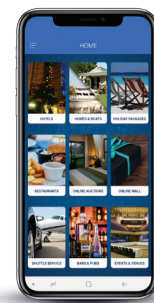




Come and experience our brand new world leading rooms!



Book via the Gateway Stream App Now!

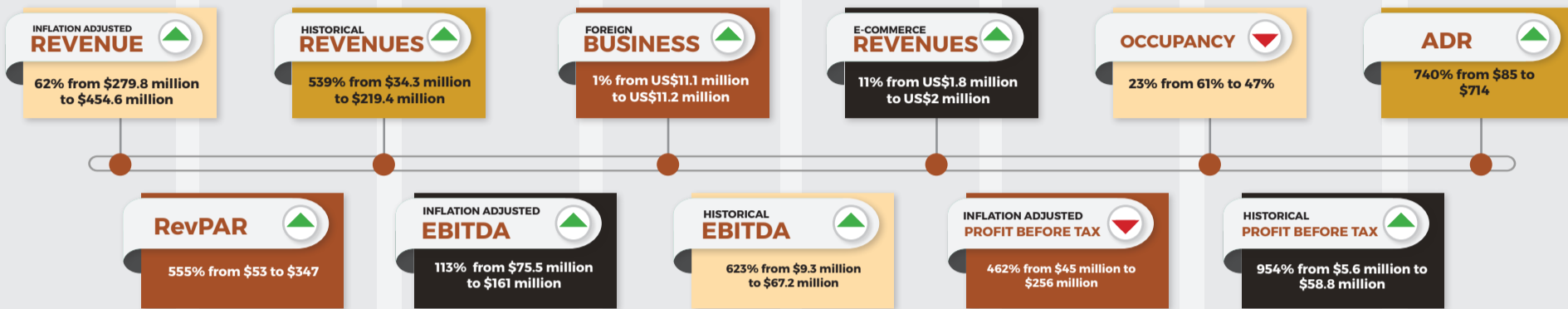


ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

All figures are in zimbabwean dollar(zw\$)

HIGHLIGHTS



CHAIRMAN'S STATEMENT

1. INTRODUCTION

Rainbow Tourism Group Limited (RTG) delivered yet another set of pleasing results for the year ended 31 December 2019. In spite of a depressed macro-environment characterized by a volatile foreign exchange market as well as reduced consumer spending, the Group grew its foreign currency business, paid off significant debts and refurbished hotels from own resources.

During the year, the Group successfully established Heritage Expeditions Africa, Journeys by Exotic in the USA as well as the Gateway Stream business units. These establishments are solid business platforms for the future as they are based on new global information, communication technology gateways of the 21st century.

2. OPERATING ENVIRONMENT

The major significant change in 2019 was the introduction, through Statutory Instrument 142 of 2019 of the Zimbabwe dollar (Zw\$) as the sole legal tender for all domestic transactions in Zimbabwe. This development caused a general uncertainty in the economy leading to an increase in the price of commodities and services.

In August 2019, the reporting of year-on-year Inflation figures by Zimbabwe National Statistics (ZIMSTATS) was suspended, which made it difficult to officially track inflation. However, by the time of the suspension, the country had already met the conditions of a hyper-inflation economy. The Public Accountant and Auditors Board (PAAB) subsequently issued a public notice during the month of October prescribing the adoption of IAS 29 "Financial Reporting in Hyperinflationary Economies" for all companies with a financial year end on or after 1 July 2019.

The Group used the consumer price index published on a month by month basis by the Reserve Bank of Zimbabwe to prepare the financial statements as required by IAS 29.

3. PERFORMANCE REVIEW

During the year under review, the Group revenues grew by 62% from \$279.8 million in 2018 to \$454.6 million in 2019. Historical growth was 539% from \$34.3 million to \$219.4 million. The Group's occupancy closed at 47%, 23% below 61% recorded in 2018. The slowdown in occupancy was a result of the Group's decision to close Bulawayo Rainbow Hotel in January and February 2019 and Rainbow Towers hotel from mid-December 2019 for refurbishments. The impact of these closures was a loss of 12,100 rooms (4% occupancy). On a like-for-like basis occupancy closed at 51% above the national average occupancies of 41% reported by the Zimbabwe Tourism Authority (ZTA Q3 2019 report). Foreign revenues continued to provide a stable base for the company's income, increasing marginally by 1% from US\$11.1 million in 2018 to US\$11.2 million in 2019. The e-commerce channel, which remains a critical source of foreign revenue growth further increased by 10% to US\$2 million from US\$1.8 million in 2018.

The average daily rate (ADR) grew by 740% from \$85 in 2018 to \$714 in 2019. Revenue per Available Room (RevPAR), which is a product of occupancy and average daily rate closed at \$347 in 2019 from \$53 during prior year. Earnings before interest, tax depreciation and amortization (EBITDA) closed at \$161 million, an improvement of 113% from \$75.5 million recorded same period in 2018. The growth in historical terms was 623% above \$9.3 million in 2018. It is pleasing to note that EBITDA margin for the year grew by 30% from 27% in 2018 to 35% in 2019.

Profit before tax (PBT) for the year grew 6 times from \$45 million to \$256 million recorded during prior year. Historical profit before tax grew by more than 10 times from \$5.6 million to \$58.8 million. Profit after tax for the year closed at \$237 million with a tax charge of ZWL\$19 million, current year tax of \$5 million and \$14 million in deferred tax.

On legacy matters, the Group finally recovered US\$1.9 million owed by Capital Bank (then Renaissance Merchant Bank). Recovery was in the form of 3.6% of the issued shares in First Mutual Holdings Limited. The Group also successfully recovered US\$900,000 owed by Savoy Hotel Limited in Zambia which had arisen out of a breach of a 2010 preference share subscription agreement and a management agreement. Closure of these matters has ensured shareholders recover their lost value and the focus is now on growing shareholder value into the future in a sustainable manner.

4. VALUE CHAIN OPTIMIZATION & DIGITIZATION

The Group broadened tourism value chain to not only focus on hotels. RTG successfully set up Heritage Expeditions (Private) Limited, a wholly owned local tour operations and activities entity. The company has already commenced transfer tours, quad bike safaris, white water rafting, packaging of third-party activities as well as invested in an adventure park at the Rainbow Towers Hotel in Harare. In the United State of America (USA), the company has set up Rainbow Tourism Group Incorporated, doing business as Journeys by Exotic and wholly owned by RTG Zimbabwe. This is an international tour operations entity in which the Company will be selling destinations around the world to Americans.

The Group launched the Gateway Stream, a mobile and web based application in 2018. The focus in 2019 has been to capacitate the Gateway Stream through recruiting hospitality products as well as users. The Gateway Stream aims to create booking convenience for every hospitality and tourism transaction that takes place in Zimbabwe.

5. PRODUCT UPGRADES

The Group's product refurbishment plan has been underpinned by the desire to make all our hotels world leading. To that end, the Group invested \$42 million (approximately US\$6.2 million) into hotels refurbishment in 2019. During the first quarter of the year, the Bulawayo Rainbow Hotel was temporarily closed in an exercise which involved the upgrade of bathrooms, full replacement of the hot and cold water reticulation system, replacement of exterior windows, upgrade of soft furnishings in rooms and the replacement of guest elevators. At the Rainbow Towers Hotel, the company has undertaken a rebuilding exercise involving the gutting down and reconstruction of the entire guest rooms and bathrooms for 187 rooms. It is pleasing to note that the Rainbow Towers refurbishment exercise was completed within two months, which is a very short period given the nature of the work. Going forward, the Group will continue with the refurbishment exercise to complete the process of making all the hotels world leading.

6. SUSTAINABILITY

During the year, the Group undertook a strategic decision to make steps towards complying with sustainability reporting. To achieve this, the Group has started to implement Global Reporting Initiatives (GRI) Standards for guiding sustainable practices and decisions. The Group will continue to implement sustainability initiatives which guarantee excellence, eco-friendly facilities and a life-time service experience for our guests and stakeholders.

7. CORPORATE SOCIAL RESPONSIBILITY

Rainbow Tourism Group remains committed to playing its part as a responsible company that is mindful of the impact its business operations have to the community and the environment. It is in this regard the company participated in various initiatives within the three pillars of the Group's corporate social investment strategy – wellness and nutrition; environment mindfulness and philanthropy.

In the year under review the company maintained its partnership with Community Capacity Building Initiative in Africa (CCBICA). At least 700 people comprising primary, high school students and teachers and community members were trained in organic horticultural production skills. The trainings varied from awareness workshops to practical skills development. A total of 33 community champions completed a 6-month course and were equipped with the ability to also impart their new skills to others in their vicinities.

The company responded to the devastation of Cyclone Idai in the Eastern parts of the country. A donation of ten tonnes of maize meal and blankets was presented to the Zimbabwe Red Cross Society and the Civil Protection Unit under the Ministry of Local Government, Public works and National Housing to assist the affected citizens in that region.

In line with its environmental mindfulness pillar, the Group introduced a waste management program piloted at the Rainbow Towers Hotel and Conference Centre. The initiative involves the separation of waste at source and responsible disposal. The hotel channelled 10 tonnes of non-bio degradable waste such as plastic and paper towards recycling through a local not-for-profit partner Zimbabwe Sunshine Group. The Group hosted the annual Environmental Reporter of the Year awards whose main objective is the use of the media as a tool to promote awareness and educate the public on the impact of human life on the environment and its protection.

8. DIVIDEND

During the year, the Board of Directors declared an interim dividend of 0.001 cent per share, amounting to \$2.5 million. However, in view of the significant investment made towards upgrading the Group's hotels in 2019, the Board has resolved not to declare a second and final dividend for the year ended 31 December 2019.

9. OUTLOOK

The company will continue to deploy its resources towards supporting its key strategic pillars, which can be summarised as follows:

- A) Capacitation of the Gateway Stream to ensure the company participates in transactions that take place in the travel and tourism space in Zimbabwe.
- B) Financing the growth of Heritage Expeditions Africa to become the premier tour operations company in Zimbabwe.
- C) Refurbishment of all the hotels to world leading standards.
- D) Rooms expansion into Victoria Falls.

The impact of Covid 19 to the Group's operations

The Government of Zimbabwe in response to the corona virus pandemic announced a number of measures to protect its citizen which include, banning entertainment centres, pubs, gathering of more than 50 people for period up to 60 days from 20 March 2020. Further to that on 27 March the Government announced a national lockdown for 21 days effective 30 March 2020. The Group in response temporarily closed down all of its hotels during the lockdown period. The closure will have a significant impact on the Group's month of April 2020 revenues which traditionally accounts for 6% of the total annual revenues.

The Group is yet to quantify the total impact of Covid 19 pandemic on its operations. The Board is optimistic that the business will significantly recover once the pandemic is under control.

10. ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank all RTG customers and business partners for their invaluable support. I also extend my gratitude to the Board of Directors and members of staff for their dedication, professionalism and determination to succeed.

Together, we will continue to innovate and seize the opportunities available to us in order to create sustainable value for all stakeholders.

A. J MANASE
CHAIRMAN

19 March 2020

AUDITOR'S STATEMENT

These abridged consolidated financial statements should be read in conjunction with the full set of audited financial statements of Rainbow Tourism Group Limited and its subsidiaries for the year ended 31 December 2019, which have been audited by Independent Auditors, Messrs Grant Thornton Chartered Accountants. The audit opinion on the Group's financial statements is an adverse opinion because of non-compliance with International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies. The audit report includes a section on key audit matters comprising of implementation of IFRS 16 – Leases, revenue recognition and valuation of property and equipment. The Independent Auditors' report on the consolidated financial statements is available for inspection at the company's registered office.



Come and experience our brand new world leading rooms!

ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	HISTORICAL COST						Total equity
	Share capital	Share premium	Non distributable reserve	Other capital Reserve	Revaluation reserve	Retained Earnings/ (accumulated losses)	
Balance at 1 January 2018	187 050	4 477 505	16 711 500	279 999	2 985 217	(12 192 758)	12 448 513
Total comprehensive income for the period	-	-	-	-	6 331 562	5 009 855	11 341 417
Issue of shares through a rights issue	62 500	5 750 000	-	-	-	(552 725)	5 259 775
Realisation of other capital reserve	-	-	-	(35 000)	-	-	(35 000)
Balance at 31 December 2018	249 550	10 227 505	16 711 500	244 999	9 316 779	(7 735 628)	29 014 705
Balance at 1 January 2019	249 550	10 227 505	16 711 500	244 999	9 316 779	(7 735 628)	29 014 705
Total comprehensive income	-	-	-	-	563 406 446	52 090 029	615 496 475
Realisation of non-distributable reserve	-	-	(16 711 500)	-	-	-	(16 711 500)
Dividend	-	-	-	-	-	(3 980 851)	(3 980 851)
Realisation of other capital reserve	-	-	-	(244 999)	-	16 711 500	16 466 501
Balance at 31 December 2019	249 550	10 227 505	-	-	572 723 225	57 085 050	640 285 330

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Rainbow Tourism Group Limited is a company incorporated and domiciled in Zimbabwe. The Group is in tourism services industry as hoteliers and providers of conference facilities. Its registration number is 4880/91. The Group is listed on the Zimbabwe Stock Exchange(ZSE).

Currency of reference

These financial statements are presented in Zimbabwean Dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Group operates. During the period under review, the Reserve Bank of Zimbabwe issued a monetary policy statement whose highlights among other issues were:

- Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as ZWL\$/RTGS dollars. RTGS dollars become part of the multi-currency system.
- Promulgated that RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.
- Demonetization of foreign currency with effect from 24 June 2019.

Statutory instrument(SI) 142 gave effect to the demonetization of foreign currency and effectively establishing ZWL\$ as the sole currency. As a result of the currency changes announced by the monetary authorities, the Directors assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the Group's transactional and functional currency had changed to the ZWL\$ dollar. The Group adopted the RTGS dollar as the new functional and reporting currency with effect from 28 February 2019.

2. New Accounting standards

2.1 IFRS 16 'Leases'

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC. The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application. On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 6%. The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

2.2 IAS 29 'Financial Reporting in Hyper -Inflationary Economies'

The Group adopted IAS 29 – "Financial Reporting in Hyper -Inflationary Economies" effective 1 January 2019 as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board "PAAB". IAS 29 requires that the financial statements prepared in the currency of a hyper-inflationary economy be stated in terms of a measuring unit current at the balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Reserve Bank Of Zimbabwe. The conversion factors used to restate the financial statements at 31 December 2019, using a February 2019 base are as follows:

	Index	Conversion Factor
31 December 2019	551.63	1.000
31 December 2018	88.81	6.211
31 December 2017	61.13	9.023
31 December 2016	60.59	9.105
31 December 2015	63.20	8.728
31 December 2014	56.24	9.809

3. Statement of compliance

The abridged consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) except for IAS 21 The Effects of Changes in Foreign Exchange Rates and IAS 29 Financial Reporting in Hyperinflationary Economies, and in the manner required by the Companies Act (Chapter 24:03). The principal accounting policies of the Group have been applied consistently in all material respects with those of the previous year unless otherwise stated. IFRS 16 Leases is effective in the current period and has been adopted by the Group. These consolidated financial statements have been prepared under the assumption that the Group operates on a going concern basis. The consolidated financial statements for the year ended 31 December 2019 were approved and authorized for issue by the Board of Directors on 19 March 2020. Amendments to the consolidated financial statements are not permitted after approval.

4. Property and equipment

	INFLATION ADJUSTED		HISTORICAL COST	
	31.12.19 \$	31.12.18 \$	31.12.19 \$	31.12.18 \$
Opening carrying amount	718 985 111	724 849 428	43 365 221	35 936 189
Additions to property and equipment	42 075 080	15 815 709	40 403 821	2 172 443
Revaluation	-	-	668 305 236	7 914 452
Depreciation charge	(11 890 382)	(20 727 638)	(3 150 499)	(2 541 105)
Carrying amounts of disposed asset	(353 880)	(952 388)	(107 850)	(116 758)
Closing carrying amount	748 815 929	718 985 111	748 815 929	43 365 221

Land and buildings have been pledged as security for 6% non-convertible debentures as more fully disclosed in note 11. There is a notarial general covering bond over the Group's movable assets.

The Group's assets were revalued by Directors as at 31 December 2019 using the market values to determine fair values. The market values were the estimated amounts for which a property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arms's length transaction.

5. Intangible asset

	INFLATION ADJUSTED		HISTORICAL COST	
	31.12.19 \$	31.12.18 \$	31.12.19 \$	31.12.18 \$
Opening carrying amount	895 871	461 298	296 021	137 037
Additions	224 795	519 245	164 080	187 795
Revaluations	-	-	599 850	-
Amortization charge	(87 330)	(84 672)	(26 615)	(28 811)
Closing carrying amount	1 033 336	895 871	1 033 336	296 021

The intangible assets were revalued by the Directors as at 31 December 2019.

6. Deferred tax reconciliation

Inflation Adjusted	Deferred tax liabilities (assets)			
	1 January 2019	Recognition in profit or loss account	Recognition in other comprehensive income	31 December 2019
Non current asset-PPE	(68 189 585)	-	(51 998 657)	(120 188 242)
Current assets	-	3 551 125	-	3 551 125
current liabilities- Unused tax losses	57 564 176	(11 035 137)	(41 247 640)	5 281 400
	(10 625 409)	(7 484 012)	(93 246 296)	(111 355 718)

Historical cost	Deferred tax liabilities (assets)			
	1 January 2019	Recognition in profit or loss account	Recognition in other comprehensive income	31 December 2019
Non current asset-PPE	(10 977 960)	-	(51 998 657)	(62 976 617)
Current assets	-	3 551 125	-	3 551 125
current liabilities- Unused tax losses	9 267 357	(9 963 353)	(51 234 230)	(51 930 226)
	(1 710 603)	(6 412 228)	(103 232 887)	(111 355 718)

The amounts recognised in other comprehensive income relate to revaluation of land and buildings. All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

7. Right of use assets

	INFLATION ADJUSTED		HISTORICAL COST	
	31.12.19 \$	31.12.18 \$	31.12.19 \$	31.12.18 \$
Balance at beginning of the year	-	-	-	-
Additions to right of use assets	227 723 871	-	40 602 995	-
Depreciation	(12 018 553)	-	(2 142 899)	-
Closing balance	215 705 318	-	38 460 096	-

Right of use assets relates to the Group's three leased properties which are Rainbow Towers Hotel & Conference Centre, Kadoma Hotel and Conference Centre and New Ambassador Hotel. The three leases maturity tenure is more than 5 years.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet.

Right of use asset	Lease term	Remaining term	Option for an extension	payment index to revenues
Rainbow Towers Hotel	25-30 years	18 years	Yes	Yes
Kadoma Hotel	20-25 years	19 years	Yes	Yes
New Ambassador Hotel	10-15 years	6 years	Yes	Yes

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2019 were as follows:

31 December 2019	Minimum lease payments due				Total
	Within year	3-4yrs	5 years and after	5 years and after	
Lease payments	3 760 042	3 760 314	3 760 314	26 912 430	41 953 414
Finance costs	(2 113 342)	(1 791 419)	(4 035 005)	(4 035 005)	(13 766 190)
Net present value	1 646 700	1 968 895	(274 691)	22 877 426	28 187 224

The Group has leases for the three hotels. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property and equipment.

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.



Come and experience our brand new world leading rooms!

ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT.)

8. Inventories

	INFLATION ADJUSTED		HISTORICAL COST	
	31.12.19	31.12.18	31.12.19	31.12.18
Food and beverage	6 657 897	1 204 804	4 863 053	1 47 703
Service stocks	44 736 234	16 276 065	5 484 439	1 803 796
Other stocks	3 099 032	3 159 925	2 263 591	387 391
	54 493 163	20 640 794	12 611 083	2 338 890

9. Trade and other receivables

	31.12.19	31.12.18	31.12.19	31.12.18
Trade receivables	25 032 505	13 976 282	25 032 505	2 250 066
Prepayments and other	38 283 071	24 870 730	38 283 071	4 003 982
	63 315 576	38 847 012	63 315 576	6 254 048

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance for trade receivables as at 31 December 2019 was determined as follows:

Trade receivables	Current					TOTAL
	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	
Gross carrying amount	5 316 567	6 866 709	8 660 886	2 596 201	1 592 143	25 032 505
Average expected loss rate	0.5%	1.5%	2.0%	10.0%	100.0%	8.61%
Credit loss allowance	26 583	103 001	173 218	259 620	1 592 143	2 154 565

10. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	INFLATION ADJUSTED		HISTORICAL COST	
	31.12.19	31.12.18	31.12.19	31.12.18
Cash and bank balances	27 278 622	8 903 954	27 278 622	1 433 463
Bank overdraft	(4 389 647)	(4 946 714)	(4 389 647)	(796 380)
	22 888 975	3 957 240	22 888 975	637 083

11. Borrowings

	INFLATION ADJUSTED		HISTORICAL COST	
	31.12.19	31.12.18	31.12.19	31.12.18
Long-term borrowings	16 687 500	103 654 384	16 687 500	16 687 500
6% Non-Debentures				
Current portion of long-term borrowings	(2 781 250)	-	(2 781 250)	-
6% non-convertible debentures				
Total borrowings	13 906 250	103 654 384	13 906 250	16 687 500
Short term borrowings				
Local bank	2 929 691	-	2 929 691	-
Add current portion of long-term borrowings	2 781 250	-	2 781 250	-
Total short-term borrowings	5 710 941	-	5 710 941	-

On 21 February 2018, RTG issued 6% Non-convertible debentures with a 7 year tenure. The debenture's coupon is payable bi-annually. The instrument is listed as debt instruments on the Zimbabwe Stock Exchange. The proceeds of the instrument were used to repay the short term borrowings and trade & other payables. The debenture is secured by a bond in favour of the debenture holders over all immovable properties.

12. Trade and other payables

	31.12.19	31.12.18	31.12.19	31.12.18
Trade payables	9 256 764	39 253 878	9 256 764	6 319 550
Accruals and other payables	82 381 580	14 087 387	82 381 580	2 267 953
	91 638 344	53 341 265	91 638 344	8 587 503

13. Cash flow from operating activities

	31.12.19	31.12.18	31.12.19	31.12.18
Profit before tax	256 045 605	45 541 316	58 827 508	5 583 138
Depreciation & amortization charges	23 996 265	20 812 310	5 320 013	2 569 916
Other non cash items	(11 584 629)	(24 050 754)	(14 813 433)	(3 271 683)
Loss on disposals	-	(288 079)	-	(35 317)
Monetary gains	(129 411 587)	-	-	-
Unrealised exchange gains	18 149 220	-	(2 095 614)	-
Finance costs	10 711 400	3 125 414	3 125 414	1 198 015
Finance income	(260 793)	(615 066)	(79 480)	(75 404)
Operating profit before working capital changes	167 645 481	44 525 141	50 284 408	5 968 665

14. Revenue

	INFLATION ADJUSTED		HISTORICAL COST	
	31.12.19	31.12.18	31.12.19	31.12.18
Rooms revenue	222 454 276	133 256 877	107 329 994	16 336 628
Food, beverages and conferencing	221 767 874	142 245 449	106 998 952	17 438 582
Other operating activities	10 417 302	4 331 490	5 026 293	531 019
	454 639 452	279 833 816	219 355 239	34 306 229

15. Other Income

	31.12.19	31.12.18	31.12.19	31.12.18
Rental from tenants	2 553 923	2 514 580	1 069 336	308 275
Sundry income	34 309 752	24 510 900	14 365 614	3 004 914
	36 863 675	27 025 480	15 434 950	3 313 189

16. Operating expenses

	31.12.19	31.12.18	31.12.19	31.12.18
Administrative expenses	(143 154 937)	(80 207 181)	(72 485 366)	(9 833 000)
Distribution expenses	(42 357 465)	(25 907 979)	(19 010 731)	(3 176 189)
Other operating expenses	(34 321 022)	(33 912 871)	(23 930 121)	(4 139 118)
	(219 833 424)	(140 028 031)	(115 426 218)	(17 148 307)

17. Earnings per share

	31.12.19	31.12.18	31.12.19	31.12.18
Number of shares (000s)	2 500 000	2 500 000	2 500 000	2 500 000
Authorized shares of 0.01 cents each	2 500 000	2 500 000	2 500 000	2 500 000
Issued and fully paid shares of 0.01 cents each	2 459 537	2 459 537	2 459 537	2 459 537
17.1 Basic earnings per share				
Profit attributable to shareholders	236 674 883	40 865 081	52 090 029	5 009 855
Weighted average number of shares in issue(000s)	2 459 537	2 459 537	2 459 537	2 459 537
Basic earnings per share(ZWL\$ cents)	9.623	1.661	2.118	0.204
17.2 Headline earnings per share				
Profit attributable to shareholders	236 674 883	40 865 081	52 090 029	213 993
Weighted average number of shares in issue(000s)	2 459 537	2 459 537	2 459 537	2 459 537
Headline earnings per share (ZWL\$ cents)	9.623	1.661	2.118	0.204

18. Fair Value Determination of Transactions, Assets and Liabilities

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Finance Director.

19. Events after the reporting date

The Government of Zimbabwe in response to the corona virus pandemic announced a number of measures to protect its citizen which include, banning entertainment centres, pubs, gathering of more than 50 people for period up to 60 days from 20 March 2020. Further to that on 27 March the Government announced a national lockdown for 21 days effective 30 March 2020. The Group in response temporarily closed down all of its hotels during the lockdown period. The closure will have a significant impact on the Group's month of April 2020 revenues which traditionally accounts for 6% of the total annual revenues.

The Group is yet to quantify the total impact of Covid 19 pandemic on its operations.

Dream. Explore. Discover...

Join us for expeditions of a lifetime!



Choose from any of these destinations:

Victoria Falls • Hwange • Eastern Highlands • Matopos • Kariba • Mana Pools • Masvingo • Gonarezhou

BOOK NOW:
+263 242 781089
bookings@heritageexpeditionsafrica.com