to the repc date (loss event), and that loss event has had an impact on the future cash flows of the financial asset can be reliably estimated.

Objective evidence that a financial asset or group of financial assets is impaired includes observable da comes to the attention of the organisation about the following loss events:

a) Significant financial difficulty of the issuer or obligor;
b) A breach of contract such as a default or delinquency in interest or principal payments;
c) It becomes evident that the borrower will enter bankruptcy or financial re-organisation
d) The disappearance of an active market for that financial asset because of financial difficulty;
e) Observable data indicating that there is a measurable decrease in the estimated future cash flows f portfolio of financial assets since the initial recognition of those assets, although the decrease cannot identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and
(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Management first assesses whether objective evidence of impairment exists. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the organisation may measure impairment on the basis of an instrument's fair value using an observable market price.

2.7 Inventory

Inventory is stated at the lower of cost or net realisable value. Cost is determined using the first in first method. Net realizable value is the estimated selling price less estimated selling expenses.

2.8 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise:

• cash on hand and
• balances with banks

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitr rather than for investing or other purposes. Cash and cash equivalents have a maturity of less than thre months. Cash and cash equivalents are carried at cost which, due to their short term nature, approxima fair value.

2.9 Accounts receivable

Accounts receivable are amounts due from clients' audit fees and other services provided for by the organisation. If collection is expected in one year or less, (or in normal operating cycle or if longer), the classified as current assets. If not, they are presented as non-current assets.

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost the effective interest method, less provision for impairment.

2.10 Provisions

Provisions are recognised when the organisation has a present legal or constructive obligation as a resu past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlem is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as in expense.

2.11 Employee benefits

Both the employer and employees contribute to the National Social Security Authority (NSSA) Scheme is a social security scheme which was promulgated under the National Social Security Act. The organis obligations under the scheme are limited to specific contributions as legislated from time to time.

Termination benefits

Termination benefits are payable when the organisation terminates employment before the normal retire date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The organ recognises termination benefits when it is demonstrably committed to either terminating the employmer of current employees according to a detailed formal plan without the possibility of withdrawal, or providin termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due than 12 months after the reporting period are discounted to their present value.

2.12 Revenue recognition

Revenue is recognised when performance obligation is satisfied according to IFRS 15. The entity recogr revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer, which is when control is passed, either over time or at a point in time.

Control of an asset means having the ability to direct the use of, and obtain substantially all of the rema benefits from the asset.

Revenue is recognised to depict the transfer of promised goods or services to the customer in an amour reflects the consideration to which the entity expects to be entitled in exchange for those goods or servi

The organisation recognises revenue when performance obligations are satisfied when (i) it can identify the contracts with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, and (iv) allocate the transaction price.

(a) Sale of products

Revenue is recognised when they satisfy a performance obligation by transferring a promised good to a custo which is when control is passed.

(b) Interest income

Interest income is recognised using the effective interest method.

2.13 Fair value measurements and valuation process

Some of the organisation's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the organisation makes use of market observable data to the extent that it is available. Where this is not available, the project uses third party qualified valuers to perform the valuation.

3 Risk management

3.1 Financial risk

The Office's activities expose it to a variety of financial risks, including the effect of changes in foreign currency exchange rates and interest rates.

The organisation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the organisation.

Risk management is carried out by management under policies approved by the company. Management identify and evaluate financial risks such as foreign exchange risk, interest risk, credit risk and investment of excess liquidity.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a contract. Credit risk arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposures to members, including outstanding receivables and committed transactions. For banks and financial institutions, only well established institutions with sound financial positions are used. Credit exposures are closely monitored for indications of impairment.

The organisation's exposure to credit risk by class of financial asset is as follows:

	Inflation Adjusted		Historical Cost	
	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Accounts receivable (excluding prepayments)	740,044	3,361,820	740,044	542,229
Cash and cash equivalents	301,834	(194,637)	273,237	(31,393)
Total current assets excluding prepayments	**1,041,878**	**3,167,183**	**1,013,281**	**510,836**

The fair value of cash and cash equivalents and accounts receivable as at December 31, 2019 approximates the carrying amount.

Analysis by credit quality of financial assets is as follows:

Neither past due nor impaired					
-Cash and cash equivalents		301,834	-194,637	273,237	-31,393
Past due and not impaired					
-Accounts receivable		740,044	3,361,820	740,044	542,229
Past due and impaired					
- Accounts receivable	-	-	-	-	-

Neither past due nor impaired

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The organisation manages liquidity risk by continuously monitoring forecast and actual cash flows. Liquidity risk is the risk that the organisation may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors. The organisation identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

A maturity analysis of the organisation's financial statements as at December 31, 2019 is as follows:

(d) Financial instruments by category

	On demand less than one month ZWL$	From 1 to 6 months ZWL$	Over six months ZWL$	Total ZWL$
At 31 December 2019				
Assets				
Accounts receivable (excluding prepayments)	-	-	740,044	740,044
Inventory	-	-	802,163	802,163
Cash and cash equivalents	-	-	273,237	273,237
Total assets	**-**	**-**	**1,815,444**	**1,815,444**
Liabilities				
Accounts payable	-	-	6,346,806	6,346,806
Total liabilities	**-**	**-**	**6,346,806**	**6,346,806**
Liquidity gap	**0**	**0**	**(4,531,362)**	**(4,531,362)**

Financial instruments by category

	On demand less than one month ZWL$	From 1 to 6 months ZWL$	Over six months ZWL$	Total ZWL$
At 31 December 2018				
Assets				
Accounts receivable (excluding prepayments)	-	-	542,229	542,229
Inventory	-	-	202,537	202,537
Cash and cash equivalents	-	-	(31,393)	(31,393)
Total assets	**-**	**-**	**713,373**	**713,373**
Liabilities				
Accounts payable			5,242,709	5,242,709
Total liabilities	**-**	**-**	**5,242,709**	**5,242,709**
Liquidity gap	-	-	**(4,529,336)**	**(4,529,336)**

The liquidity gap is negative, the gap will be covered by sales generated from the business activities of each of the subsidiary

3.2 Capital risk management

	Inflation Adjusted		Historical Cost	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Assets as per statement of financial position				
Inventory	802,163	1,255,729	802,163	202,537
Accounts receivable (excluding prepayments)	740,044	3,361,820	740,044	542,229
Cash and cash equivalents	273,237	(194,637)	273,237	(31,393)
Total assets	**1,815,444**	**4,422,914**	**1,815,444**	**713,373**

	Inflation Adjusted		Historical Cost	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Liabilities as per statement of financial position				
Other financial liabilities at amortised cost	6,346,806	32,504,796	6,346,806	5,242,709
Total accounts payable	**6,346,806**	**32,504,796**	**6,346,806**	**5,242,709**

The organisation's objectives when managing capital, (reserves), are to safeguard it's ability to continue as a going concern in order to continue to provide benefits for clients and other stakeholders. In order to maintain or adjust the capital structure, the organisation may adjust the amount of investments it holds from time to time.

3.3 Fair value estimation

The carrying value of accounts receivable and payable is assumed to approximate their fair values. The fair value of financial instruments is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the organisation for similar financial instruments.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The organisation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below.

	Inflation Adjusted		Historical Cost	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
5 Revenue				
Sales	4,435,573	5,056,749	1,939,199	620,460
Total revenue	**4,435,573**	**5,056,749**	**1,939,199**	**620,460**
6 Cost of sales				
Direct materials	449,951	2,318,349	145,183	284,460
Direct labour	161,514	186,317	76,895	22,861
Production overheads	152,029	99,438	58,058	12,201
Total cost of sales	**763,493**	**2,604,105**	**280,136**	**319,522**
7 Other income				
Sundry income	167,090	129,418	80,941	20,857
Interest Received - Bank	252	1,309	74	211
Rent Received	404,658	895,503	111,854	144,436
Total other income	**571,999**	**1,026,230**	**192,869**	**165,504**
8 Administration costs				
Audit fees	104,249	7,082	33,540	869
Depreciation	(65)	6,995,330	(15)	1,128,279
Employee costs	2,017,990	3,324,507	761,168	407,915
Contribution to pension fund	57,977	100,701	20,369	12,356
Administration expenses	4,805,636	2,795,760	997,991	343,038
Total administration costs	**6,985,788**	**13,223,381**	**1,813,052**	**1,892,456**
9 Income tax expense				
Deferred tax	46,816,655	-	46,816,655	-
Total income tax expense	**46,816,655**	-	**46,816,655**	-

	Inflation Adjusted		Historical Cost	
	2019	**2018**	**2019**	**2018**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
10 Inventory				
Raw materials-contents	183,197	1,220,985	183,197	196,933
Work in progress	575,010	24,992	575,010	4,031
Finished goods	43,957	9,753	43,957	1,573.00
Total inventory	**802,163**	**1,255,729**	**802,163**	**202,537**
11 Trade and other receivables				
Trade	741,246	3,355,496	741,246	541,209
Other	2,743	30,783	2,743	4,965
Discontinued operations	(3,945)	(24,459)	(3,945)	(3,945)
Total trade and other receivables	**740,044**	**3,361,820**	**740,044**	**542,229**

12 Related Party balances

The company's related parties include companies under common control, key management and others as described below:

	Inflation Adjusted 2019 ZWL$	Inflation Adjusted 2018 ZWL$	Historical Cost 2019 ZWL$	Historical Cost 2018 ZWL$
Related party receivables				
Delward Engineering (Private) Limited	10,947	13,702	10,947	2,210
Zimplastics (Private) Limited	2,694	16,703	2,694	2,694
Total	**13,641**	**30,405**	**13,641**	**4,904**
Related party payables				
Non-current liabilities due to:				
Crittal Hope (Private) Limited	-	181,784	-	29,320
Pinnacle Holdings	1,033,544		1,033,544	
Total	**1,033,544**	**181,784**	**1,033,544**	**29,320**
Discontinued operations				
Non-current liabilities due to:				
Pinnacle Properties (Private) Limited	1,306,105	8,097,851	1,306,105	1,306,105
Zimplastics (Private) Limited	5,000	31,000	5,000	5,000
Crittal Hope (Private) Limited	2,683	16,635	2,683	2,683
Total	**1,313,788**	**8,145,486**	**1,313,788**	**1,313,788**
Current liabilities due to:				
Native Investments (Private) Limited	776	4,812	776	776
Discontinued operations				
Jetmaster (Private) Limited	2,233	13,845	2,233	2,233
Total	**3,009**	**18,656**	**3,009**	**3,009**

	Inflation Adjusted 2019 ZWL$	Inflation Adjusted 2018 ZWL$	Historical Cost 2019 ZWL$	Historical Cost 2018 ZWL$
13 Other financial assets				
Other financial assets	5,726	35,501	5,726	5,726
Total other financial assets	**5,726**	**35,501**	**5,726**	**5726**
14 Cash and cash equivalents				
Cash at bank	301,834	(17,335)	301,834	(2,796)
Bank overdraft - discontinued operations	(28,597)	(177,301)	(28,597)	(28,597)
Total cash and cash equivalents	**273,237**	**(194,637)**	**273,237**	**(31,393)**

		Inflation Adjustment		Historical Cost	
		2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
15	**Trade and other payables**				
	Trade	1,603,874	9,045,868	1,603,874	1,459,011
	Other	5,429,614	28,303,093	5,429,614	4,565,015
	Continued operations	7,033,489	37,348,961	7,033,489	6,024,026
	Discontinued operations	(686,683)	(4,844,165)	(686,683)	(781,317)
	Total trade and other payables	**6,346,806**	**32,504,796**	**6,346,806**	**5,242,709**
16	**Reconciliation of income tax expense**				
	Loss before tax	(1,978,215)	(11,622,014)	38,880	(1,426,014)
	Notational tax expense at a rate of 25.75%	(10,012)	(2,992,672)	(10,012)	(367,199)
	Allowable deductions				
	Interest received	252	440	74	54
	Non deductible expenses				
	Subscriptions	2,187	1,092	390	134
	Depreciation	(65)	2,367,836	(15)	290,532
	Legal fees	16,102	72,649	8,205	8,914
	Income tax due (receivable)	**8,465**	**2,441,577**	**(1,358)**	**(67,565)**
17	**Share capital**				
	Authorised				
	600 000 000 ordinary shares at USD nil par value				-
	Issued and fully paid				
	463 337 661 ordinary shares at USD nil par value				-
18	**Shareholders, loans**				
	Pinnacle Holdings	57,024	6,593,971	57,024	1,063,544
	Delward Engineering (Private) Limited	28,320	317,979	28,320	51,287
	Total	**85,344**	**6,911,950**	**85,344**	**1,114,831**

19 **Deferred taxation**

Deferred tax is calculated on all temporary differences using the statement of financial position method at the principal rate of 25.75%.

The net deferred tax asset at 31 December is attributable to the following items;

	Inflation Adjustment 2019 ZWL$	Inflation Adjustment 2018 ZWL$	Historical Cost 2019 ZWL$	Historical Cost 2018 ZWL$
At 1 January	8,537,077	53,085,888	8,537,077	8,562,240
Charge to profit or loss	46,816,655	(205,078)	46,816,655	(25,163)
	55,012,522	52,880,810	55,012,522	8,537,077
Discontinued operations	21,085,331	-	21,085,331	-
At 31 December	**77,607,069**	**52,880,810**	**77,607,069**	**8,537,077**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances is as follows;

Deferred tax liabilities

	Inflation Adjustment 2019 ZWL$	Inflation Adjustment 2018 ZWL$	Historical Cost 2019 ZWL$	Historical Cost 2018 ZWL$
At 01 January	53,891,441	54,096,519	8,700,082	8,725,245
Charge to profit or loss	1,121,082	(205,078)	46,312,440	(25,163)
At 31 December	**55,012,522**	**53,891,441**	**55,012,522**	**8,700,082**

	Inflation Adjusted		Historical Cost	
	2019	**2018**	**2019**	**2018**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Deferred tax asset				
At 01 January	29,916	185,479	29,916	29,916
Charge to profit or loss		-		-
At 31 December	**29,916**	**185,479**	**29,916**	**29,916**

20 Discontinued operations

Zimplastics (Private) Limited
The subsidiary's operations were discontinued as it had been negatively affected by changing market dynamics and competition from cheap imports mainly from the East. The business had become unsustainable with no prospects of recovery.

	Inflation Adjusted		Historical Cost	
	2019	**2018**	**2019**	**2018**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Revenue		-		
Cost of sales		-		-
Gross profit/(loss)		-		-
Other income		-		-
Other (losses)/gains		-		-
Administration expenses	(8,385)	(1,314,709)	(8,385)	(161,314)
Operating loss before tax	(8,385)	(1,314,709)	(8,385)	(161,314)
Taxation	(21,085,331)	-	(21,085,331)	-
Loss for the year from discontinued operations	(21,093,716)	(1,314,709)	(21,093,716)	(161,314)
Assets				
Property, plant and equipment	92,873,823	32,539,398	92,873,823	5,248,290
Trade receivables	3,945	24,459	3,945	3,945
Assets classified as held for sale	**92,877,768**	**32,563,857**	**92,877,768**	**5,252,235**
Liabilities				
Deferred tax liability	22,594,547		22,594,547	
Shareholders loan - Pinnacle Holdings (Private) Limited	1,306,105	8,097,851	1,306,105	1,306,105
Shareholders loan - T & S Marketing (Private) Limited	5,000	31,000	5,000	5,000
Trade and other payables	686,683	4,844,165	686,683	781,317
Related party payables	2,683	16,635	2,683	2,683
Bank overdraft	28,597	177,301	28,597	28,597
Jetmaster	2,233	13,845	2,233	2,233
Liabilities associated with assets classified as held for sale	**24,625,847**	**13,180,797**	**24,625,847**	**3,635,151**
Net assets associated with discontinued operations	68,251,921	10,025,921	68,251,921	1,617,084

21 Loss per share (cents)

Basic loss per share

Loss for the year from continuing operations	(48,794,871)	(11,623,333)	(46,777,775)	(1,426,014)
Loss for the year from discontinued operations	(21,093,716)	(1,314,709)	(21,093,716)	(161,314)
Loss for the year	**(69,888,586)**	**(12,938,042)**	**(67,871,491)**	**(46,777,775)**

	Inflation Adjusted		Historical Cost	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
Weighted average number of shares in issue	463,337,661	463,337,661	463,337,661	463,337,661
Basic loss per share from continuing operations	(0.11)	(0.03)	(0.10)	0.31
Basic loss per share from discontinued operations	(0.05)	(0.03)	(0.05)	0.03
Basic loss per share (cents)	**(0.2)**	**(0.03)**	**(0.15)**	**0.34**

Basic loss per share is calculated by dividing the net loss attributed to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the group and held as treasury shares.

Diluted loss per share (cents)

For diluted loss per share (cents), the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group does not have any dilutive potential ordinary shares.

Net loss used to determine diluted loss per share:				
Loss for the year from continuing operations	(48,794,871)	(11,623,333)	(46,777,775)	(1,426,014)
• Loss for the year from discontinued operations	(21,093,716)	(1,314,709)	(21,093,716)	(161,341)
• **Loss for the year**	**(69,888,586)**	**(12,938,042)**	**(67,871,491)**	**(1,587,355)**

The weighted average number of ordinary shares in issue for the purpose of diluted loss per share, reconciles to the weighted average number of ordinary shares used in the calculations of basic loss per share as follows:

Weighted average number of ordinary shares in issue	463,337,661	463,337,661	463,337,661	463,337,661
Diluted loss per share from continuing operations	(0.11)	(0.03)	(0.10)	0.31
Diluted loss per share from discontinued operations	(0.05)	(0.00)	(0.05)	0.03
Diluted loss per share (cents)	**(0.15)**	**(0.03)**	**(0.15)**	**0.34**

22 Retirement benefit obligations

National Social Security Authority (NSSA) Scheme

The company and its employees also contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act. The company's obligations under the scheme are limited to specific contributions legislated from time to time.

Contributions to the schemes, recognised in profit or loss were as follows:

	Inflation Adjusted		Historical Cost	
	2019 ZWL$	2018 ZWL$	2019 ZWL$	2018 ZWL$
National Social Security Authority	51,955	100,701	12,807	12,356
Total contributions	**51,955**	**100,701**	**12,807**	**12,356**

23 Going concern

The company has reported a deficit of ZWL$67,871,491 (2018:deficit ZWL$1,426,014) for the year ended 31 December 2019. As at that date:

the company recorded positive cash flows of ZWL$333,228 in the current year.
the company recorded negative working capital of ZWL$4,484,174 in the current year.
the company recorded negative retained earnings of ZWL$60,330,291 in the current year

Whilst management have put in place measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future operating results and cash flows. Management have concluded that the combination of these circumstances create material uncertainties over future operating results and cash flows. Management have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, after considering the uncertainties described above, management have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The following are some of the key initiatives in place that support the continued preparation of the company's financial statements on a going concern basis:

- The company reduced its salaries and wage bill by about during the year under review.
- The company no longer gives management allowances and no longer has permanent employees. All employees are engaged on contract basis.
- The company also hires workers according to the number of ongoing projects so as to minimise on their staff costs.
- The company is actively applying for new tenders so as to increase revenue generation.

24 Events after the reporting date

There are no issues after the reporting date that warrant adjustment of the financial statements. However, the company wishes to comment on the effects of Corona Virus (Covid-19) in the paragraphs below. The COVID-19 outbreak, which was declared a pandemic by the World Health Organization (WHO) on 11 March 2020, has affected the lives of people around the world. Many countries worldwide have placed either a partial or complete lockdown of their economies in order to contain the spread of the pandemic. As expected, these measures affect the performance of companies and in particular the going concern assumption and hence impact on the financial statements presentation. In response to the pandemic, the President of Zimbabwe declared a 21 Days national lockdown starting on 30 March 2020. Statutory Instruments 82 of 2220 Public Health, (Covid 19 Prevention, Containment and Treatment) (Amendment) Regulations 2020 (No. 1) and Statutory Instrument (“SI”) 83 of 2020 Public Health, (Covid 19 Prevention, Containment and Treatment) (National Lockdown) Order 2020 were issued to bring legality to the lockdown. SI 83 exempts companies that provide essential services to the economy. The financial impact will be reflected in the financial statements for the year ended December 31 2020.

HISTORICAL COST

25 **Property, plant and equipment**

	Land ZWL$	Buildings ZWL$	Plant and machinery ZWL$	Cranes ZWL$	Furniture and fixtures ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	Computer equipment ZWL$	Tools and equipment ZWL$	Total ZWL$
Year end December 31, 2018										
Opening net book value	518,950	31,892,002	795,862	107,149	496	1,414	2,242	5,074	1,825	**33,325,015**
Revaluation/Adjustment	-	-	310	-	-	-	-	-	-	**310**
Disposals	-	-	-	-	-	-	-	(222)	-	**(222)**
Depreciation for the year	-	(975,156)	(132,642)	(12,149)	(496)	(1,414)	(1,787)	(2,811)	(1,825)	**(1,128,279)**
Closing net book value	**518,950**	**30,916,846**	**663,530**	**95,000**	**-**	**-**	**455**	**2,042**	**-**	**32,196,823**
At December 31, 2018										
Cost	518,950	39,813,026	2,864,674	150,216	10,644	75,295	13,161	38,802	22,679	**43,507,447**
Accumulated depreciation	-	(8,896,180)	(2,201,144)	(55,216)	(10,644)	(75,295)	(12,706)	(36,760)	(22,679)	**(11,310,624)**
Net book value	**518,950**	**30,916,846**	**663,530**	**95,000**	**-**	**-**	**455**	**2,042**	**-**	**32,196,823**
Year end December 31, 2019										
Opening net book value	518,950	30,916,846	663,530	95,000	-	-	455	2,042	-	**32,196,823**
Revaluation	16,083,350	154,997,738	25,236,781	522,136	667,156	770,071	26,955	118,433	59,198	**198,481,818**
Depreciation for the year	-	-	-	-	-	-	-	-	-	**-**
Closing net book value	**16,602,300**	**185,914,584**	**25,900,311**	**617,136**	**667,156**	**770,071**	**27,410**	**120,475**	**59,198**	**230,678,641**
At December 31, 2019										
Cost/Valuation	16,602,300	185,914,584	25,900,310	617,136	667,156	770,071	27,410	120,475	59,198	**231,035,482**
Accumulated depreciation	-	-	-	-	-	-	-	-	-	
Net book value	**16,602,300**	**185,914,584**	**25,900,310**	**617,136**	**667,156**	**770,071**	**27,410**	**120,475**	**59,198**	**230,678,641**

INFLATION ADJUSTED

Property, plant and equipment

	Land ZWL$	Buildings ZWL$	Plant and machinery ZWL$	Cranes ZWL$	Furniture and fixtures ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	Computer equipment ZWL$	Tools and equipment ZWL$	Total ZWL$
Year end December 31, 2018										
Opening net book value	518,950	31,892,002	795,862	107,149	496	1,414	2,242	5,074	1,825	**33,325,015**
Revaluation/Adjustment	-	-	310	-	-	-	-	-	-	**310**
Disposals	-	-	-	-	-	-	-	(222)	-	**(222)**
Depreciation for the year	-	(975,156)	(132,642)	(12,149)	(496)	(1,414)	(1,787)	(2,811)	(1,825)	**(1,128,279)**
Closing net book value	**518,950**	**30,916,846**	**663,530**	**95,000**	**-**	**-**	**455**	**2,042**	**-**	**32,196,823**
At December 31, 2018										
Cost	3,217,490	246,840,761	17,760,976	931,340	65,993	466,829	81,598	240,572	140,610	**269,746,169**
Accumulated depreciation	-	(55,156,314)	(13,647,092)	(342,340)	(65,993)	(466,829)	(78,777)	(227,914)	(140,610)	**(70,125,868)**
Net book value	**3,217,490**	**191,684,447**	**4,113,884**	**589,000**	**-**	**-**	**2,821**	**12,659**	**-**	**199,620,302**
Year end December 31, 2019										
Opening net book value	3,217,490	191,684,447	4,113,884	589,000	-	-	2,821	12,659	-	**199,620,302**
Revaluation	13,384,810	(5,769,863)	21,786,425	28,136	667,156	770,071	24,589	107,816	59,198	**31,058,339**
Depreciation for the year	-	-	-	-	-	-	-	-	-	**-**
Closing net book value	**16,602,300**	**185,914,584**	**25,900,310**	**617,136**	**667,156**	**770,071**	**27,410**	**120,475**	**59,198**	**230,678,641**
At December 31, 2019										
Cost/Valuation	16,602,300	185,914,584	25,900,310	617,136	667,156	770,071	27,410	120,475	59,198	**230,678,641**
Accumulated depreciation	-	-	-	-	-	-	-	-	-	
Net book value	**16,602,300**	**185,914,584**	**25,900,310**	**617,136**	**667,156**	**770,071**	**27,410**	**120,475**	**59,198**	**230,678,641**

NOTICE OF THE 9TH AND 10TH ANNUAL GENERAL MEETING

Notice is hereby given that the 9th and 10th Annual General Meeting of shareholders will be held online and at NIAG House board room, 160 Enterprise Road, Highlands, Harare at 10:30 hours on Thursday, 8 October2020, for the following purposes:

Ordinary Business:

1. To approve the holding of the 9th and 10th Annual General Meeting virtually due to the ongoing COVID-19 Pandemic.
2. To receive and adopt the December 2018 and December 2019 financials with reports of Directors and Auditors.
3. To ratify the appointment of two (2) new Directors, Mr G.G. Mpofu and Mr. B. Sibanda in compliance with SI 134 of 2019.
4. In terms of Article 83 of the company's Article of Association Mr. M Jonga retire from the board by rotation, being eligible, offer himself for re-election.
5. To approve the remuneration of the Auditors for the past audit and re-appoint MGI Chartered Accountants, who have been auditors for the past two years, as auditors for the current year.
6. To approve Directors' fees for the financial year ended 31 December 2018 and 31 December 2019.

Any Other Business

7. To transact any other business competent to be dealt with at an Annual General Meeting.

Registration of the AGM

In light of the current regulations which prohibit gatherings in excess of 50 people and promoting social distance on account of the COVID-19 pandemic, the Annual General Meeting will be held physically up to a maximum of 50 people and also virtually. Members can participate virtually by first registering with the Company Secretary via email **jmwinjilo@gmail.com** who will avail login details.

Annual Report

The Company's Annual Report will be available on the Company's website and copies of the Annual Report will also be sent to Shareholders whose emails are on record.
In terms of the Companies Act (Chapter 24:03), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company. Proxy forms should be forwarded to reach the office of the Company Secretary, Zeco Holdings, 1st Floor, Stand 7753, Cnr Canberra/Greenock Rd, Workington, Harare or via email to jmwinjilo@gmail.com at least 48 (forty-eight) hours before the commencement of the meeting.
BY ORDER OF THE BOARD

J Mwinjilo
Company Secretary (03/09/2020)

NEW DIRECTOR PROFILES

Mr B Sibanda
Chief Executive Officer
Property 2000 Zimbabwe

He is a Passionate and vibrant Businessman who is a crop of the young upcoming leaders of Industry. Mr Sibanda has vast experience in business operations and management. He is currently doing a Bachelors commerce in Business Administration with UNISA. He currently holds an HND in Economic and Business Sciences.
Mr Sibanda was previously an Operations Manager for Afroimplex Beverages company which is a fast growing alcoholic beverages manufacturing company. He also worked for more than 5 years as the Managing Director for Arfel Technologies Pvt Ltd in Harare, an ICT services and products provider. He kicked off his professional career as a Dispatch clerk for Straitia beverages and later rose to become a Junior Manager at the organisation heading the Distribution and logistics Department for the organization. He is married.

Gift Godfrey Mpofu
Managing Director
MCD Group

He is a Chartered Accountant and holder of a CIS Certificate (University of South Africa 1993). Gift Godfrey Mpofu joined the MCD group of Companies in 1996. In 1997 he was appointed the Group Finance Director, a position he held until 2003 when he became Group Managing Director. He has been involved on a number of projects notably the Unki Mine Concentrator project, Joina Centre, Nust Ceremonial Hall, Homelink Housing, The Grand Lodge, The Redlands Agri-Venture projects and House Eldorado. Gift is the Past President of CIFOZ, a National Councilor with the National Employment Council, a National Councilor for the Construction Industry Federation of Zimbabwe and The Zimbabwe Construction Industry Council Chairperson for Regional Marketing Committee.

ZECO ENGINEERING

CRITTALL HOPE LTD.
THE OPEN AND SHUT PEOPLE
A division of ZECO Holding Limited

Registered Offices: Corner Canberra/Greenock Rd, Workington, Harare, Zimbabwe

Business Units:
Delward Engineering: t/a Zeco Bulawayo, 38 Josiah Chinamano Road, Belmont, Bulawayo
Crittall Hope: Corner Canberra/Greenock Roads, Workington, Harare, Zimbabwe