AFRICAN SUN LIMITED

SUSTAINING GROWTH

Integrated Annual Report 2019

Contents

AFRICAN SUN

LIMITED

SUSTAINING GROWTH

African Sun Limited (The Company)
A leading Hotel Asset Management company in Zimbabwe

Financial highlights

Revenue:
INFLATION ADJUSTED
ZWL 914 mln from **ZWL 545 mln**

Operating expense:
INFLATION ADJUSTED
ZWL 429 mln from **ZWL 277 mln**

EBITDA:
INFLATION ADJUSTED
ZWL 388 mln from **ZWL 135 mln**

Profit for the year:
INFLATION ADJUSTED
ZWL 187 mln from **ZWL 80 mln**

Occupancy:
11 p.p. down to **48%**

ADR:
INFLATION ADJUSTED
ZWL 1 759 from **ZWL 869**

Total Rev PAR:
INFLATION ADJUSTED
ZWL 1 530 from **ZWL 916**

Rooms RevPAR:
INFLATION ADJUSTED **ZWL 848** from **ZWL 511**

Basic EPS:
INFLATION ADJUSTED
21.70 ZWL cents from **9.25 ZWL cents**

Dividend Per Share:
HISTORICAL
2.21 ZWL cents from **1.18 ZWL cents**

1 803 ROOMS | **1 147** EMPLOYEES | **11** HOTELS | **2** CASINOS

Corporate Profile

African Sun Limited ("the Company"), is a leading Hotel Asset Management Company in Zimbabwe, operating internationally recognised brands, with a vision to become the leading hospitality and leisure company in the markets we operate.

OUR BUSINESS

The Company and its subsidiaries ("the Group") currently has four divisions which are: Resort Hotels, City and Country Hotels, Victoria Falls Hotel Partnership and Sun Leisure division.

RESORT HOTELS

There are five hotels under this division:

- Elephant Hills Resort and Conference Centre;
- The Kingdom at Victoria Falls;
- Hwange Safari Lodge;
- Caribbea Bay Resort; and
- Great Zimbabwe Hotel.

CITY AND COUNTRY HOTELS

This division includes;

- Holiday Inn Harare;
- Holiday Inn Bulawayo;
- Holiday Inn Mutare;
- Monomotapa Harare; and
- Troutbeck Resort.

THE VICTORIA FALLS HOTEL PARTNERSHIP

The Victoria Falls Hotel is jointly operated with Meikles Hospitality (Private) Limited on a 50/50 partnership. The hotel is an affiliate of the Leading Hotels of the World ("LHW").

SUN LEISURE

This division includes the stand-alone charity casino (Harare Sun Casino), a hotel-based casino (Makasa Sun Casino) and Sun Leisure Tours, the Group's ground handling touring operation.

In order to grow shareholder value, the Group has streamlined its operations for sustainability anchored on our four pillars which are:

PEOPLE | **PRODUCT** | **PROMOTION** | **PROCESSES**

The Group has streamlined its operations to ensure future sustainability. We continue with our quest to grow shareholder value, anchored by the four pillars of:

- People;
- Product;
- Processes; and
- Promotion.

AFRICAN SUN LIMITED

Harare

Holiday Inn
AN IHG® HOTEL
Harare

MONOMOTAPA

Enjoy
The Warmth Of The
Sunshine City

AFRICAN SUN
LIMITED

Our Business Overview

STATEMENT OF VISION

To be the leading Hospitality and Leisure Company in the markets we operate.

MISSION

We exist to create value for all our stakeholders.

- **To our Guests**
  Exceeding their expectations through provision of a delightful service, as they are our reason for existence.
- **To our Employees**
  Creating opportunities for personal growth and balanced lifestyles for all our staff to enable them to positively influence lives around them and delight our guests.
- **To our Community and Environment**
  To be a model corporate citizen in the society in which we operate from where we derive our identity and being.
- **To our Business Partners**
  Establishing ethical and honest relationships with our business partners and suppliers who enable us to meet and exceed our guest expectations.
- **To our Shareholders**
  Deliver real value growth to our shareholders in excess of 20% return on equity per annum.

OUR CORE VALUES AND BELIEFS

Our seven-point "PRILFSC" value system forms the basis of our belief system within the organisation.

- **Professionalism** – We exude expert competence in the way we do business.
- **Respect** – In all our relationships, we seek to build and honor.
- **Integrity** - We do what we say. We are true to self and true to others.
- **Leisure** – We enjoy everything we do.
- **Fairness** - We are a non-discriminatory organisation and we treat everyone equally.
- **Service Excellence** – We meet and exceed customer expectations.
- **Care** – We show concern and seek the well-being of everyone.

Our Business Overview (continued)

Our Business

The Group currently has four divisions: City and Country Hotels, Resort Hotels, The Victoria Falls Hotel Partnership and Sun Leisure division. The company also operates two casinos in Harare and Victoria Falls.

City and Country Hotels

Five hotels fall under this division including the three hotels that operate under the InterContinental Hotels Group ("IHG") brand (Holiday Inn Harare, Holiday Inn Bulawayo and Holiday Inn Mutare). The other two hotels are Monomotapa Harare, which is located in the capital city Harare, with its iconic structure overlooking the lush, colourful and perennially evergreen Harare Gardens and the fifth, Troutbeck Resort which is nestled in the rolling Eastern Highlands mountains of Nyanga.

Resort Hotels

The resort hotels are located in all the country's major tourist destinations namely, Victoria Falls, Hwange, Masvingo and Kariba. The hotels are Elephant Hills Resort and Conference Centre and The Kingdom at Victoria Falls, which as its name suggests, mimics a truly majestic African Kingdom located within a 5 minute walk to the Victoria Falls, one of the Seven Natural Wonders of the World. Hwange Safari Lodge, is situated in the Hwange National Park where over 100 species of mammals and nearly 400 bird species have been recorded. Great Zimbabwe Hotel is located in Masvingo, within a walking distance from the Great Zimbabwe National Monument, a UNESCO World Heritage Site and the largest ancient structure south of the Sahara and second only to the Pyramids of Giza in size and grandeur. Caribbea Bay Resort is located in Kariba on the shores of Lake Kariba, which is one of the four largest man-made lakes in the world and second largest reservoir by volume in Africa.

The Victoria Falls Hotel Partnership

Also in Victoria Falls, is The Victoria Falls Hotel which the Group jointly operates with Meikles Hospitality (Private) Limited. The Hotel is affiliated to The Leading Hotels of the World and adheres to the requirements that are the hallmark of this affiliation.

Sun Leisure

This division comprise the gaming unit of the group (Casinos and the group's ground handling unit) Sun Leisure Tours.

Sun Casinos operates one stand-alone charity casino (Harare Sun Casino) and one hotel-based casino (Makasa Sun Casino at The Kingdom at Victoria Falls).

Sun Leisure Tours was launched during the year under review. Sun Leisure Tours provides shuttle services, destination tours and other hospitality related leisure activities.

CITY AND COUNTRY HOTELS

Holiday Inn AN IHG HOTEL Harare

Holiday Inn AN IHG HOTEL Bulawayo

Holiday Inn AN IHG HOTEL Mutare

MONOMOTAPA

Troutbeck Resort

RESORT HOTELS

ELEPHANT HILLS RESORT VICTORIA FALLS

THE KINGDOM AT VICTORIA FALLS

HWANGE safari lodge

GREAT ZIMBABWE HOTEL

Caribbea Bay

THE VICTORIA FALLS HOTEL PARTNERSHIP

THE VICTORIA FALLS HOTEL

SUN LEISURE

SUN LEISURE TOURS

Sun CASINOS

Our Business Overview (continued)

HOTEL PORTFOLIO	LOCATION	ROOMS	CONFERENCE CAPACITY	RESTAURANTS
The Victoria Falls Hotel Partnership				
The Victoria Falls Hotel	Victoria Falls	161	40	3
Resort Hotels				
Great Zimbabwe Hotel (Inclusive of 40 Campsites)	Masvingo	87	530	1
Elephant Hills Resort and Conference Centre	Victoria Falls	276	1080	3
Hwange Safari Lodge	Hwange	100	260	2
The Kingdom at Victoria Falls	Victoria Falls	294	1000	2
Caribbea Bay (Inclusive of 35 Campsites)	Kariba	118	1020	1
City and Country Hotels				
Monomotapa Harare	Harare	243	752	2
Troutbeck Resort	Nyanga	70	440	2
Holiday Inn Harare	Harare	201	750	2
Holiday Inn Bulawayo	Bulawayo	157	880	2
Holiday Inn Mutare	Mutare	96	770	1
Total		**1803**	**7482**	**21**

SUN LEISURE	ACTIVITIES/GAMES AVAILABLE
Harare Sun Casino	Slot Machines, American Roulette and Black Jack
Makasa Sun Casino	Slot Machines, American Roulette and Black Jack
Sun Leisure Tours	Ground Handling, Safaris, Tours, Boat Rides, Transfers, Airport Shuttles

Historical Highlights

Our Journey Thus Far

- **1952 –** Rhodesia and Nyasaland Hotels (Private) Limited is formed as a wholly-owned subsidiary of Rhodesian Breweries (Private) Limited.
- **1968 –** Sable Hotels (Private) Limited is established.
- **1973 –** Rhodesian Government grants first casino licence for The Victoria Falls Hotel.
- **1974 –** Development of the first four world-class hotels: Monomotapa Hotel in Salisbury, The Wankie Safari Lodge in Wankie, Caribbea Bay in Kariba, and the Elephant Hills Country Club in Victoria Falls.
- **1979 –** Meikles Southern Sun Hotels is established, becoming the largest hotel chain in Southern and Eastern Africa, with control of 13 major properties in the country.
- **1980 –** Meikles Southern Sun Hotels (Private) Limited changes its name to Zimbabwe Sun Hotels (Private) Limited) after Zimbabwe's independence.
- **1988 –** Zimbabwe Sun Hotels (Private) Limited) merges with Touch the Wild Safari Operations (Private) Limited), later sold to Rainbow Tourism Group (Private) Limited on 30 April 1998.
- **1990 –** Zimbabwe Sun Limited is listed on the Zimbabwe Stock Exchange ("ZSE"), at the time being the largest initial public offer in Zimbabwe, with 70 million shares offered to the public, which was over-subscribed by 28%.
- **1990 –** Opening of the timeshares built in Troutbeck, Nyanga and at Caribbea Bay, Kariba which received "Gold Crown Resorts" status from the Resort Condominium International ("RCI") in 1999.
- **1991 –** First Holiday Inn franchise in Harare.
- **1992 –** Elephant Hills Resort and Conference Centre officially opens its doors.
- **1994 –** First regional office for reservations is established in Johannesburg.
- **1999 –** Makasa Sun is re-developed into The Kingdom at Victoria Falls.
- **2002 –** Zimbabwe Sun Limited is unbundled from Delta Corporation Limited.
- **2003 –** Dawn Properties Limited is unbundled from Zimbabwe Sun Limited and is listed as the first property company on the Zimbabwe Stock Exchange.
- **2003 –** The Hospitality Training Academy ("HTA") is re-launched.
- **2004 –** Zimbabwe Sun Limited acquires The Grace Hotel in Rosebank, South Africa, ranked among the "Top Ten" hotels in Africa and the Middle East by Condé Nast Traveller (USA) in its first year of operation.
- **2008 –** Zimbabwe Sun Limited adds The Lakes Hotel and Conference Centre, in Johannesburg, South Africa to its portfolio.
- **2008 –** Zimbabwe Sun Limited rebrands its name to African Sun Limited, to reflect its regional expansion strategy.
- **2008 –** African Sun Limited adds Obudu Mountain Resort to its regional portfolio.
- **2008 –** African Sun Limited takes over management of Holiday Inn Accra Airport.
- **2009 –** The Company raises US$10 million through a Rights Offer.
- **2010 –** Best Western Ikeja – Lagos Nigeria opened its doors to the public on 1 October 2010.
- **2011 –** Best Western Homeville, Benin City, Nigeria opened its doors to the public on 1 October 2011.
- **2011 -** African Sun Limited closed The Grace in Rosebank, The Lakes Hotel and Conference Centre in South Africa.
- **2012 -** African Sun Limited exits the Holiday Inn Accra Airport Hotel management contract.
- **2012 -** African Sun Amber Residence GRA Ikeja, Lagos Nigeria opened its doors to the public on 2 November 2012.
- **2013 -** African Sun exited Obudu Mountain Resort after expiry of management contract.
- **2013 -** African Sun Amber Hotel Accra Airport, Ghana opened its doors to the public on 10 December 2013.
- **2014 -** African Sun Airport Hotel Lagos, Nigeria opened its doors to the public on 15 December 2014.
- **2015 -** The Group exited all foreign operations to focus on Zimbabwe operations.
- **2015 -** Engaged a regionally based, renowned Hotel Management Company, Legacy Hospitality Management Services Limited, to manage five hotels in Zimbabwe.
- **2017 -** Declared first dividend to shareholders since 2009.
- **2018 -** Declared a second dividend since 2009 and paid 52% of it in foreign currency.
- **2019 –** Separation with Legacy Hospitality Management Services Limited.

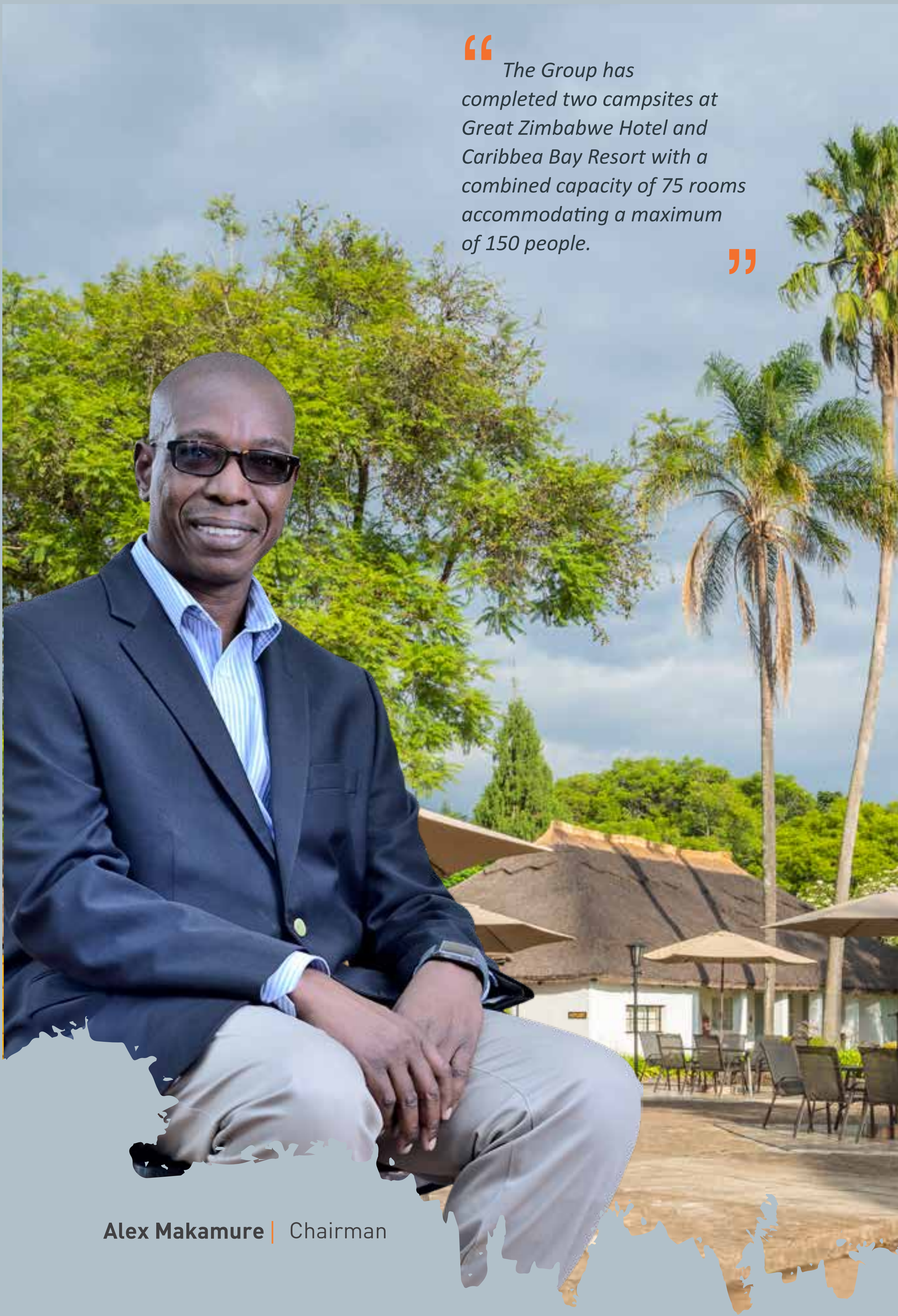
Our Strategy

Victoria Falls

ELEPHANT HILLS RESORT
VICTORIA FALLS

THE KINGDOM
AT VICTORIA FALLS

Be Charmed By The Smoke That Thunders



"The Group has completed two campsites at Great Zimbabwe Hotel and Caribbea Bay Resort with a combined capacity of 75 rooms accommodating a maximum of 150 people."

Alex Makamure | Chairman

Message from the Chairman

INTRODUCTION

It gives me great pleasure to present to you, the 2019 financial report for African Sun Limited.

OPERATING ENVIRONMENT

The financial year 2019 was characterised by a volatile economy, a few political disturbances and a series of monetary and fiscal policy changes. These factors resulted in a challenging business environment in 2019, with the greatest impact felt in the first quarter where we had cancellation of bookings from both the domestic and foreign market.

The combined impact of these macroeconomic and political developments on our business is reflected in the reduction in volumes from both our local and export markets.

FINANCIAL REVIEW

Group inflation adjusted revenue for the year ended 31 December 2019 was ZWL914 million; a 68% growth from prior year largely driven by the average daily rate ("ADR"). ADR grew by 102% from ZWL869 recorded last year to ZWL1 759 as the hotels continued to align room rates with interbank exchange rates during the year.

Occupancy for the year closed at 48%, compared to 59% recorded last year. The comparable period benefited from a relatively stable economy, elections and political developments. The local market was negatively affected by the January 2019 protests and low disposable incomes, with room nights declining by 15% from 214,892 reported last year to 181,698 for period under review. The international market has also been affected by the general slowdown in world travel by 3%, as well as random actions of civil unrest such as the Hong Kong strikes which affected our arrivals in the Victoria Falls destination, in particular for The Kingdom at Victoria Falls. Resultantly, foreign room nights reduced by 21% from 134,639 reported last year to 106,526 during the period under review.

The Group posted inflation adjusted EBITDA of ZWL387.94 million. This was 187% above last year mainly in response to inflation pressure. Net financing costs for the year amounted to ZWL8.8 million, an 83% increase from ZWL4.8 million reported last year. The increase is mainly attributable to lease liabilities as finance costs on borrowings decreased by 93%.

Inflation adjusted profit before income tax for the year was at ZWL338.01 million; a 302% growth from ZWL83.89 million reported in the prior year. Profit for the period was ZWL187.04 million, a growth of 227% from last year profit of ZWL57.21 million.

SIGNIFICANT FINANCIAL MATTERS

Changes in functional and presentation currency

On 20 February 2019, the Reserve Bank of Zimbabwe introduced a new currency called RTGS dollar ("ZWL"). This new currency would be recognised as an official currency and an interbank foreign exchange market would be established to formalize trading in RTGS dollar balances with other currencies. The Group has therefore made an assessment and concluded that its functional currency is no longer the US$ (foreign currency), but the ZWL. The currency was renamed to Zimbabwe dollar on 24 June 2019. For translation purposes, comparatives have been translated to ZWL at a rate of exchange ("RoE") of ZWL1: US$1, the average RoE for the period under review was ZWL8.415: US$1, and the closing exchange rate as at 31 December was ZWL16.833: US$1. See note 4 for further information.

Adoption of IFRS 16, Leases

The Group adopted International Financial Reporting Standard ("IFRS") 16, Leases for the first time on 1 January 2019. The impact of adoption was increasing assets by recognition of right of use assets amounting to ZWL217.41 million and increasing liabilities by recognising a lease liability amounting to ZWL217.41 million. Right of use assets depreciation amounting to ZWL3.87 million is included in operating expenses and lease liabilities finance costs amounting to ZWL8.54 million are included in finance costs. Refer to note 5.1 for more information.

Change in accounting policy for subsequent measurement of property and equipment

The Group changed its accounting policy relating to subsequent measurement of property and equipment from the cost model to the revaluation model with effect from 30 June 2019. On the date of change in functional currency all balances were deemed to be RTGS ("ZWL") balances resulting in the Group's property and equipment which were predominately acquired in foreign currency being grossly undervalued. The change has been applied retrospectively from 30 June 2019. Refer to note 5.2 for more information.

Adoption of IAS 29, Financial Reporting in Hyper-Inflationary Economies

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement indicating that the condition for a hyperinflationary economy had been met in Zimbabwe, and entities should commence hyperinflationary reporting in compliance with International Accounting Standard 29 ("IAS 29"), "Financial Reporting in Hyperinflationary Economies" for the period beginning 1 July 2019. For the purposes of fair presentation in accordance with IAS 29, the historical cost information has been restated for changes in general purchasing power of the Zimbabwean dollar ("ZWL") and appropriate adjustments and reclassifications have been made. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Group. The historical cost financial statements have been provided by way of supplementary information.

Message from the Chairman (continued)

OUTLOOK

There are significant headwinds in the Zimbabwean economy which make it difficult to forecast business performance, particularly business from the domestic market. Whilst, volume performance for the first three months of 2020 were in line with expectations, the novel coronavirus (COVID-19) has created unprecedented challenges for the travel and tourism industry. However, the Group took early and decisive action to boost liquidity and reduce corporate expenditures as outlined under note 30.2. It is the company's view that COVID - 19 pandemic could adversely impact travel and tourism by more than 25% in 2020, an equivalent of three months worth of tourism activity.

Many countries have grounded their airlines, implemented travel restrictions and quarantine measures in a bid to contain the impact of COVID-19 and flatten the inflection curve. These measures are weighing on the Group's domestic and international business outlook and are expected to result in cancellations of bookings or deferrals without concrete dates. As of 6 May 2020, our statistics have shown that we have had 31 907 room nights cancelled, which is quite substantial for the business. However, as lockdowns are proving to have an extremely high economic cost, governments world over have started looking at alternatives that will be less costly and more effective in the long-term at protecting communities and the economy. To that end, the government of Zimbabwe through several statutory instruments implemented measures to ease the lockdown to Level Two effective 4 May 2020. On 17 May 2020, the government further extended this lockdown for an indefinite period with regular two-week interval reviews to assess progress or lack thereof.

Significantly, the latest Level Two extension saw the businesses trading hours being further relaxed and extended to 16:30pm from 15:00pm. Under Level Two, in line with the relaxation of the lockdown measures, the Group took a decision to reopen its hotels on a phased approach. Under phase one, four (4) hotels being (Holiday Inn Harare, Holiday Inn Mutare, Holiday Inn Bulawayo and Great Zimbabwe Hotel) were reopened on 11 May 2020. The Group implemented strict health and safety measures as guided by World Health Organization ("WHO"), InterContinental Hotels Group ("IHG") and government at its hotels. As the pandemic evolves, the Group continues to assess the risks arising from the virus at all levels.

With regards to revenue earning capacity and net-unit growth goals, the Group has completed two campsites at Great Zimbabwe Hotel, and Caribbea Bay Hotel with a combined capacity of 75 rooms accommodating a maximum of 150 people. The Group also launched Sun Leisure Tours (a touring division) in the first quarter of 2020, with the initial investment directed to Victoria Falls and Bulawayo. The company is working on resourcing Harare.

TERMINATION OF THE HOTEL MANAGEMENT CONTRACT

As previously reported, the hotel management contract with Legacy Hospitality Management Serves Limited (Legacy) covering five of our hotels Elephant Hills Resort and Conference Centre, The Kingdom at Victoria Falls, Monomotapa Hotel, Hwange Safari Lodge and Troutbeck Resort was terminated. The matter is still going through legal processes, and we will advise once this is completed. However, we wish to re-assure all our stakeholders that this termination has limited impact on the Group's operations. To date, we have fully integrated and taken over the management of our hotels, with the operations now segmented and reviewed as shown in note 8 of these condensed financials.

DIRECTORATE CHANGES

There were no changes to the directorate in the period under review.

DIVIDEND DECLARATION

During 2019 the board declared two sets of interim dividends. The first interim dividend of ZWL5 256 808 being ZWL0.0061 per share (0.61 ZWL cents per share) was declared on 22 August 2019. The second interim dividend of ZWL 8 617 718 being ZWL0.01 per share (1 ZWL cents per share) was declared on 29 January 2020. The two declarations bring the total dividend for 2019 to ZWL13 874 526 being ZWL0.0161 per share (1.61 ZWL cents per share). With the desire to preserve cash to cushion the Group from the impact and uncertainties caused by COVID-19, the Board resolved not to declare a further dividend from the 2019 profits.

APPRECIATION

I would like to thank my colleagues on the Board, management and staff for their contribution which enabled the Company to continue to deliver sterling operational and financial results despite the difficult operating environment. The same commitment will serve us well in the realisation of African Sun's potential in 2020 and beyond. Most importantly, I would also like to thank our valued customers for their continued support, and we look forward to your unwavering support throughout the year 2020.

A Makamure

A Makamure
Chairman

24 June 2020

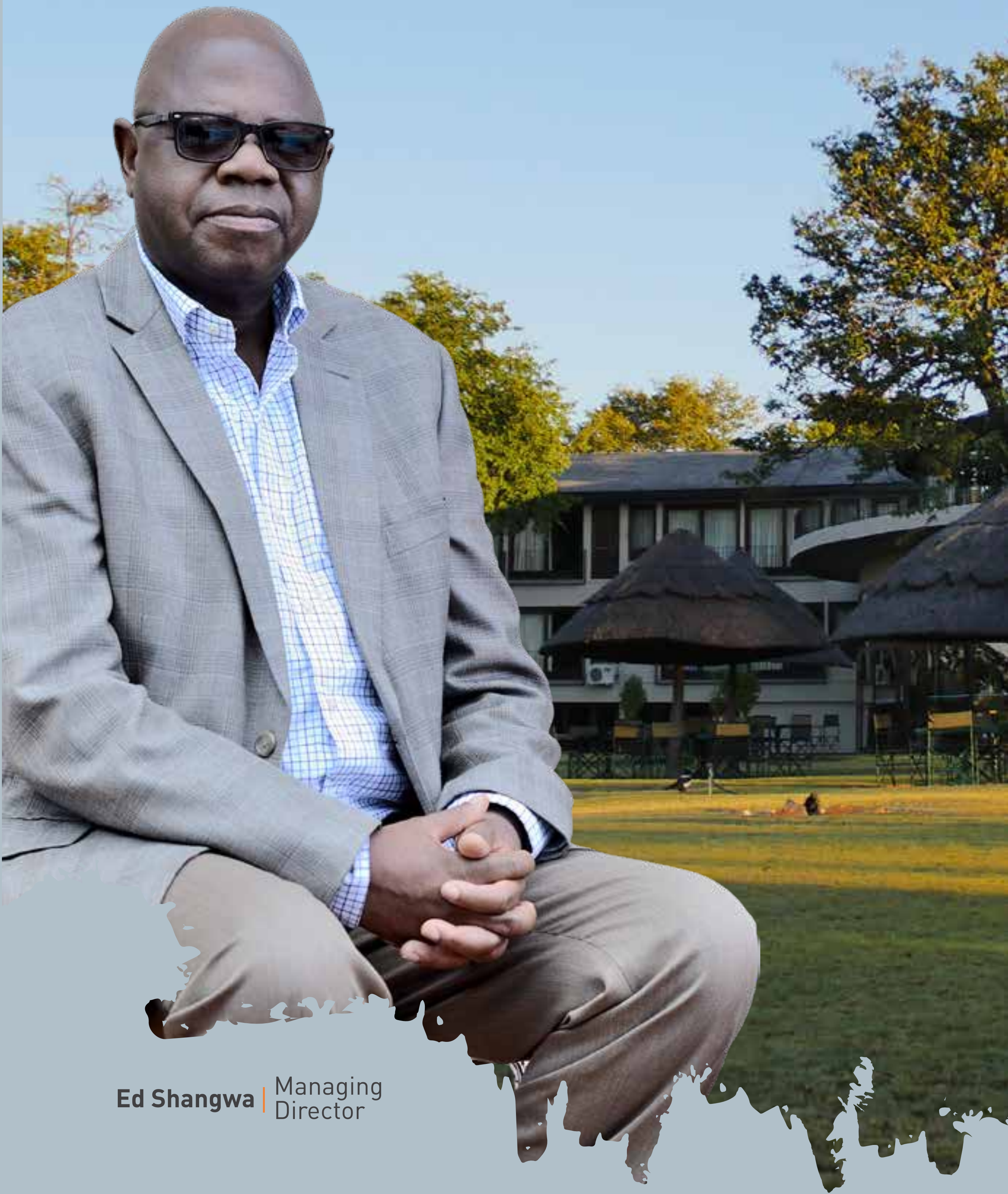
Bulawayo

Holiday Inn
AN IHG® HOTEL
Bulawayo

Enjoy The Warmth Of The City Of Kings

AFRICAN SUN
LIMITED

"The strategy driving change in our business model is premised on the need to move the Group to a position of sustainable growth and value creation."



Ed Shangwa | Managing Director

Managing Director's Operations Review

Business overview

International tourist arrivals grew by 4% in 2019, totalling 1.5 billion according to the latest report from United Nations World Tourism Organisation. ("UNWTO"). However, uncertainty surrounding Brexit, the collapse of Thomas Cook, geopolitical and social tensions and the global economic slowdown all contributed to a slower growth in 2019, compared to the exceptional growth rates of 2017 and 2018. This slowdown affected mainly advanced economies particularly Europe, Asia and the Pacific.

The Middle East (+8%) led growth followed by Asia and the pacific (+5%). International arrivals in Africa and Europe (both +4%) grew in line with the world average, while the Americas (+2%) saw a more moderate increase.

By sub regions, North Africa (+9%), South-East Asia and South Asia (both +8%) showed the highest growth, followed by Southern and Mediterranean Europe and the Caribbean both (+5%). As per the main source markets, France reported the strongest increase in international tourism expenditure among the top ten markets, while the United States led growth in absolute terms.

In 2019 tourist arrivals in Zimbabwe decreased by 11%, a total of 2 294 259 tourists, registering an estimated US$1.247 billion in tourism receipts. During the same period international tourist arrivals into African Sun hotels decreased by 12% from 123 741 down to 108 328 compared to same period last year.

Amongst the 5 major regional contributers to the Group, only Asia grew by 1% from 24 856 up to 25 174. All other regions declined with the major decline being Europe which was down 22%, followed by Africa which fell by 19%. Australia and America also declined by 15% and 1% repsectively compared to last year.

Foreign arrivals into the Group's hotels is depicted in the graph below.

International tourist arrivals were largely depressed given protests which rocked the country in Janaury and to some extent exacerbated by the image issues relating to economic challenges together with fuel and power shortages. However, it is important to highlight that 2018 benefited significantly from election related business and a relative stable local macro-economic environment.

Going forward focus will be on growing tourist arrivals; the Group will continue to increase its marketing efforts and consolidate its presence through attending major Trade Shows such as ITB, WTM, ITBM and also continued participation in the North American Road show organised by SAA. At the same time, focus will be on increased brochure marketing with major tour operators that package East and Southern Africa such as VJV, Kouni, Ecco Tours, Tourvest, Thompsons, Kananga and Ratpant among others.

Strategy review

During the year African Sun Limited transitioned from being a hotel investment company to a modern, wider, more flexible and competitive business model that of a hotel asset management company. This development was after the hotel management contract with Legacy Hospitality Management Serves Limited (Legacy) was terminated. To date, the Group has fully integrated and taken over the management of all the hotels previously managed by Legacy. Group operations are now segmented into country and city hotels, resorts hotels and the partnership and sun leisure division. The divisions/segments are reviewed as shown in note 7 of these financials. The strategy driving change in our business model is premised on the need to move the Group to a position of sustainable growth and value creation.

Below is the summarised overall strategic intent for the Group:

1. Consistently achieve no less than 20% pre-tax return on equity;
2. To achieve an EBITDA margin of at least 25% ;
3. Customer Satisfaction Index (CSI) of 75% and above;
4. Create a benchmark in our talent development for sustainability, succession and growth;
5. Ensure that associations with reputable brands have sustainable long-term returns;
6. Seek to be in top 3 measured by Revenue Generation Index (RGI) in markets in which we operate; and
7. To align the ASL model to a Hotel Asset Management Company.

OPERATING DIVISIONS

As mentioned under strategy review above, the Group changed its operating model following the termination of the management contract with Legacy. The major consideration used in setting up our divisions was based on the clientele served by that cluster of hotels. All divisions provide for full hotel and leisure services except for business units which provide supporting service to the revenue generating segments in the form of sales, marketing and administration.

Managing Director's Operations Review (continued)

The new operating divisions are;

City and Country Hotels

This division has Monomotapa Hotel, Holiday Inn Harare, Holiday Inn Bulawayo, Holiday Inn Mutare and Troutbeck Resort, which are all city hotels except the latter which is a country hotel. The division focuses on conferencing, government, quasi government and corporate business.

The division started the year on a low note due to violent demonstrations and stay-aways which led to cancellations and deferred bookings. However, the division hosted major events including Harare International Festival of Arts (HIFA), Heroes Celebration and International Trade Fair which was critical for the division to recover its lost business. The division continued promotional rates, which included food and conferencing discounted packages to specific target markets. Throughout the year, City and Country hotels achieved positive RG Indices ("RGI") of above 1 against their competitors in the destinations they operate.

Below is a summary of the trend analysis of the key performance indicators for the city and country hotels;

	2019	2018	2017	% Growth
Occupancy	55%	68%	59%	-19%
Average Room Rate	$1 364	$731	$644	86%
Revenue Per Available Room (RevPAR)	$755	$497	$382	51%
Total Revenue Per Available Room (Total RevPAR)	$1 435	$933	$710	53%

Occupancy declined by 19% from 68% to 55%, mainly because 2018 but benefited from a relatively stable economy, elections and political developments. The violent protests in mid-January were a major blow to our local arrivals resulting in cancellations and postponements of conferences. RevPAR grew due to the increase in ADR by 86%. The growth in ADR was attributed to yielding on corporate domestic business, regional and international markets. The room rates were increased throughout the year in line with the prevailing economic challenges.

We completed the restaurants refurbishments and new gym facilities at Holiday Inn Harare, Holiday Inn Bulawayo, Holiday Inn Mutare and Troutbeck Resort during the year in order to be in line with brand standards and improve customer satisfaction. Guest feedback has been positive since the completion of these facilities. The hotels under IHG brand passed their brand compliant assessments in 2019. Monomotapa Hotel was scheduled to undergo complete refurbishment commencing the first quarter of 2020 listing US$7 million. However, the Group has rescheduled the refurbishment to a later date, due to effects of COVID-19 and in a bid to preserve cash. Troutbeck Resort refurbishment scheduled for 2020 has been put on hold, while we assess the depth and impact of COVID-19 on the business.

Resort Hotels

The hotels under this division comprise Elephant Hills Resort and Conference Centre, The Kingdom at Victoria Falls, Hwange Safari Lodge, Great Zimbabwe and Caribbea Bay Resort. All hotels are strategically located in the major resort destinations of Victoria Falls, Hwange, Masvingo and Kariba.

The division performed below expectation during the year. This was due to the decline in arrivals across all source markets as witnessed by the low numbers from our tour operators. The division started the year with Easter promotions which were expected to recover and improve the room occupancy lost in the first quarter. The political protests which commenced mid-January had a negative impact on the hotels which mainly rely on conferencing business. Low season promotion was also introduced in order to recover the lost business in the division. In addition to this, throughout the year, discounted rates were offered to the market. The end of the year promotions, tour groups and special events activities at Valentines, Christmas and New Year impacted positively on the performance of these hotels as we endeavoured to recover lost business.

Caribbea Bay Resort and Great Zimbabwe Hotel launched glamorous tented campsites with a combined capacity of 75 rooms accommodating a maximum of 150 people. This exciting new product offering known as "glamping" has been well received in the market during the year. This product is set to spur regional and international arrivals at these hotels in 2020 and beyond.

Both these hotels ended the year holding their own in terms of market share and Revenue Generation Index, a position expected to only get better as we move into the future and recover from the 2019 decline.

Below is a summary of the trend analysis of the key performance indicators for the resort hotels;

	2019	2018	2017	% Growth
Occupancy	40%	49%	44%	-18%
Average Room Rate	$1 782	$869	$803	105%
Revenue Per Available Room (RevPAR)	$715	$429	$353	66%
Total Revenue Per Available Room (Total RevPAR)	$1 287	$756	$626	70%

Managing Director's Operations Review (continued)

RevPAR improved significantly due to the significant increase in average room rate whilst occupancy was declining. Volumes declined mainly due to the impact of the random actions of civil unrest such as Hong Kong strikes which affected our arrivals in the Victoria Falls destination, and in particular for The Kingdom at Victoria Falls, which were also imparted by weak domestic demand and a weakening South African rand. The increase in room rates was due to yielding during the peak season and increase in domestic rates was in line with changes in the interbank rate.

Victoria Falls properties continued to benefit from improved air access as a result of the Victoria Falls airport and runway expansion and visibility of the hotels on the web and online bookings platforms. Accessibility has negatively affected Caribbea Bay Resort and Great Zimbabwe Hotel as the state of the roads has deteriorated over the years. This has negatively affected the destinations' competitiveness, resulting in the loss of both conferencing and leisure business to competing destinations. We are confident that the construction of Beitbridge to Chirundu highway which is underway will benefit both hotels in the future in attracting more arrivals in the destinations.

With travel and tourism at a standstill, arrivals growth in the division is set to be significantly subdued due to COVID-19 as our major source markets have implemented travel restrictions and quarantine measures. However, taking into account global trends we are hoping that the pandemic will be under control around September 2020.

Rooms refurbishment is underway at Caribbea Bay Resort and Hwange Safari Lodge, albeit at a slower pace as funding commitments and long term planning have been affected by COVID-19. At Great Zimbabwe Hotel soft refurbshiments of 21 rooms was completed during the year under review.

The Victoria Falls Hotel Partnership

The Partnership relates to The Victoria Falls Hotel an affiliate of the Leading Hotels of the World ("LHW") which is jointly operated with Meikles Hospitality (Private) Limited. The hotel boasts of 95% of its occupancy being foreign mostly driven out of United States of America. There was a drop in foreign business during the year due the effects of 2019, political disturbances which resulted in cancellations of bookings, the weakening of the South African Rand and the uncertainty surrounding Brexit. To drive the regional sales and to cater for the same market which is predominantly South African, and being sensitive to the Rand a "Pay for 2 Stay 3 Nights" promotion was launched in the South African market. The Victoria Falls Hotel had the best RGI of 1.52 in its competitive set which includes the top of the range hotels in Victoria Falls, Zimbabwe and Livingstone in Zambia.

Below is a summary of the trend analysis of the key performance indicators for the hotel;

	2019	2018	2017	% Growth
Occupancy	60%	66%	63%	-9%
Average Room Rate	$5 081	$2193	$2190	131%
Revenue Per Available Room (RevPAR)	$3 060	$1450	$1389	111%
Total Revenue Per Available Room (Total RevPAR)	$4 716	$2276	$2197	107%

RevPAR growth was due to the impact of foreign exchange rates and to a lesser extent, the increase in local room rates in 2019. We maintained our room rates at this prime property in a bid to increase volumes during the trough season. Our participation in various regional and international travel shows has helped spur demand for this property, especially in the peak season.

The refurbishment of the hotel is now underway. Mock up rooms have been completed with the first phase of the project expected to be completed in 2021 at cost of US$3.2 million. The refurbishment will transform and reposition the hotel as one of the best hotels in the world, improving on guest satisfaction. The arrivals into the hotel are set to be subdued due to the impact of COVID-19 as our major source markets have implemented travel restrictions and quarantine measures.

Sun Leisure and Other

This division comprise Sun Leisure, Central office, and the South Africa Branch. Sun Leisure houses the Group's touring Division (Sun Leisure Tours) and the Casinos (Sun Casinos). Sun Leisure Tours is a new product which was launched in the first quarter of 2020, with an initial fleet of five sedan vehicles and five minibuses. The division will provide touring packages and transport for our guests to and from hotels. The standalone business unit will serve Victoria Falls, Harare, Hwange and Bulawayo markets. We are working on increasing the fleet by acquiring more vehicles that will serve the Harare market, as well as 32 seater buses for the Victoria Falls market in the second quarter of 2020.

The Casino division is made up of Harare Casino and Makasa Casino in Victoria Falls. The division recorded subdued performance due to the impact of erosion of disposable income for our punters due to inflation. Competition rivalry remains intense within the market with price undercutting as players seeks to gain a competitive edge over one another. We are in the process of introducing exciting new gaming products in 2020, with additional slots machines being purchased in 2020.

Managing Director's Operations Review (continued)

Impact of novel corona virus (COVID-19)

COVID-19 represents the most significant challenge that our industry has ever faced. The number of new cases continues to surge around the world, particularly in Europe and the Americas which are the key source markets for the Group. According to the United Nations World Tourism Organisation ("UNWTO"), the pandemic could lead to an annual decline of between 60% and 80% compared with 2019 figures. Several major conferences and events slated for Zimbabwe have already been affected by cancellations and postponements. This was due to worldwide recommendations to restrict travel and large gatherings. The following are some of the events that have been affected in the short term;

- Zimbabwe International Trade Fair (ZITF) – the country's premier trade showcase (April - Bulawayo);
- Zim Thrive – a homeland gathering of all diasporans to meet in Zimbabwe (1-30 April);
- FAO Regional Conference (23-25 March – Victoria Falls);
- Zimbabwe Stock Exchange (ZSE) Regional Conference (11-13 March, Victoria Falls);
- Zimbabwe Achievers Awards (ZAA) International 10th Anniversary - Zimbabwe Gala Dinner, (10th April Victoria Falls); and
- The 40th Independence Celebrations (April 2020).

To contain the pandemic, the government of Zimbabwe declared a state of national disaster on 17 March 2020, followed by a nationwide lockdown from 30 March 2020. In response to the government-imposed lockdown, the Group temporarily closed all its eleven (11) hotels and two (2) casinos effective 30 March 2020. As of 6 May 2020, statistics have shown that we had 31 907 room nights cancelled, quite substantial for the business. However, as lockdowns are proving to have an extremely high economic cost, governments world over have started looking at alternatives that will be less costly and more effective in the long-term at protecting communities and the economy. To that end, the government of Zimbabwe through several statutory instruments implemented measures to ease the lockdown to Level Two effective 4 May 2020. On 17 May 2020, the government further extended this lockdown for an indefinite period with regular two-week interval reviews to assess progress or lack thereof. Significantly, the latest Level Two extension saw businesses trading hours being further relaxed and extended to 16:30pm from 15:00pm.

Under level Two, in line with the relaxation of the lockdown measures, the Group took a decision to reopen its hotels on a phased approach. Under phase one, four (4) hotels being (Holiday Inn Harare, Holiday Inn Mutare, Holiday Inn Bulawayo and Great Zimbabwe Hotel) were reopened on 11 May 2020. The Group implemented various health and safety measures as guided by World Health Organisation (WHO), InterContinental Hotels Group (IHG) and government at its hotels. As the pandemic evolves, the Group continues to assess the risks arising from the virus at all levels.

Business contingency plans as detailed in note 30.2 have been implemented at all levels and the Group continues to adjust these as required.

Business Information systems

African Sun's hotels are now on Site-minder Channel Managers for online web bookings. As a result we have planned upgrading of the Property Management Systems (PMSs) for Troutbeck Resort, Carribbea Bay Resort, Hwange Safari Lodge and Great Zimbabwe Hotel to OPERA from the current Apex system to achieve two-way interface with Site-minder Channel Managers for online web bookings, Online Travel Agents and Application Property Interface ("API").

Human Resources

Developing future executives across all race and gender groups remains a priority. We have a well-established succession plan that taps into a deep pool of leadership talent, ready for the next trading upturn.

The recruitment freeze remained in force but critical positions were filled during the year under review.

i) The Group engaged eighteen (18) Management Trainees in the Food and Beverage, Front Office, Finance, Human Resources and Sales, Marketing and Innovation departments.
ii) In order to strengthen the succession bench, the Group recruited two (2) managers to join the 18-month Deputy General Manager Development Programme bringing the total trainees to seven (7).
iii) All Executive Chefs and Pastry Chefs went on an exposure programme to South Africa.

The organisation continued to implement cost reduction management techniques, without compromising service delivery around people resulting in the enhancement of overall business efficiency processes and improved profitability.

Managing Director's Operations Review (continued)

Ethics and Controls

The Company's governance framework supports value creation throughout the business. During the year the Group further bolstered the Tip Off anonymous platform administered by Deloitte and Touché in order to preserve shareholder value through risk and loss mitigation enabled by the initiative.

Outlook

The worldwide COVID-19 induced lockdowns and travel restrictions have resulted in significantly reduced occupancies, with the month of April 2020 recording nil for all hotels. The Group anticipates continued disruption to travel and tourism in the months ahead, and forward visibility on the timing and shape of improvements in demand remains very limited. However, the Group is taking decisive action to protect the core of its business until the crisis passes and travel resumes.

In line with expectation domestic business largely driven by government and non-governmental organisations programmes centered on COVID-19 health responses and hunger alleviation resumed immediately, post lockdown. Taking into account the global trends, management expects international business to gradually resume starting from September as airlines rebuild their networks. The negative outlook reflects our expectation that global travel restrictions related to the spread of COVID- 19 will put significant pressure on the Group's 2020 earnings.

From an operational perspective, we remain largely on our strategic track against strategy. During the preceding year we completed several refurbishments and launched new product offerings including glamping and Sun Leisure Tours. Our entire portfolio of products is in excellent condition and we look forward to serving our guests better going forward.

We believe that, while civil unrest and economic challenges may have muted our volume performance in 2019, the Group has laid down foundations for robust growth when the economic cycle turns and COVID-19 is under control.

Appreciation

The crucial differentiator in challenging times such as these is the attitude and energy of our people, who continue to drive us through obstacles with their hard work and dedication. Thank you to all our employees, for your relentless efforts, commitment and passion in these difficult times.

I extend our heartfelt gratitude to all our board members for their continued guidance and support, our loyal guests and suppliers for your patronage, and our investors for your enduring support for the Group. I believe in the Group's ability to emerge stronger and geared for success after the COVID-19 storm.

Our business could not be what it is today without all of you, and we look forward to sharing our journey with you to new heights in the years to come.

E T Shangwa

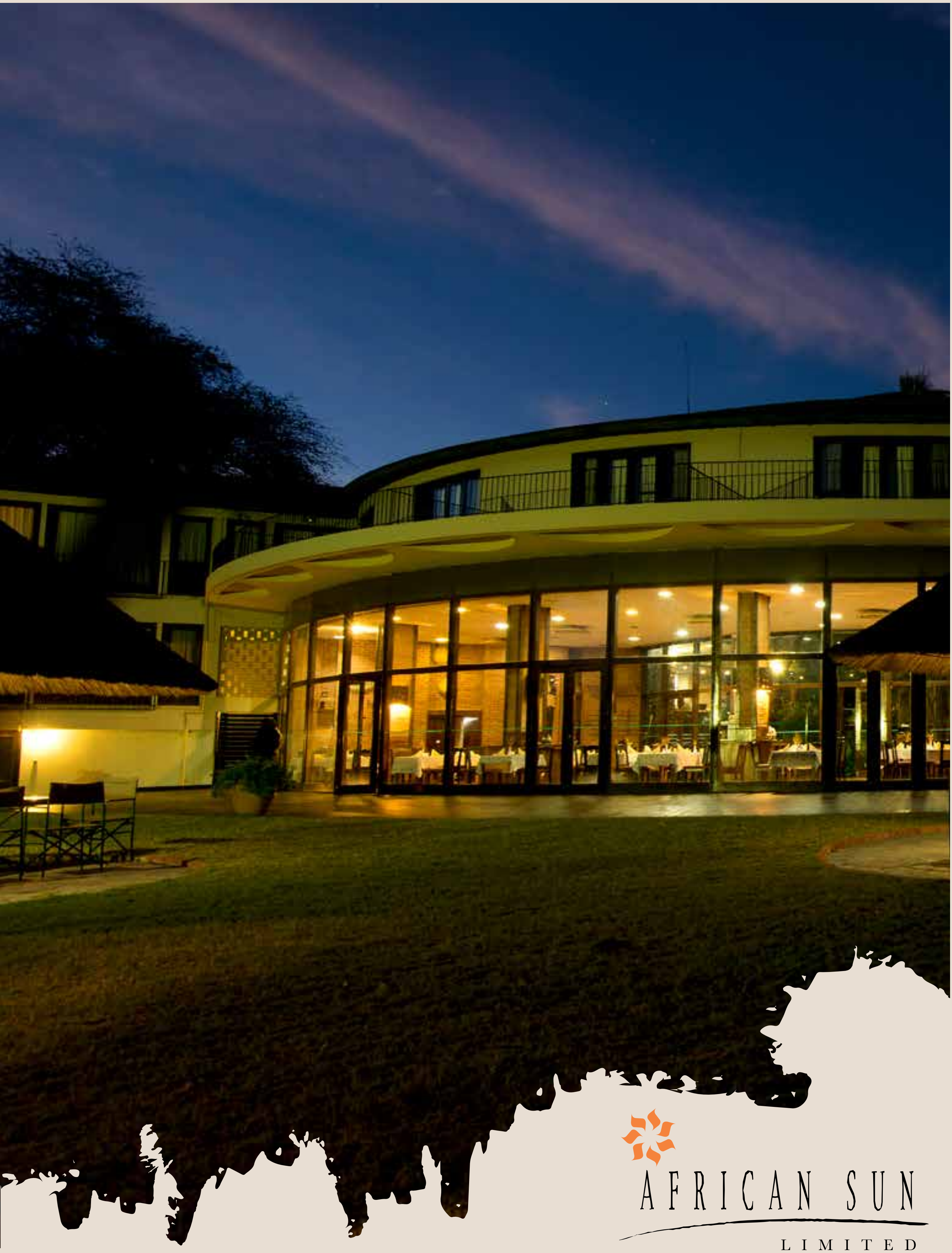
E. T. SHANGWA
MANAGING DIRECTOR

24 June 2020

Hwange

HWANGE
safari lodge

Enjoy
A Safari Adventure
With The Famous
Big Five



AFRICAN SUN
LIMITED

Accounting Philosophy

African Sun Limited is dedicated to achieving meaningful and responsible reporting through comprehensive disclosure and explanation of its financial results. This is done to ensure objective corporate performance measurement, to enable returns on investment to be assessed against the risks inherent in their achievement and to facilitate appraisal of the full potential of the Group.

The core determinant of meaningful presentation and disclosure of information is its validity in supporting management's decision making process. While the accounting philosophy encourages the pioneering of new techniques, it endorses the fundamental concepts underlying both the financial and management accounting disciplines as enunciated by the Public Accountants and Auditors Board of Zimbabwe ("PAAB"), the Institute of Chartered Accountants of Zimbabwe ("ICAZ"), the International Accounting Standards Board ("IASB") and the International Federation of Accountants ("IFAC"). The Group is committed to the regular review of financial reporting standards and to the development of new and improved accounting practices. This is practiced to ensure that the information reported to management and stakeholders of the Group continues to be internationally comparable, reliable and relevant. This includes, the early adoption of financial reporting standards, wherever it is considered appropriate.

The Group adopts all accounting standards and interpretations applicable that are issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC"). Unless otherwise stated, these standards are applied consistently to enhance comparability of financial information relating to different financial periods.

Certificate of Compliance by the Company Secretary

For the year ended 31 December 2019

I, the undersigned, in my capacity as the Company Secretary, hereby confirm, that to the best of my knowledge and belief, for the year ended 31 December 2019, the Company has complied with Zimbabwe Stock Exchange Listing Requirements, lodged with the Registrar of Companies all returns required of a public company in terms of the Zimbabwe Companies Act (Chapter 24:03) and that all such returns are true, correct and up to date. I also confirm that the Memorandum and Articles of Association of the Company are in line with the provisions of the Zimbabwe Companies Act (Chapter 24:03).

V. T. Musimbe

V. T. Musimbe
Company Secretary

24 June 2020

Venon Musimbe
Company Secretary

Directors' Report

For the year ended 31 December 2019

The directors present the audited financial statements of African Sun Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2019.

	INFLATION ADJUSTED		HISTORICAL	
	31 December 2019 ZWL	**31 December 2018 ZWL**	**31 December 2019 ZWL**	**31 December 2018 ZWL**
Results				
Earnings before interest, tax and depreciation ("EBITDA")	387 947 720	135 104 406	173 341 676	17 129 262
Profit for the year	187 038 543	57 206 512	106 455 023	10 135 858
Headline earnings	185 917 935	57 041 856	103 704 802	10 092 427
Dividends				
The Company declared two interim dividends. The first interim dividend of ZWL5 256 808 being ZWL0.0061 per share (0.61 ZWL cents per share) was declared on 22 August 2019. The second interim dividend of ZWL 8 617 718 being ZWL0.01 per share (1 ZWL cents per share) was declared on 29 January 2020. The two declarations bring the total dividend for 2019 to ZWL13 874 526 being ZWL0.0161 per share (1.61 ZWL cents per share).				
Capital commitments				
Authorised by directors and contracted for	-	-	-	-
Authorised by directors but not contracted for	1 127 621 907	104 105 099	1 127 621 907	16 760 061
Total commitments	1 127 621 907	104 105 099	1 127 621 907	16 760 061
Investments				
The Company holds equity investments in the following subsidiaries to the extent indicated below:				
African Sun Zimbabwe (Private) Limited	100%	100%	100%	100%
African Sun Hotels Limited ("Branch")	100%	100%	100%	100%

Share capital

Issued share capital and share premium totalled ZWL290 554 000 as at 31 December 2019 (2018: ZWL290 554 000). No additional shares were issued during the year ended 31 December 2019.

Reserves

The movement in the reserves of the Group is shown in the Group statement of changes in equity and in the relevant notes to the financial statements.

Directors

Pursuant to the amendments to the Company's Memorandum and Articles of Association, all the Non-Executive Directors will be subject to re-election at the Annual General Meeting. All the Non-Executive Directors being eligible will offer themselves for re-election at the Annual General Meeting.

Independent Auditor

Members will be asked to approve the independent auditor's remuneration for the year ended 31 December 2019 and to approve the retirement of Messrs. PricewaterhouseCoopers (Zimbabwe), as independent auditor of the Company in accordance with good corporate governance as encapsulated in the provisions of Section 191 (11) of the Companies and Other Business Entities Act (24:31). Messrs. PricewaterhouseCoopers have been auditors of the Company for over ten years.

The directors will seek for shareholders indulgence and authorise them to do all things necessary regarding the selection, appointment and remuneration of a new replacement auditor. The selected auditor will hold office until the conclusion of the next annual general meeting of the Company.

Annual general meeting

The Forty- Eighth Annual General Meeting of Shareholders of African Sun Limited will be held by way of remote voting on 16 July 2020 at 1200 hours.

By order of the board:

E.T. Shangwa

B.H. Dirorimwe

V.T. Musimbe

E.T. Shangwa
Managing Director

B.H. Dirorimwe
Finance Director

V.T. Musimbe
Company Secretary

24 June 2020

Corporate Governance

THE AFRICAN SUN CHARTER

African Sun Limited personnel are committed to a long-published code of ethics which runs through the whole Group. This incorporates the Group's operating, financial and behavioural policies in a set of integrated values, including the ethical standards required of members of the African Sun Limited family in their interface with one another and with all stakeholders.

There are detailed policies and procedures in place across the Group, covering the regulation and reporting of transactions in securities of the Company by the directors and officers. The Group adopted a Corporate Governance Charter and recommendations made in the King Reports.

THE NATIONAL CODE ON CORPORATE GOVERNANCE

The Group is committed to adhering to the principles espoused in the National Corporate Governance Charter.

STAKEHOLDERS

For many years, African Sun Limited has had a formalised stakeholder philosophy and structure(s) of corporate governance to manage the interface with the various stakeholder groups. African Sun Limited has in place responsive systems of governance and practice which the Board and management regard as entirely appropriate to ensure that our commitment to good governance remains underpinned by the pillars of responsibility, fairness, transparency and accountability to all stakeholders. These pillars preserve our long term sustainability, thereby delivering value to all stakeholders.

DIRECTORATE

The Board of Directors of African Sun Limited is constituted with a majority of non-executive directors and meets at least quarterly. A non-executive director chairs the African Sun Limited Board.

ROLES OF THE CHAIRMAN AND MANAGING DIRECTOR

The roles of the Chairman and the Managing Director are independent of each other and they function under separate mandates issued by the Board. This differentiates the division of responsibility within the Company and ensures a balance of authority. The Board is chaired by Alex Makamure, a non-executive director of the Company. The Chairman is responsible for providing leadership to the Board, overseeing its efficient operation and ensuring good corporate governance practices.

Edwin Shangwa is the Managing Director of the Group and is responsible for the management of the Group's day-to-day operations and affairs in line with the policies and strategic objectives set out and agreed to by the Board. The Managing Director is supported by the Group's Executive Committee which he chairs at weekly meetings where the Group's results, performance and prospects are reviewed. At each Board meeting, the Managing Director provides a strategic update and reports on performance and future prospects.

INDEPENDENCE OF THE BOARD

The Board maintains its independence through:

- keeping the roles of Chairman and Managing Director separate;
- the non-executive directors not holding fixed term service contracts and their remuneration not being tied to the financial performance of the Group;
- all directors having access to the advice and services of the Company Secretary;
- all directors, with prior permission from the Board, being entitled to seek independent professional advice on the affairs of the Group at the Group's expense;
- functioning Board Committees comprising mainly non-executive directors; and
- the appointment or dismissal of the Company Secretary being decided by the Board as a whole and not by any individual director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The criteria used to determine whether a director is an independent non-executive director are an assessment of independence in fact and in the perception of a reasonably informed outsider. The independence of an independent non-executive director is assessed annually by the Board using the following criteria:

- is not a representative of a shareholder who has the ability to control or significantly influence management;
- does not have a direct or indirect interest in the Company (including any parent or subsidiary in a consolidated Group with the Company) which is either material to the director or to the Company. (A shareholding of 5% more is considered material);
- has not been employed in any executive capacity for the preceding three financial years by the Company or the Group;
- is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the Company or the Group in an executive capacity;
- is not a professional adviser to the Company or the Group;
- is free from any business or other relationship which could be seen to interfere materially with the individual's capacity to act in an independent manner; and
- does not receive remuneration contingent upon the performance of the Company.

The Board is satisfied with the status of the independent non-executive directors.

Corporate Governance (continued)

INSURANCE
A suitable directors' liability insurance policy has been taken out by the Group. No claims have been lodged under this policy up to the date of this report.

DIRECTORS' INTERESTS
As provided by the Zimbabwe Companies Act (Chapter 24:03) and the Company's Articles of Association, the directors are bound to declare any time during the year, in writing, whether they have any material interest in any contract of significance with the Company, which could give rise to a conflict of interest.

INTERNAL CONTROL
The Board of Directors is responsible for the Group's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimize significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The controls throughout the Group concentrate on critical risk areas. All controls relating to the critical areas in the casino and hotel operating environments are closely monitored by the directors and subjected to internal audit reviews. Furthermore, assessments of the information technology environment are also performed.

An Audit Services Manager, who reports directly to the chairman of the Finance and Audit Committee, heads the Internal Audit Department. The Internal Audit Department is designed to serve management and the Board of Directors through independent evaluations and examinations of the Group's activities and resultant business risks.

BOARD MEETINGS
The Board meets at least four times per financial year in order to monitor, consider and review, inter alia, matters of a strategic, financial, non-financial and operational nature. Special Board meetings may be convened on an ad hoc basis, when necessary, to consider issues requiring urgent attention or decision.

The Board works to a formal agenda prepared by the Company Secretary in consultation with the Chairman and the Managing Director, which, inter alia, covers operations, finance, capital expenditure, acquisitions and strategy. Any Board member may request the addition of an item to the agenda and will liaise with the Company Secretary in this regard.

Board papers comprising the agenda, minutes of Board and Board committee meetings and the relevant supporting documentation are circulated to all directors in advance of each meeting in order that they can adequately prepare and participate fully, frankly and constructively in Board discussions and bring the benefit of their particular knowledge, skills and abilities to the Board table.

BOARD COMMITTEES
The Board is authorised to form committees to assist in the execution of its duties, powers and authorities. The Board has four standing committees, namely: Finance and Audit, Human Resources and Remuneration, Sales, Marketing and Innovation and Nominations. In addition, there is the Corporate Governance Committee, which is an ad hoc committee. The terms of reference and composition of the committees are determined and approved by the Board and have been adopted by the Board for the reporting period.

THE FINANCE AND AUDIT COMMITTEE
The Finance and Audit Committee incorporates the audit, risk and finance oversight functions. The Committee deals, inter alia, with compliance, internal control, risk management and the review and preliminary approval of major investment decisions of the Group. It is regulated by specific terms of reference and is chaired by a non-executive director. All members of the Committee, not being less than three (3) at any given time, are non-executive directors. Executives of the Group attend the meeting by invitation.

It meets with the Company's independent auditor to discuss accounting, auditing, internal control and financial reporting matters. The independent and internal auditors have unrestricted access to the Finance and Audit Committee.

The Committee's terms of reference include but are not limited to the assessment, and review of the following;
- Financial controls, accounting systems and reporting;
- Independent auditors;
- Internal auditors;
- Legal, regulatory and statutory compliance of the Group;
- Compliance with the Group's code of conduct; and
- Financial planning and investment decisions.

Corporate Governance (continued)

THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee, comprises a non-executive Chairman, and at least two other non-executive directors. Executive directors and management attend its meetings by invitation. The committee acts in accordance with the Board's written terms of reference to review remuneration of all African Sun Limited executive directors, senior management and other members of staff.

The Committee's terms of reference include but are not limited to the assessment, determination and review of the following;

- Remuneration and emoluments of the Group's executives, and to review the levels thereof from time to time;
- Grant options to acquire shares in the Company's share capital, on terms and conditions as prescribed in such share option schemes as approved by the Company's shareholders in General Meetings from time to time;
- Prescribed parameters of remuneration and other employment emoluments of executive personnel of the Group, for the guidance of management in its reviews and determinations of such remuneration and emoluments;
- Procurement and/or monitoring the Group's compliance with all relevant labour legislation, with special reference to employee remuneration, terms and conditions of service and allied issues; and
- Monitoring the operations of the Group's pension and group life assurance, and medical aid schemes.

SALES, MARKETING AND INNOVATION COMMITTEE

The Sales, Marketing and Innovation Committee comprises a non-executive Chairman and at least two other non-executive directors. Executive directors and management attend its meetings by invitation. The committee is responsible for the review of all sales and marketing programmes of the Group.

The Committee's terms of reference include but are not limited to the assessment and review of the following;

- Participation in the development of the Group's marketing policy and strategy;
- The performance of the Group in terms of its marketing strategy;
- Marketing policy to include all elements of the marketing mix undertaken by the Group;
- Corporate profile policy and issues related to branding and the image of the Group;
- Providing overall guidance and direction for the Group's marketing communications, including publications and promotional programmes, and contribute towards their implementation; and
- Advising the Board on the appropriate form of marketing infrastructure best suited to serve African Sun Limited.

THE NOMINATIONS COMMITTEE

The Nominations Committee is now a standing, as opposed to an ad hoc, committee, pursuant to the recommendations made in the King Report III. It is made up of a non-executive Chairman and at least two other non-executive directors. It assists with the identification and recommendations of potential directors to the Board.

The Committee's terms of reference include but are not limited to the assessment and regular review of the following;

- The structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes;
- Consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- The leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- Making recommendations to the Board concerning the formulation of plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Managing Director; and
- Determining suitable candidates for the role of senior independent director membership of the audit and remuneration committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees.

EXECUTIVE COMMITTEE

The Executive Committee ("EXCO") works with the Managing Director in carrying out his responsibilities for the day to day management of the Group's operations and consists of four members as follows;

- the Managing Director;
- the Finance Director;
- the Human Resources Executive; and
- the Company Secretary.

Corporate Governance (continued)

EXECUTIVE COMMITTEE (CONTINUED)

The EXCO is delegated with the powers conferred upon the Directors by the Articles of Association and is responsible for the following from a Company perspective:

- the implementation of strategies and policies;
- managing the day to day business affairs;
- prioritizing the allocation of capital and technical and human resources;
- establishing the best management practices and functional standards;
- enterprise wide risk management;
- ensuring that regular detailed reports are submitted to the Board on each of the Company's investments; and
- performing such other duties and responsibilities as may be directed from time to time.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is an ad hoc committee, which sits as and when it is necessary. It is made up of a non-executive Chairman and at least two other non-executive directors.

NATIONAL WORKS COUNCIL AND WORKERS' COMMITTEES

The Group holds National Works Council meetings at least twice a year. Each hotel within the Group has a Works Council representative who attends these meetings, which is a forum where employees participate in the decision-making process and also discuss employees' concerns with top management. The Group believes in and practices worker participation throughout the different levels. All hotels have Workers' Committees, which serve as a communication channel between management and shop floor employees.

ANNUAL GENERAL MEETING

The Annual General Meeting provides a useful interface with private shareholders, many of whom are also customers.

The Chairman of the Board and the Managing Director are available at the Annual General Meeting to answer questions. Information about the Group is maintained and available to shareholders at www.africansuninvestor.com

DIRECTORS' ATTENDANCE OF MEETINGS IN 2019

Individual director attendance at Board and Committee meetings are tabled below. Where a director has not been able to attend a Board meeting, any comments, which he or she had arising out of the papers to be considered at that meeting, are relayed in advance to the Chairman of the Board or Committee.

	Main Board	Human Resources and Remuneration Committee	Finance and Audit Committee	Sales, Marketing and Innovation Committee	Nomination Committee
Number of meetings	**6**	**6**	**5**	**5**	**2**
A. Makamure	6	1	-	-	2
E.T. Shangwa	6	6	5	5	2
B.H. Dirorimwe	6	6	5	5	-
E.A. Fundira	6	-	5	5	-
B. Childs	6	1	4	-	2
N.G. Maphosa	5	6	-	5	2
P. Saungweme	5	5	4	-	-
T.M. Ngwenya	6	-	-	5	-
G. Chikomo	6	6	5	-	-

INFORMATION AND TECHNOLOGY ("I&T") GOVERNANCE AND MANAGEMENT

The Group recognises the importance of Information Systems and the need to co-opt the systems into the strategy of the business with the risks involved in Information and Technology Governance becoming significant. The King reports have highlighted that there are operational risks when one deals with a service provider because confidential information leaves the Group exposed. In I&T governance and management, the Group seeks confidentiality, integrity and availability of functioning systems, authenticity of systems information and assurance that the systems are usable, useful and secure. In this regard, in exercising the duty of care, directors ensure that prudent and reasonable steps have been taken with respect to I&T governance and management.

Corporate Governance (continued)

PRINCIPLES RELATING TO I&T GOVERNANCE AND MANAGEMENT

In monitoring implementation and adherence to proper I&T Governance and management the Group is guided by the following principles;

1. Board Responsibility

This embraces establishing and promoting an ethical governance culture as well as gaining independent assurance on the effectiveness of the internal controls. The structures, processes and mechanisms that are required and guided by the I&T governance framework are implemented, controlled and monitored by management who have suitable experience and qualifications. In summary, the responsibility of the Board entails:

- Strategic Direction;
- Evaluation; and
- Monitoring of the use of I&T to support business strategy.

2. Performance and sustainability

I&T is a business enabler to the Group's business and aligns to the business strategic objectives and goals. Business goals are cascaded into I&T goals that in turn are translated into I&T processes and procedures. Through effective controls, I&T ensures that its processes are aligned to the business objectives, which in turn ensure that the business operates in a sustainable and well governed manner. Management has implemented strategic I&T planning processes that are integrated with the business strategy development process and framework.

3. I&T Governance framework

The Board delegates to management the responsibility for the implementation of an I&T governance framework for the Group, while still retaining accountability for overall I&T governance.

4. I&T investments and expenditure

The Board's responsibilities include:

- Monitoring and evaluating the extent to which I&T actually sustains and aligns to the business strategic objectives;
- Monitoring and evaluating the acquisition and use of I&T resources to ensure that they support business requirements;
- Monitoring and evaluating the acquisition and appropriate use of technology, processes and people;
- Monitoring and evaluating the I&T related strategic, legal and operational risks; and
- Overseeing I&T investment to ensure that I&T expenditure is in proportion to the delivery of business value.

5. Risk management

Risk identification does not rely solely on the perceptions of a select group of managers. The Group adopts a thorough approach to risk identification with consideration being given to reputation risk and I&T legal risks.

6. Information security

According to King reports, "information security deals with the protection of information assets, in its electronic and paper-based forms, as it progresses through the information lifecycle of capture, processing, acceptable use, storage, and destruction". For this reason, the Group's information security has been designed to address people, processes and technology related dimensions.

The key core principles of information security that the Group abides by are encapsulated in the following three components;

- Confidentiality - ensuring that information is accessible only to those authorised to have access;
- Integrity – safeguarding the accuracy and completeness of information and processing methods; and
- Availability - ensuring that authorised users have access to information and processing methods.

7. Cybersecurity

According to a report published by Internet Security Alliance (ISA) and National Association of Co-operate Directors (NACD) there are 5 key principles to approaching cyber-risk that should be turned into action points:

- Cyber-risk is a key component of enterprise risk management requiring board-level oversight;
- Cyber-risks have important legal ramifications which need to be understood by both the board and management;
- Cyber-risk should be a topic of regular discussion and engagement with expertise to address cyber related risks;
- Implementation of an effective cyber-risk framework for the business; and
- Assessment of cyber-risks, determination of cyber-risks to accept, avoid, mitigate or insure against.

8. Governance structures

The Finance and Audit Committee assists the Board in carrying out its I&T responsibilities as follows;

- Ensures that I&T risks are adequately addressed and documented;
- Considers I&T as it relates to financial reporting and business continuity of the Group;
- Obtains appropriate assurance that controls are in place and effective in addressing I&T risks; and
- Considers the use of technology to improve audit coverage and efficiency.

Eastern Highlands

Holiday Inn
AN IHG® HOTEL
Mutare

Troutbeck Resort

Experience
The Misty Mountain
Hideaway

AFRICAN SUN

LIMITED

Directors' Responsibility for Financial Reporting

African Sun Limited directors are required by the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements, to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Group at the end of the financial year, and of the profit or loss and cash flows for the year then ended. In preparing the financial statements, generally accepted accounting practices have been followed and suitable accounting policies have been used and applied consistently. Reasonable and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the accounting philosophy of the Group stated on page 28.

The directors have reviewed the Group's budget and cash flow forecast for the twelve months to 31 December 2020. On the basis of the reviewed forecasts and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the Group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The Group has an Internal Audit Department, which has the objective of assisting the Finance and Audit Committee in the discharge of its responsibilities, and which monitors the effectiveness of the accounting system and related internal financial controls on a continuing basis. The Internal Audit Department performs a critical examination of the financial and operating information for management, and reports its findings and its recommendations to management and to the Finance and Audit Committee.

Procedures are in place to identify key business risks timeously, to determine the likelihood of the risks crystallising, and to determine the significance of the consequential financial impact on the business.

The Finance and Audit Committee meets quarterly with management, the Internal Audit Department and the Independent Auditor, to review specific accounting, reporting and internal control matters, and to satisfy itself that the system of internal control is operating effectively. The Committee also reviews the interim and annual results of the Group prior to their publication.

The Finance and Audit Committee also reviews the I&T governance framework and monitors the I&T function against risk and performance imperatives. In exercising its duty of care, the Committee ensures that prudent and reasonable steps have been taken in regard to I&T governance.

In addition, the Group's Independent Auditor reviews and tests appropriate aspects of the internal financial control systems during the course of their statutory audit of the financial statements of the Group.

Both the Internal and Independent Auditors have unlimited access to the Finance and Audit Committee.

The Group's Finance and Audit Committee met with the Independent and Internal Auditors to discuss their reports on the results of their work, which include assessments of the relative strengths and weaknesses of key control areas.

Given the size, complexity and geographical diversity of the Group, it may be expected that occasional breakdowns in established control procedures may occur. No breakdowns involving material loss have been reported to the directors in respect of the period under review and it is believed that none of any significance exists.

The Group's Independent Auditor, PricewaterhouseCoopers Chartered Accountants (Zimbabwe), have audited the financial statements and their report appears on pages 46 to 51.

The financial statements for the twelve months ended 31 December 2019 which appear on pages 52 to 135 have been approved by the Board of Directors and are signed on their behalf by:

G Chikomo
Finance and Audit Committee Chairman

B.H. Dirorimwe
Finance Director

24 June 2020

Kariba

Caribbea Bay

Experience The Splendour Of The Serene Lake

AFRICAN SUN
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Directors' Declaration

For the year ended 31 December 2019

In the opinion of the directors of African Sun Limited, the financial statements and notes set out on pages 52 to 135 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") except for non-compliance with International Accounting Standard ("IAS") 21, The effects of changes in foreign exchange rate disclosed in note 4.1(a) and in the manner required by Zimbabwe Companies Act (Chapter 24:03), give a true and fair view of the financial position of the Group and Company as at 31 December 2019 and the results of the Group's performance and its cash flows for the year then ended.

The Directors confirm that the Company and the Group have adequate resources to operate for the foreseeable future and will remain a viable going concern in the year ahead.

E.T. Shangwa	**B.H. Dirorimwe**	**V.T. Musimbe**
Managing Director	**Finance Director**	**Company Secretary**

24 June 2020

Declaration by the Finance Director

The financial statements on page 52 to 135 were prepared under the supervision of the Finance Director, Believemore H Dirorimwe, CA(Z), a member of the Institute of Chartered Accountants Zimbabwe ("ICAZ"), registered with the Public Accountants and Auditors Board, Public Accountant Certificate Number 03765.

B.H. Dirorimwe CA (Z)
Finance Director

24 June 2020

Believe Dirorimwe
Finance Director

Masvingo

GREAT ZIMBABWE
HOTEL

Explore The Unique World Heritage Cultural Site

AFRICAN SUN
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Independent Auditor's Report

to the Shareholders of African Sun Limited

Our adverse opinion

In our opinion, because of the significance of the matters described in the Basis for adverse opinion section of our report, the financial statements do not present fairly the financial position of African Sun Limited (the "Company") and its subsidiaries (together, the "Group") and of the Company as at 31 December 2019, and the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

African Sun Limited's consolidated financial statements, set out on pages 52 to 135, comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the accompanying statement of financial position of the Company standing alone as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for adverse opinion

On 1 October 2018, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement ("MPS") that directed a separation of Foreign Currency Bank Accounts ("FCAs") into two categories, Nostro FCAs and the Real Time Gross Settlement ("RTGS FCA"). The Nostro FCAs were to hold individual foreign currencies permissible in Zimbabwe's multi-currency economy at the time. The RTGS FCA, mobile money, and bond notes and coins would be held at the same value as the US$.

As described in note 4.1 of the financial statements, during the prior financial year, and for the period 1 January 2019 to 22 February 2019, the Group and the Company transacted using a combination of the Nostro FCAs and RTGS FCA, mobile money, bond notes and coins. In terms of International Accounting Standard 21 - The Effects of changes in foreign exchange rates ("IAS 21"), these payment methods would have been considered as separate currencies to be translated for financial reporting purposes to the functional and presentation currency of the Group and the Company at appropriate exchange rates. However, in order to comply with the legislation as described in note 4.1 to the financial statements, the RTGS transactions and balances in the financial statements for the prior financial year, and the transactions in the current year financial statements from 1 January 2019 to 22 February 2019, are reflected at parity with the US$. The Group, as described in note 4.1, changed its functional currency on 22 February 2019 to comply with legislation, which is not in compliance with IAS 21, which would have required a functional currency change on 1 October 2018.

Had the consolidated and separate financial statements been prepared in accordance with the requirements of IAS 21, many elements in the accompanying consolidated and separate financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated and separate financial statements.

As described in Note 6.1 to the financial statements, the Public Accountants and Auditors Board issued a pronouncement that required companies to apply the requirements of IAS 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29") in the preparation and presentation of its financial statements for financial periods ending on or after 1 July 2019. The misstatements described in the paragraph above affect the historical amounts which enter into the calculation of the inflation adjusted amounts. Had the underlying historical consolidated and separate financial statements been prepared in accordance with the requirements of IAS 21, and then inflation adjusted in accordance with IAS 29, many elements in the accompanying consolidated financial statements would have been materially restated. It was not practicable to quantify the financial effects on the consolidated financial statements.

PriceWaterHouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant
PO Box 453, Harare, Zimbabwe
T:+263 (4) 338362-8, F:+263 (4) 338395, www.pwc.com

TI Rwodzi - Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Zimbabwe Partner's Names is available for inspection.

Independent Auditor's Report (continued)

Basis for adverse opinion (continued)

As disclosed in note 8 to the financial statements, the Group and Company performed a fair valuation of property and equipment as at 31 December 2019. Valuations rely on historical market evidence for calculation inputs. Due to monetary policy changes, specifically Statutory Instrument 142 of 2019 which introduced the Zimbabwe dollar ("ZWL") as the sole legal tender effective 24 June 2019, market evidence for inputs including transaction prices for comparable property and equipment were available in US$ as at 31 December 2019. In order to determine the ZWL values of the property and equipment as at 31 December 2019, US$ inputs were used and then translated into ZWL using the closing interbank exchange rate. The application of a conversion rate to US$ valuation inputs to calculate the ZWL values of property and equipment is not an accurate reflection of market dynamics as the risks associated with currency trading do not reflect the risks associated with the trade of property and equipment. It was not practicable to quantify the financial effects on the financial statements.

In addition, foreign currency denominated transactions and balances of the Group and Company were translated into ZWL using the interbank rate which is not considered an appropriate spot rate for translation as required by IAS 21.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Emphasis of matter - Events after the reporting date (COVID 19)

We draw attention to Notes 2.1.2 and 30.2 of the financial statements which describe the impact of the coronavirus ("COVID-19") pandemic on the operations of the Group. Note 2.1.2 describes that the Group temporarily closed all the 11 hotels from 27 March 2020, for an initial three-week period and the subsequent extension of the lockdown period by the Government. Note 30.2 further states that occupancy for the remaining nine months of the calendar year and post-lockdown operations are expected to be adversely affected by cancellations. Management's evaluation of the ongoing operational effects of COVID-19 and management's plans, both taken and planned, have also been described in Note 2.1.2. Our opinion is not modified in respect of this matter.

Our audit approach

Overview

Overall group materiality

ZWL 4 492 256 which represents 1% of consolidated revenue.

Group audit scope

We conducted full scope audits on the Company and its two subsidiaries.

Key audit matters

- Matters described in the Basis for Adverse Opinion section; and
- Expected credit losses allowance on trade receivables.

Independent Auditor's Report (continued)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	ZWL 4 492 256.
How we determined it	1% of consolidated revenue.
Rationale for the materiality benchmark applied	We chose consolidated revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group can be consistently measured by users, due to the fluctuation of profit before income tax over the past 3 years. We chose 1% which is consistent with quantitative materiality thresholds used for companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping included operations in Zimbabwe and South Africa. All audit work was performed by us as group auditors and did not require involvement of component auditors. Full scope audits were performed on the Company and its two subsidiaries, African Sun Zimbabwe (Private) Limited (which operates eleven hotels in Zimbabwe), and African Sun Hotels Limited Branch (which operates as a central reservations office in South Africa).

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section, we determined the matter described below to be a key audit matter to be communicated in our report.

Independent Auditor's Report (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit losses allowance on trade receivables This key audit matter applies to the consolidated financial statements only. The expected credit losses ("ECL") allowance on trade receivables was considered to be a matter of most significance to our audit due to the magnitude of the trade and other receivables balance and the judgement applied in the determination of the allowance for credit losses. In addition, management applied judgement when determining financial instruments classified as at amortised cost, which is the category that is the scope of the impairment model of International Financial Reporting Standard 9 - Financial Instruments ("IFRS 9") The Group classified its trade receivables as financial assets held at amortised cost in accordance with IFRS 9. IFRS 9 requires the recognition of ECL on all financial assets held at amortised cost. The Group applied the simplified approach to measure ECL on trade receivables. In determining the ECL, management applied the following significant assumptions and estimates: • management grouped trade receivables based on shared credit risk characteristics and days past due; and • the historical credit loss rates were adjusted to reflect current and forward-looking information. Information relating to this key audit matter is disclosed in • Note 2.9 (e), impairment of financial assets; • Note 3.1.(ii), credit risk; • Note 4.(c), significant estimates and assumptions applied in determining the expected credit losses allowance; and • Note 12, trade and other receivables.	Through discussions with management, we obtained an understanding of the Group's business processes in order to evaluate the appropriateness of management's assessment of the business model used to classify the Group's trade receivables into the IFRS 9 financial instruments categories. We assessed the classification of trade receivables against the requirements of IFRS 9 by testing whether the terms met the Sole Payment of Principal and Interest ("SPPI') test, as well as the hold to collect requirement. In doing so, and on a sample basis, we inspected invoices in order to determine whether there were any indicators that the contractual cash flows may not be SPPI based on our understanding of the relevant business processes of the Group. We considered the appropriateness of accounting policies applied by management and evaluated the impairment methodologies applied by the Group against the requirements of IFRS 9. We obtained an understanding of the relevant controls relating to trade receivables and considered the following in testing the controls: • the processes over credit approval for trade receivables; • the monitoring process of the trade receivables, including the monthly debtors assessment meetings; and • the approval framework for write-offs. We obtained an understanding of the payment terms offered by the Group through inquiry with management and inspection of the agreed contractual terms offered to customers, and noted that the credit terms were short term. Based on the results of our assessments, we accepted management's use of the simplified approach (i.e., lifetime expected credit losses) to measure impairment. We evaluated the lifetime expected credit losses allowance by performing the following: • We performed a report validation test to assess whether the system was calculating the number of days in arrears correctly, as this is the key driver in identifying the grouping of receivables; • We assessed the reasonableness of the grouping of trade receivables based on our understanding of the Group's business in relation to trade receivables and the drivers of credit risk; • We evaluated the reasonableness of historical balances and credit loss rates used by management in their calculation by agreeing the total historical balances to prior year working papers on a total basis for each of the trade receivable groupings; • We evaluated the appropriateness of adjustments for forward looking information by assessing the applied economic scenarios against the publicly available economic forecasts on Zimbabwe; and • We recomputed the expected credit losses to test the mathematical accuracy of management's expected credit loss calculation.

Independent Auditor's Report (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "African Sun Limited Annual Report 2019". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for adverse opinion section above, the financial statements contain material misstatements with respect to the application of IAS 21 and its consequent effects on the hyperinflationary adjustments made in terms of IAS 29. We have concluded that the other information is materially misstated for the same reasons, with respect to the amounts or other items in the other information affected by these matters.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03), and for such internal control as the directors determine is 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, the directors are responsible for assessing the Group and the Company's abilities to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease 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 judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors 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 the directors, 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.

Pricewaterhouse Coopers

Clive K Mukondiwa
Registered Public Auditor
Public Accountants and Auditors Board, Public Auditor Registration Number 0439
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253168
Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

Harare, Zimbabwe

3 July 2020

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	INFLATION ADJUSTED 31 December 2019 ZWL	INFLATION ADJUSTED 31 December 2018 ZWL	HISTORICAL COST 31 December 2019 ZWL	HISTORICAL COST 31 December 2018 ZWL
ASSETS					
Non-current assets					
Property and equipment	8	452 027 074	205 997 490	437 688 796	24 131 483
Biological assets	9	3 669 608	1 416 191	3 669 608	227 995
Other financial assets at amortised cost	12	1 628 583	2 315 606	1 628 583	372 794
Right of use assets	15	217 412 986	-	35 001 695	-
		674 738 251	**209 729 287**	**477 988 682**	**24 732 272**
Current assets					
Inventories	11	65 812 940	24 828 720	32 789 975	3 043 287
Trade receivables	12	42 312 669	19 624 133	42 312 669	3 159 325
Other financial assets at amortised cost	12	60 223 139	18 252 815	50 702 704	2 707 315
Cash and cash equivalents	13	198 452 854	86 199 002	198 452 854	13 877 327
		366 801 602	**148 904 670**	**324 258 202**	**22 787 254**
Total assets		**1 041 539 853**	**358 633 957**	**802 246 884**	**47 519 526**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	74 208 888	74 208 888	8 617 716	8 617 716
Share premium	14	216 345 112	216 345 112	25 123 685	25 123 685
Revaluation reserve	14	177 609 680	-	294 163 180	-
Foreigncurrency translation reserves		117 496 189	(30 560 424)	54 037 995	(3 554 078)
Retained earnings/(accumulated losses)		75 011 641	(86 195 683)	87 872 353	(10 498 300)
Total equity		**660 671 510**	**173 797 893**	**469 814 929**	**19 689 023**
Liabilities					
Non-current liabilities					
Borrowings	19	-	16 116 113	-	2 594 561
Deferred tax liabilities	20	148 406 392	35 508 139	99 970 004	3 789 942
Lease liabilities	15	35 089 965	-	35 089 965	-
		183 496 357	**51 624 252**	**135 059 969**	**6 384 503**
Current liabilities					
Trade and other payables	16	178 676 299	102 862 710	178 676 299	16 560 045
Current income tax liabilities	17	8 616 825	3 369 903	8 616 825	542 527
Provisions	18	9 633 538	16 806 508	9 633 538	2 705 709
Borrowings	19	-	10 172 691	-	1 637 719
Lease liabilities	15	445 324	-	445 324	-
		197 371 986	**133 211 812**	**197 371 986**	**21 446 000**
Total liabilities		**380 868 343**	**184 836 064**	**332 431 955**	**27 830 503**
Total equity and liabilities		**1 041 539 853**	**358 633 957**	**802 246 884**	**47 519 526**

The notes on pages 58 to 135 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 21 March 2020 and signed on its behalf by:

G Chikomo
Finance and Audit Committee Chairman

B.H. Dirorimwe
Finance Director

Company Statement of Financial Position

As at 31 December 2019

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
ASSETS					
Non-current assets					
Property and equipment	8	2 192 166	1 138 841	2 192 166	130 509
Investments	10	112 582 639	112 582 639	18 124 875	18 124 875
Deferred tax assets	20	-	11 287	-	14 941
		114 774 805	**113 732 767**	**20 317 041**	**18 270 325**
Current assets					
Other financial assets at amortised cost	12	95 228	991 385	95 228	159 605
Cash and cash equivalents	13	13 219	5 913	13 219	952
		108 447	**997 298**	**108 447**	**160 557**
Total assets		**114 883 252**	**114 730 065**	**20 425 488**	**18 430 881**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	74 208 888	74 208 888	8 617 716	8 617 716
Share premium	14	216 345 112	216 345 112	25 123 685	25 123 685
Revaluation reserve	14	1 413 055	-	1 794 141	-
Accumulated losses		(206 395 393)	(244 715 324)	(44 465 224)	(26 400 165)
Total equity		**85 571 662**	**45 838 676**	**(8 929 682)**	**7 341 236**
Liabilities					
Non-current liabilities					
Deferred tax liabilities	20	508 014	-	551 594	-
Current liabilities					
Trade and other payables	16	20 452 226	65 790 810	20 452 226	10 591 779
Current income tax liabilities	17	533 022	215 543	533 022	33 399
Provisions	18	7 818 327	2 885 036	7 818 327	464 467
		28 803 575	**68 891 389**	**28 803 575**	**11 089 645**
Total liabilities		**29 311 589**	**68 891 389**	**29 355 169**	**11 089 645**
Total equity and liabilities		**114 883 251**	**114 730 065**	**20 425 487**	**18 430 881**

The notes on pages 58 to 135 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 21 March 2020 and signed on its behalf by:

G Chikomo
Finance and Audit Committee Chairman

B.H. Dirorimwe
Finance Director

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	INFLATION ADJUSTED 31 December 2019 ZWL	31 December 2018 ZWL	HISTORICAL COST 31 December 2019 ZWL	31 December 2018 ZWL
Revenue from contracts with customers	21	910 799 712	542 397 776	447 974 537	68 170 820
Gaming income	21	3 338 416	2 574 364	1 251 081	328 591
Total revenue		**914 138 128**	**544 972 140**	**449 225 618**	**68 499 411**
Cost of sales	24	(189 828 453)	(152 549 864)	(96 088 849)	(19 141 018)
Gross profit		**724 309 675**	**392 422 276**	**353 136 769**	**49 358 393**
Other income	23.1	93 532 477	20 384 064	31 933 136	2 473 674
Operating expenses	24	(486 659 148)	(302 116 122)	(218 971 359)	(37 749 686)
Net impairment (losses) / gain on financial assets	3.1	(13 183 365)	806 936	(13 183 365)	129 910
Other expenses	23.2	(1 132 810)	(262 680)	(691 391)	(25 366)
Operating profit		**316 866 829**	**111 234 474**	**152 223 789**	**14 186 925**
Finance income	25	812 734	448 999	523 194	72 373
Finance costs-borrowings	25	(1 152 150)	(5 289 880)	(336 546)	(660 028)
Finance costs - lease liabilities		(8 540 121)	-	(2 871 670)	-
Net non monetary assets gain/ (net monetary loss)		30 025 521	(22 505 781)	-	-
Profit before income tax		**338 012 813**	**83 887 812**	**149 538 767**	**13 599 270**
Income tax expense	20	(150 974 270)	(26 681 300)	(43 083 744)	(3 463 411)
Profit for the year		**187 038 543**	**57 206 512**	**106 455 023**	**10 135 859**
Other comprehensive income / (loss) - net of tax					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations		148 056 613	(696 373)	57 592 073	(86 031)
Items that may not be subsequently reclassified to profit or loss					
Revaluation surplus (net of tax)		177 609 680	-	294 163 180	-
Total other comprehensive income / (loss)		325 666 293	(696 373)	351 755 253	(86 031)
Total comprehensive income for the year		**512 704 836**	**56 510 139**	**458 210 276**	**10 049 827**
Earnings per share attributable to:					
Owners of the parent during the period: cents					
Basic and diluted earnings per share	26	21.70	6.64	12.35	1.18

The notes on pages 58 to 135 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Cash flows from operating activities					
Cash generated from operations	27	350 289 247	118 444 284	245 943 688	18 554 838
Interest received	25	812 734	448 999	523 194	72 373
Interest paid	25	(1 152 150)	(5 628 717)	(336 546)	(714 578)
Finance cost paid-lease liabilities		(8 540 121)	-	(2 871 670)	-
Income tax paid	17	(43 743 370)	(27 690 103)	(30 189 995)	(3 529 748)
Net cash generated from operating activities		**297 666 340**	**85 574 463**	**213 068 671**	**14 382 885**
Cash flows from investing activities					
Additions to property and equipment	8	(89 842 761)	(47 137 827)	(48 454 045)	(5 899 758)
Proceeds from disposal of property and equipment	27.2	2 150 946	699 276	302 358	144 561
Net cash used in investing activities		**(87 691 815)**	**(46 438 551)**	**(48 151 687)**	**(5 755 197)**
Cash flows from financing activities					
Repayment of long-term borrowings	19	(8 795 971)	(12 391 511)	(956 843)	(1 977 427)
Repayment of short-term borrowings	19	(5 552 126)	-	(3 275 439)	-
Repayment of lease liabilities		(7 074 878)	-	(2 565 960)	-
Dividend paid to the Company's shareholders	3.2	(46 201 781)	(9 483 895)	(11 985 878)	(1 101 344)
Net cash used in financing activities		**(67 624 756)**	**(21 875 406)**	**(18 784 120)**	**(3 078 771)**
Net increase in cash and cash equivalents for the year		**142 349 769**	**17 260 506**	**146 132 864**	**5 548 917**
Cash and cash equivalents at beginning of the year		86 199 002	51 943 978	13 877 327	8 362 551
Exchange gain /(loss) on cash and cash equivalents		38 442 663	(212 069)	38 442 663	(34 141)
Effects of restatement on cash and cash equivalents		(68 538 580)	17 206 587	-	-
Cash and cash equivalents at end of the year	13	**198 452 854**	**86 199 002**	**198 452 854**	**13 877 327**

The notes on pages 58 to 135 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	INFLATION ADJUSTED					
	Share capital ZWL	**Share premium ZWL**	**Foreign currency translation reserve ZWL**	**Revaluation reserve ZWL**	**Accumulated losses ZWL**	**Total equity ZWL**
Year ended 31 December 2018						
Balance as at 1 January 2018	74 208 888	216 345 112	(29 864 051)	-	(129 146 752)	**131 543 197**
Restatement as a result of adoption of IFRS 9	-	-	-	-	(4 771 548)	**(4 771 548)**
Restated total equity as at 1 January 2018	**74 208 888**	**216 345 112**	**(29 864 051)**	**-**	**(133 918 300)**	**126 771 649**
Profit for the year	-	-	-	-	57 206 512	**57 206 512**
Currency translation differences	-	-	(696 373)	-	-	**(696 373)**
Total comprehensive income for the year	-	-	(696 373)	-	57 206 512	**56 510 139**
Transactions with owners in their capacity as owners:						
Dividend declared and paid	-	-	-	-	(9 483 895)	**(9 483 895)**
Balance as at 31 December 2018	**74 208 888**	**216 345 112**	**(30 560 424)**	**-**	**(86 195 683)**	**173 797 893**
Year ended 31 December 2019						
Balance as at 1 January 2019	74 208 888	216 345 112	(30 560 424)	-	(86 195 683)	**173 797 893**
Profit for the year	-	-	-	-	187 038 543	**187 038 543**
Currency translation differences	-	-	148 056 613	-	-	**148 056 613**
Revaluation surplus (net of tax)	-	-	-	177 609 680	-	**177 609 680**
Total comprehensive income for the year	**-**	**-**	**148 056 613**	**177 609 680**	**187 038 543**	**512 704 836**
Transactions with owners in their capacity as owners:						
Dividend declared and paid	-	-	-	-	(25 831 219)	**(25 831 219)**
Balance as at 31 December 2019	**74 208 888**	**216 345 112**	**117 496 189**	**177 609 680**	**75 011 641**	**660 671 510**

The notes on pages 58 to 135 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	HISTORICAL COST					
	Share capital ZWL	**Share premium ZWL**	**Foreign currency translation reserve ZWL**	**Revaluation reserve ZWL**	**Accumulated losses ZWL**	**Total equity ZWL**
Year ended 31 December 2018						
Balance as at 1 January 2018	8 617 716	25 123 685	(3 468 047)	-	(18 764 635)	**11 508 719**
Restatement as a result of adoption of IFRS 9	-	-	-	-	(768 180)	**(768 180)**
Restated total equity as at 1 January 2018	**8 617 716**	**25 123 685**	**(3 468 047)**	**-**	**(19 532 815)**	**10 740 539**
Profit for the year	-	-	-	-	10 135 859	**10 135 859**
Currency translation differences	-	-	(86 031)	-	-	**(86 031)**
Total comprehensive income for the year	-	-	(86 031)	-	10 135 859	**10 049 828**
Transactions with owners in their capacity as owners:						
Dividend declared and paid	-	-	-	-	(1 101 344)	**(1 101 344)**
Balance as at 31 December 2018	**8 617 716**	**25 123 685**	**(3 554 078)**	**-**	**(10 498 300)**	**19 689 022**
Year ended 31 December 2019						
Balance as at 1 January 2019	8 617 716	25 123 685	(3 554 078)	-	(10 498 300)	**19 689 022**
Profit for the year	-	-	-	-	106 455 023	**106 455 023**
Currency translation differences	-	-	57 592 073	-	-	**57 592 073**
Revaluation surplus (net of tax)	-	-	-	294 163 180	-	**294 163 180**
Total comprehensive income for the year	**-**	**-**	**57 592 073**	**294 163 180**	**106 455 023**	**458 210 276**
Transactions with owners in their capacity as owners:						
Dividend declared and paid	-	-	-	-	(8 084 370)	**(8 084 370)**
Balance as at 31 December 2019	**8 617 716**	**25 123 685**	**54 037 995**	**294 163 180**	**87 872 353**	**469 814 929**

The notes on pages 58 to 135 are an integral part of these financial statements.

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

1 GENERAL INFORMATION

African Sun Limited ("the Company") and its subsidiaries (together "the Group") lease and manage eleven hotels in Zimbabwe, and operate a regional sales office in South Africa which focuses on international and regional sales.

The Company is a public company, which is incorporated and domiciled in Zimbabwe and listed on the Zimbabwe Stock Exchange.

The parent of the Company is Arden Capital Management (Private) Limited ("Arden"), (formerly Brainworks Capital Management (Private) Limited ("Brainworks") which owns 57.67% (2018:57.67%) of the ordinary share capital of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS except for non-compliance with International Accounting Standard ("IAS") 21, The effects of changes in foreign exchange rate disclosed in note 4.1(a) and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

The financial statements are prepared under historical cost convention as modified by the revaluation of property and equipment and biological assets. For the purposes of fair presentation in accordance with IAS 29, Financial reporting in hyperinflationary economies this historical cost information has been restated for changes in general purchasing power of the Zimbabwe dollar ("ZWL") and appropriate adjustment and reclassifications have been made.Accordingly the inflation adjusted financial statements represents the primary financial statements of the Group and Company. The historical cost financial statements have have also been audited.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company's accounting policies. The areas involving a higher degree of judgement or complexity whose assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.2 Going concern

The Group recorded a decline of 11 percentage points in hotel occupancy to 48% down from the 59% recorded in 2018. Based on inflation adjusted financial information, the Group achieved an EBITDA margin of 42%, up from the 25% achieved in 2018. After tax return on sales in 2019 was 5 percentage points higher at 20%, signalling that the Group is still profitable despite the decline in volumes. Though the volumes were down in 2019, the occupancy achieved was significantly above the Group's breakeven occupancy level. The decline in occupancy was due to a combination of factors which include the January 2019 civil unrest and the reduced domestic arrivals due to austerity measures implemented as part of the Transitional Stabilisation Programme ("TSP").

The decline in volumes does not pose a threat to the going concern of the business, as the Group has been steadily restructuring the statement of financial position from 2015. This has seen the Group repaying all borrowings during 2019 and has over the years managed to reverse the negative working capital position. These two measures coupled with the sound cash position of ZWL198 452 854 as at 31 December 2019, have repositioned the Group to have a strong borrowing capacity for various projects in the future. The sound cash position enabled the Company to declare two sets of dividends for 2019 amounting to ZWL13 874 526 (historical), being ZWL0.0161 per share (1.61 ZWL cents per share) despite the reduced volume performance during the year.

Subsequent to year-end, the operations of Group have been affected by the emergence of the novel corona virus ("COVID-19"). The travel and tourism sector is one of the industries most affected by the COVID-19 pandemic. However, occupancy levels for the first three months of 2020 at 40% were in line with expectations. The number of new cases continues to surge across the world, particularly in Europe and the Americas which are key source markets for the Group. These countries introduced lockdowns and, in some cases, closed their borders and advised their citizens to avoid travel that is not critical and necessary. Zimbabwe and other regional countries implemented nationwide lockdowns. In response to the government of Zimbabwe lockdown, the Group closed all the 11 hotels and 2 casions from 27 March 2020. The government of Zimbabwe through several statutory instruments implemented measures to ease the lockdown to Level Two effective 4 May 2020. On 17 May 2020, the government further extended this lockdown for an indefinite period with regular two-week interval reviews to assess progress or lack thereof. Significantly, the latest Level Two extension saw the businesses trading hours being further relaxed and extended to 16:30pm from 15:00pm. Under Level Two, in line with the relaxation of the lockdown measures, the Group took a decision to reopen its hotels on a phased approach. Under phase one, four (4) hotels being (Holiday Inn Harare, Holiday Inn Mutare, Holiday Inn Bulawayo and Great Zimbabwe Hotel) were reopened on 11 May 2020. The Group implemented various health and safety measures as guided by World Health Organization ("WHO"), InterContinental Hotels Group ("IHG") and government at its hotels. As the pandemic evolves, the Group continues to assess the risks arising from the virus at all levels.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Going concern (continued)

As of 6th May 2020, statistics have shown that we have had 31 907 room nights cancelled, being quite substantial for the business. At this point our estimation of revenue losses assume that the impact of COVID-19 may begin to wane by June or July, and we anticipate that business will recover in the third quarter of the year.

Management expects domestic business largely driven by government and non-governmental organisations programmes centred on COVID-19 health responses and hunger alleviation to resume immediately, post lockdown. Regional travel and tourism is also expected to resume concurrently with domestic business as other regional countries ease their lockdowns, ports of entry reopen and regional flights resume. International business is expected to resume around September as airlines rebuild their networks. In this base case scenario, we expect COVID-19 to have a significant adverse impact for the next two to three months. We also expect the ADR to ease from our original forecast as we promote rebound business, especially the domestic market.

However, should the worst-case scenario of no additional business in 2020 materialise, the Group has enough cash resources to meet all unavoidable operating costs beyond December 2020.In addition the Group has enough borrowing headroom, given that the Group is debt free. In light of the above, the Group has taken the following actions to significantly reduce expenses and preserve cash:
- an immediate stop to all capital expenditure programmes;
- restrict payments to key business continuity creditors;
- engaged tour operators to defer bookings as opposed to cancellation;
- agreed reduced salaries and wages with employees;
- reduced our work force with effect from 1 April 2020 to align to no or low volumes expected in the near future; and
- engaged landlords to revise rental charges to sustainable level;

Based on the aforementioned, the Directors have assessed the ability of the Group and the Company to continue as a going concerns and are of the view that the preparation of these financial statements on a going concern basis is appropriate.

2.1.3 (a) New standards, amendments and interpretations, effective on or after 1 January 2019

The following new standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2019 and are relevant to the Group and Company:

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IFRS 16	Leases	1 January 2019
IFRS 9 (amendment)	Financial instruments	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

IFRS 16, 'Leases,' effective 1 January 2019 - IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (''lessee'') and the supplier (''lessor''). IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and the a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low value assets. IFRS 16 replaces the previous leases standard, IAS 17 - Leases, and related interpretations. The Group and Company have adopted this standard and the disclosure of the impact of the standard has been made in the notes 2.20 and 5.1.

Amendment to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities. The narrow-scope amendment covers two issues. The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss and how to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings

IFRIC 23, 'Uncertainty over income tax treatments' provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The interpretation provides specific guidance in several areas where previously IAS 12 was silent. The interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting. During the year, the Group had an uncertain tax position pertaining to the payment of income tax in United States Dollars ("US$") as no proper guidance was provided by the tax authorities on calculation of taxes in foreign currency. However, the Group has fully paid all its income taxes due in ZWL equivalent as at 31 December 2019 despite the uncertainty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.3 b) New standards, amendments and interpretations effective for accounting periods beginning on or after 1 January2019 and not relevant to the Group

The following new standards, amendments and interpretations effective for accounting periods beginning on or after 1 January 2019 and not relevant to the Group:

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IAS 19 (amendment)	Plan amendment, curtailment or settlement	1 January 2019
IAS 28 (amendment)	Investment in associate and joint ventures	1 January 2019

Amendment to IAS 19- The amendment to IAS 19 'Employee benefits' clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must calculate the current service cost and net interest for the remainder of the reporting period after plan amendment, curtailment or settlement by using the updated assumptions from the date of the change. The entity should then recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement and then separately recognise any changes in the asset ceiling through other comprehensive income.

Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures. The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning on or after 1 January 2019 and not early adopted

The following new standards, amendments and interpretations issued but not effective for the financial period beginning on or after 1 January 2019 and not early adopted:

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IAS 1 and IAS 8 (amendments)	Definition of material amendments	1 January 2020
IFRS 3 (amendment)	Definition of a business	1 January 2020
Conceptual framework	Revised conceptual framework for financial reporting	1 January 2020

Amendment to IAS 1 and IAS 8 - The International Accounting Standards Board (" the IASB") has made amendments to IAS 1 'Presentation of financial statements and IAS 8 'Accounting policies, changes in accounting estimates and errors' which use a consistent definition of materiality throughout, International Financial Reporting Standards and the Conceptual Framework for financial reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. The amendments clarify that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of financial statements as a whole. The meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'asexisting and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Amendment to IFRS 3 - The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income and it excludes returns in the form of lower costs and other economic benefits. The amendment will likely to result in more acquisitions being accounted for as asset acquisitions.

Revised Conceptual Framework for financial reporting - The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis, and;
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.3 (c) New standards, amendments and interpretations issued but not effective for the financial period beginning on or after 1 January 2019 and not early adopted (continued)

No changes will be made to any of the current accounting standards.

The Group is still assessing the impact of the new standards, amendments and interpretations, their impact on the Group and the timing of their adoption.

(d) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2019 and not relevant to the Group

The following new standards, amendments and interpretations have been issued but are not yet effective and are not relevant to the Group:

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IFRS 10 and IAS 28 (amendment)	Sale or contribution of assets between an investor and its associate or joint venture	Postponed
IFRS 17 (new)	Insurance contracts	1 January 2021

Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture effective date postponed (initially to 1 January 2016). The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associated or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures.

The IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

IFRS 17,'Insurance contracts' - IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

Annual improvement arising from the 2015 - 2017 reporting cycle

Annual improvements arising from the 2015-2017 reporting cycle impact the following standards:

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IFRS 3	Business combination	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IAS 12	Income taxes	1 January 2019
IAS 23	Borrowing costs	1 January 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which the Group obtains control. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for all business combinations.The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the company and its subsidiaries;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Inter-company transactions, balances, and unrealised gains or losses on transactions between group companies are eliminated.

When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

All subsidiaries in the Group are 100% owned, have 31 December year ends and are consolidated in the presented financial statements.

In the Company's separate financial statements, investments in subsidiaries are accounted for at inflation adjusted cost less accumulated allowance for impairment.

(b) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling recognised in a separate reserve within equity attributable to owners of the parent.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of the joint arrangement the Group is involved. The Group determined that its investment in The Victoria Falls Hotel Partnership, that it jointly controls with Meikles Hospitality Limited is a joint operation. They have a contractual agreement of sharing of control.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(d) Joint arrangements (continued)
For joint operations, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting standards applicable to the particular assets, liabilities, revenues and expenses. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and interests in losses resulting from the transactions are recognised in the Group's financial statements only to the extent of the other parties' to the joint arrangement. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Accounting policies of the joint arrangements have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, joint arrangements are accounted for at inflation adjusted cost less accumulated allowance for impairment.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the "executive committee" which is made up of the Managing director, Finance director, Human resources director, Sales and marketing director and the Company secretary.

2.4 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in the Zimbabwe dollar ("ZWL"), which is the Company's functional and presentation currency. Prior year numbers are also presented in ZWL converted at a rate of ZWL:US$ rate of 1:1.

Refer to note 4(1)(a) for judgement made in determining the functional currency.

(b) 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 gains or 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 comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income of the Group. When a foreign operation is sold or any borrowings forming part of the net investment repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(c) Group companies
The results and financial position of a group entity that has a functional currency different from the functional currency of the Group (none of which has the currency of a hyper-inflationary economy) are translated into the functional currency of Group as follows:
(i) assets and liabilities for each statement of financial position presented are translated at the closing foreign exchange rate at the date of that statement of financial position;
(ii) income and expenses for each statement of comprehensive income are translated at average foreign exchange rates(unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of the borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a 'foreign operation is partially disposed' of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(c) Group companies (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing foreign exchange rate. Foreign exchange differences arising are recognised in other comprehensive income.

2.5 Property and equipment

All property and equipment is stated at cost less accumulated depreciation and accumulated allowance for impairment on the initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequently, with effect from 30 June 2019, property and equipment with the exception of service stocks and capital work in progress, is stated at revalued amounts less subsequent accumulated depreciation and accumulated allowance for impairment. The revalued amount is based on periodic, but at least annual, valuations by external independent valuers, less subsequent accumulated depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and net amount is restated to the revalued amount of the asset. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. During 2019, property and equipment was revalued twice, initially on 30 June 2019 and more recently on 31 December 2019.

Increases in the carrying amount arising on the revaluation of property and equipment is credited to a revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same asset are charged against its revaluation reserve directly in equity to the extent of any credit balance existing in the revaluation surplus in respect of that particluar asset. Any decreases that exceed the previously recognised revaluation surplus of a particular asset should be recognised as any expense in profit an loss. Increase in the carrying amount arising from revaluation shall be recognised in profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss.

The revaluation surplus included in equity in respect of an item of property and equipment is transferred directly to retained earnings "when the asset is derecognised. No transfer is made from the revaluation reserve to retained earnings except when an asset is"derecognised.

Subsequent costs are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and Company cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Service Stocks and Capital Work in Progress were not revalued and continued to be subsequently carried and measured at cost less subsequent accumulated depreciation and accumulated impairment

Depreciation is recognised so as to write off the inflation adjusted cost of assets or revalued amounts (other than land) less their residual values over their useful lives using the straight line method.

The estimated useful lives are as below:

Leasehold properties	8-25 years
Equipment	6-15 years
Freehold properties	50 years
Motor vehicles	5 years
Hotel linen	2 years

Capital work in progress comprises items of property and equipment not yet commissioned and is not depreciated. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The useful lives and residual values of assets are reviewed and adjusted if appropriate at each reporting date with the effect of the change in estimate accounted for on a prospective basis. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, depreciation will cease to be charged on the asset until its residual value subsequently decreases to an amount below its carrying amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property and equipment (continued)

Profit or losses arising from the disposal of property and equipment are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income within other income or other expenses.

The Group capitalises borrowing costs directly attributable to the construction of new projects, where construction of new projects or re-development (refurbishment) of existing hotels takes a substantial period of between 6 and 12 months to complete.

2.6 Biological assets

The Group engages in agricultural activity through management of biological assets for sale.

Timber plantation

Timber plantations are measured at their fair value less estimated point-of-sale costs. The fair value of timber plantations is determined by a professional valuer based on fair values for the stages of forest development.

2.7 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount my not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Group of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Trade receivables

Trade receivables are amounts due from customers for food, beverages, shop merchandise and rooms sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses. The effective interest method is the method of calculating the amortised cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

See note 2.9 (e) for a description of the Group and Company's impairment policies

2.9 Other financial assets

2.9.(a) Classification

The Group and Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("FVOCI") or through profit or loss ("FVPL")), and
- those to be measured at amortised cost.

The classification depends on the Group and Company's business model for managing the financial assets and the contractual terms of the cash flows.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI") are measured at amortised cost.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income.

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

All the financial assets held by the Group and Company during the year and as at year end were classified as those to be measured at amortised cost as they were held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Other financial assets (continued)

2.9.(b) Measurement

At initial recognition, the Group and Company measure financial assets classified at amortised cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from the financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

If the transaction price differs from fair value at initial recognition the difference is accounted for as follows;

- if fair value is evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss is released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would consider when pricing the asset or liability.

2.9.(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and Company have transferred substantially all the risks and rewards of ownership.

2.9.(d) Off-setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. There were no financial instruments that were offset during the year (2018:ZWLnil).

2.9.(e) Impairment of financial assets

The Group and Company recognize allowance for expected credit losses on financial assets that are measured at amortised cost. At each reporting date, the Group and Company measure the expected loss allowance for the financial asset at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of financial asset has not increased significantly since initial recognition, Group and Company measure the expected credit loss allowance at an amount equal to twelve month expected credit losses.

The Group and Company assess all information available, including on a forward-looking basis the expected credit loss associated with their assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Group and Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. A default on a financial asset is when the counterparty fails to make contractual payments within 120 days of when they fall due.

Expected credit losses on financial assets carried at amortised cost are reversed in subsequent periods if the amount of the credit loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised.

The Group and Company monitor all financial assets, contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group and Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and Company compare the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, Group and Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group and Company's historical experience and expert credit assessment including forward-looking information.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Other financial assets (continued)

2.9.(e) Impairment of financial assets (continued)

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

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

2.10 Inventories

Inventories, which consist of foodstuffs, beverages, shop merchandise, maintenance and consumable stocks are stated at the lower of inflation adjusted cost and net realisable value. Inflation adjusted cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.11 Cash and cash equivalents

For purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts in the statement of financial position. Bank overdrafts are shown within borrowings on the statement of financial position.

2.12 Share capital

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

2.13 Trade payables

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

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

2.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group and Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Income tax

The income tax expense for the year comprise current income and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in South Africa and Zimbabwe where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that is probable, the temporary difference will reverse in the future and there is sufficient taxable profit available against the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Provisions

Provisions are recognised when the Group and Company have present legal or constructive obligations as a result of 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 is a number of similar obligations, the likelihood that an outflow will be required in settlement 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 small.

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 the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Employee benefits

(a) Pension obligations

The Group and Company contribute to five defined contribution plans. One of the contributions is mandatory and publicly administered whilst the others are contractual and privately administered. The publicly administered pension benefits scheme is administered by National Social Security Authority ("NSSA") which is a national scheme that was introduced through the NSSA Act (Chapter 17:04). A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current period and prior periods. The contributions are recognised as an employee benefit expense when they are due. Pre-paid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(b)Termination benefits

Termination benefits are payable when employment is terminated by the Group and Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and Company recognise termination benefits at either of the following dates: (a) when the Group and Company can no longer withdraw the offer of those benefits; and (b) when the Group and Company recognise costs for a restructuring that is within the scope of IAS 37 'Provisions, contingent liabilities and contingent assets' and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period arediscounted to their present value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee benefits (continued)

(c) Bonus plans

The Group and Company recognise a liabilities and an expenses for bonuses based on a formula that takes into consideration key performance indicators measured on a quarterly basis. The Group and Company recognise a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Revenue recognition

The Group revenue is derived from sale of room nights, food, beverages, gaming, conferencing and other sundry revenues. Revenue is recognised when the Group satisfies performance obligations by transferring a good or service to a customer. The Group has determined that it generates all its revenues at a point in time. Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax, rebates and discounts.

(a) Revenue from sale of room nights

This revenue is recognised every night when the Group has satisfied the performance obligations relating to the revenue. This entails us providing the specified room to the customers at which point we satisfy the performance obligation to the customer. The transaction price is specified to the customer when they make a reservation or a booking. Customers pay upfront for the service with the exception of customers on account who pay in accordance with the pre-agreed conditions.

(b) Revenue from sale of food and beverages

The Group recognises revenue when a customer takes possession of the food or beverage ordered. The performance obligation would have been satisfied at that point. The transaction price is specified on the price list provided at the various points of sale or menus. The contract with the customer is in line with customary business practice for the sale of food and beverages.

(c) Revenue from gaming

Gaming income comprises the net table and slot machine win derived by casino operations from gambling patrons. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from casino operations. Due to the short-term nature of the Group's casino operations, all income is recognised in profit or loss immediately, at fair value.

(d) Revenue from conferencing

We provide conference facilities at our respective hotels and derive revenue from that. The revenue is recognised when the performance obligation is satisfied which is when we have provided a conference facility to the customer as per their request and our capability. The conference package may contain food and beverages. However, these will be allocated to revenue from sale of food and beverages, in accordance revenue recognition policy described in note 2.18 (b) above.

(e) Sundry revenue

This comprises a number of ancillary activities that we perform at the various hotels. The nature of the income is such that the performance obligations, though different, are satisfied at a point in time. The activities comprise inter alia, guest laundry, horse riding and game drives.

The transaction price in each of the activities is specified on the price list accessible to the customer before they utilise the given service.

2.19 Cost of sales

Cost of sales includes purchase price of goods and other costs incurred in bringing the inventories to the location and condition ready for use or sale. The costs include costs of purchasing, storing, transport to the extent it relates to bringing the inventories to the location and condition ready for use or sale.

Salaries and wages of employees directly related with the sale of room nights, food, beverages and shop merchandise are included in cost of sales.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Leases

The Group adopted IFRS 16, "Leases" from 1 January 2019 which resulted in changes in accounting policies. The new accounting policy and the impact of the change is described in note 5.

Until 31 December 2018, leases of property and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included on the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared by the Company's directors.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks; market risk (including foreign exchange risk, fair value and cash flow interest rate risks, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group Finance Department ("Group Finance") under policies approved by the Board of Directors. Group Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating subsidiaries. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; foreign exchange risk, price risk and interest rate risk.

(a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States of America dollar and South African rand. Foreign exchange risk arises from future commercial transactions, recognised cash and bank balances, trade receivables and trade payables and net investments in foreign operations denominated in a currency that is not the Company's functional currency.

Management has set up a policy that allows Group Finance to manage the Group's foreign exchange risk against the various functional currencies to manage the Group's foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, Group Finance may use forward contracts and the asset and liability matching methods, where applicable.

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

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)
The table below summarises the Group's exposure to foreign exchange risk as at 31 December 2019. Included in the table are the Group's cash and bank balances, trade receivables and trade payables at carrying amounts categorised by currency.

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Assets				
United States of America dollar	115 670 944	124 075 950	-	-
South African rand	7 985 012	9 638 875	-	-
Botswana pula	-	6 957	-	-
Australian dollar	920	342	-	-
Euro	3 171 183	149 536	-	-
British pound	-	29 915	-	-
	126 828 059	**133 901 575**	**-**	**-**
Liabilities				
United States of America dollar	(6 644 587)	(102 862 710)	-	-
South African rand	(2 062 644)	(933 762)	-	-
	(8 707 231)	(103 796 472)	-	-
Net currency position	**118 120 828**	**30 105 103**	-	-

	HISTORICAL COST			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Assets				
United States of America dollar	115 670 944	124 075 950	-	-
South African rand	7 985 012	9 638 875	-	-
Botswana pula	-	6 957	-	-
Australian dollar	920	342	-	-
Euro	3 171 183	149 536	-	-
British pound	-	29 915	-	-
	126 828 059	**133 901 575**	**-**	**-**
Liabilities				
United States of America dollar	(6 644 587)	(19 154 606)	-	-
South African rand	(2 062 644)	(150 328)	-	-
	(8 707 231)	(19 304 934)	-	-
Net currency position	**118 120 828**	**2 020 877**	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

As at 31 December 2019, if the Zimbabwe dollar (weakened)/strengthened by 10% (2018 : 10%) against all the other currencies with all other variables held constant, profit for the year would have been higher/lower by ZWL11 812 083 (2018:ZWL3 010 511), mainly as a result of foreign exchange loss on translation of United States of America dollar and South African rand denominated cash and bank balances, trade receivables and trade payables.

The table below summarises the changes in assets and liabilities denominated in various currencies arising from a 10% (2018:10%) strengthening of the Zimbabwe dollar:

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Assets				
United States of America dollar	11 567 094	12 407 595	-	-
South African rand	798 501	963 888	-	-
Botswana pula	-	696	-	-
Australian dollar	92	34	-	-
Euro	317 118	14 954	-	-
British pound	-	2 991	-	-
	12 682 805	**13 390 158**	**-**	**-**
Liabilities				
United States of America dollar	(664 459)	(10 286 271)	-	-
South African rand	(206 264)	(93 376)	-	-
	(870 723)	(10 379 647)	-	-
Net currency position	**11 812 082**	**3 010 511**	**-**	**-**

	HISTORICAL COST			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Assets				
United States of America dollar	11 567 094	1 974 397	-	-
South African rand	798 501	155 178	-	-
Botswana pula	-	112	-	-
Australian dollar	92	6	-	-
Euro	317 118	2 407	-	-
British pound	-	482	-	-
	12 682 805	**2 132 582**	**-**	**-**
Liabilities				
United States of America dollar	(664 459)	(1 915 461)	-	-
South African rand	(206 264)	(15 033)	-	-
	(870 723)	(1 930 494)	-	-
Net currency position	**11 812 082**	**202 088**	**-**	**-**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

The table below summarises the changes in assets and liabilities denominated in various currencies arising from a 10% (2018:10%) weakening of the Zimbabwe dollar:

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Assets				
United States of America dollar	(11 567 094)	(12 407 595)	-	-
South African rand	(798 501)	(963 888)	-	-
Botswana pula	-	(696)	-	-
Australian dollar	(92)	(34)	-	-
Euro	(317 118)	(14 954)	-	-
British pound	-	(2 991)	-	-
	(12 682 806)	**(13 390 157)**	**-**	**-**
Liabilities				
United States of America dollar	664 459	10 286 271	-	-
South African rand	206 264	93 376	-	-
	870 723	10 379 647	-	-
Net currency position	**(11 812 082)**	**(3 010 511)**	**-**	**-**

	HISTORICAL COST			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Assets				
United States of America dollar	(11 567 094)	(1 974 397)	-	-
South African rand	(798 501)	(155 178)	-	-
Botswana pula	-	(112)	-	-
Australian dollar	(92)	(6)	-	-
Euro	(317 118)	(2 407)	-	-
British pound	-	(482)	-	-
	(12 682 806)	**(2 132 581)**	**-**	**-**
Liabilities				
United States of America dollar	664 459	1 915 461	-	-
South African rand	206 264	15 033	-	-
	870 723	1 930 494	-	-
Net currency position	**(11 812 082)**	**(202 088)**	**-**	**-**

There were no hedges in place as at 31 December 2019 (2018: ZWLnil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(b) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign exchange risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

(c) Cash flow and fair value interest rate risk

Fair value interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowing issued at fixed rates with a variable element expose the Group both to cash flow interest rate risk and fair value interest risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run for all interest-bearing borrowings.

Based on the simulations performed, the impact on post tax profit and equity of a 10% shift in interest rates, with all other variables held constant would be a maximum increase / (decrease) of ZWL33 942 (2018: ZWL59 740). The simulations are done quarterly given the nature of the existing loan facilities to verify that the maximum loss potential is within the limit set by management.

Currently, the Group does not undertake any hedging of its short-term loans due to the nature and terms of the loan facilities. On long-term loans, the Group assesses risks and considers hedging where necessary. As at 31 December 2019, there were no hedges in place (2018: ZWLnil).

(ii) Credit risk

a) Credit risk management

Credit risk is the risk that one party to the financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk is managed on group basis by the Group Finance. Credit risk arises from cash at banks, and deposits with banks and financial institutions, as well as credit exposures to hotel customers including outstanding receivables. For banks and financial institutions, only well established and reliable institutions are used.

For corporate customers, the Group Finance assesses the credit quality of the customers taking into account their financial position, past experience and other factors in the market. Customer limits are set based on internal and external information. The utilisation of credit limits is regularly monitored by the Group Finance. As at 31 December 2019, customers with balances of ZWL321 441 exceeded their credit limits (2018: ZWL643 296). Only a few debtors with a good track record are allowed to exceed their credit limit under the supervision of the hotel general manager and hotel financial controller. We believe that these amounts are collectable based on the historical record of the clients in question and the controls management has in place regarding such excess amounts.

Counterparty risk is further managed by constant engagement of credit customers to determine the current position and recoverability.All credit granted is subject to terms and conditions, where upon breach by the customers, the Group takes legal action where amountsare material and recovery is possible. As at 31 December 2019, customers with balances of ZWL19 444 were handed over to debt collectors (2018: ZWL34 546). Receivables handed over for legal action are generally written off as uncollectible and are reversed when recovered.

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

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

a) Credit risk management (continued)

The Group maximum exposure to credit risk by class of financial asset is as follows:

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Trade and other receivables	58 328 925	25 113 962	-	-
Amortised cost financial asset (excluding pre-payments)	10 156 343	9 072 879	263 875	2 038 935
Cash and cash equivalents	198 452 854	86 199 002	13 219	5 913
	266 938 122	**120 385 843**	**277 094**	**2 044 848**

	HISTORICAL COST			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Trade and other receivables	58 328 925	4 043 142	-	-
Amortised cost financial asset (excluding pre-payments)	10 156 343	1 460 659	263 875	328 252
Cash and cash equivalents	198 452 854	13 877 327	13 219	952
	266 938 122	**19 381 128**	**277 094**	**329 204**

b) Impairment of financial assets

The Group has four types of financial assets that are subject to IFRS 9's expected credit loss model as listed below:

- trade receivables from sale of room nights, food, beverages, conferencing, gaming and other related activities;
- staff receivables;
- other receivables; and
- cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, identified expected credit loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables have been grouped in the following categories:

- Corporates;
- Tour operators;
- Government;
- Non-governmental organisations;
- Parastatal;
- Other; and
- Debtors in residence

The expected credit loss rates are based on the payment profiles of sales over a period of 60 months before 1 January 2019 respectively.

The historical expected credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the current liquidity challenges, inflation and foreign currency shortages to be the most relevant factors, and accordingly adjusted the historical credit loss rates based on expected changes in these factors.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

b) Impairment of financial assets (continued)

On that basis, the expected credit loss allowance for trade receivables as at 31 December 2019 and 31 December 2018 for the various Groups was determined as follows;

As at 31 December 2019	Current	30 Days	60 Days	90 Days	120+ Days	Balance
Corporates						
Gross carrying amounts	1 322 651	575 665	335 641	104 375	243 475	2 581 807
Expected credit loss rate	3%	7%	7%	50%	100%	15%
Expected credit loss allowance	43 114	37 529	21 881	52 188	243 475	398 187
Tour operators						
Gross carrying amounts	6 965 171	7 572 350	4 504 123	1 408 160	7 862 815	28 312 619
Expected credit loss rate	2%	4%	4%	50%	100%	32%
Expected credit loss allowance	126 790	275 685	163 981	704 080	7 862 815	9 133 351
Government						
Gross carrying amounts	743 607	181 085	85 781	55 220	347 024	1 412 717
Expected credit loss rate	6%	6%	6%	50%	100%	31%
Expected credit loss allowance	45 776	11 147	5 281	27 610	347 024	436 838
Non-governmental organisation						
Gross carrying amounts	3 990 828	2 554 804	501 601	467 644	453 290	7 968 167
Expected credit loss rate	2%	4%	4%	50%	100%	11%
Expected credit loss allowance	76 782	98 307	19 301	233 822	453 290	881 502
Parastatals						
Gross carrying amounts	281 665	136 603	51 985	6 983	61 678	538 914
Expected credit loss rate	6%	6%	6%	50%	100%	17%
Expected credit loss allowance	16 000	7 760	2 953	3 492	61 678	91 882
Other						
Gross carrying amounts	480 944	50 856	(19 532)	3 658	3 622 557	4 138 483
Expected credit loss rate	30%	30%	30%	50%	100%	91%
Expected credit loss allowance	146 024	15 441	(5 930)	1 829	3 622 557	3 779 920
Debtors in residence						
Gross carrying amounts	13 359 287	-	-	-	-	13 359 287
Expected credit loss rate	10%	0%	0%	0%	0%	10%
Expected credit loss allowance	1 294 510	-	-	-	-	1 294 510
Total gross carrying amounts	27 144 153	11 071 363	5 459 599	2 046 040	12 590 839	58 328 926
Overall expected credit loss rate	6%	4%	4%	50%	100%	27%
Total expected credit losses	1 748 995	445 869	207 467	1 023 020	12 590 904	16 016 255

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

b) Impairment of financial assets (continued)

As at 31 December 2018	Current	30 Days	60 Days	90 Days	120+ Days	Balance
Corporates						
Gross carrying amounts	176 622	163 025	134 007	78 095	244 936	796 685
Expected credit loss rate	2%	5%	5%	50%	100%	38%
Expected credit loss allowance	4 207	7 766	6 383	39 048	244 936	302 340
Tour operators						
Gross carrying amounts	268 887	402 555	287 076	125 780	154 241	1 238 539
Expected credit loss rate	2%	5%	5%	50%	100%	21%
Expected credit loss allowance	6 641	19 885	14 181	62 890	154 241	257 838
Government						
Gross carrying amounts	79 092	54 731	66 250	8 191	27 031	235 295
Expected credit loss rate	5%	5%	5%	50%	100%	18%
Expected credit loss allowance	4 260	2 948	3 568	4 096	27 031	41 903
Non-governmental organisation						
Gross carrying amounts	221 304	185 048	130 440	90 359	44 662	671 813
Expected credit loss rate	2%	4%	4%	50%	100%	16%
Expected credit loss allowance	4 212	7 045	4 966	45 180	44 662	106 064
Parastatals						
Gross carrying amounts	80 267	69 076	14 430	18 833	40 750	223 356
Expected credit loss rate	5%	5%	5%	50%	100%	26%
Expected credit loss allowance	3 711	3 193	667	9 417	40 750	57 738
Other						
Gross carrying amounts	58 088	974	37	738	27 499	87 336
Expected credit loss rate	23%	23%	23%	50%	100%	48%
Expected credit loss allowance	13 456	226	9	369	27 499	41 558
Debtors in residence						
Gross carrying amounts	790 118	-	-	-	-	790 118
Expected credit loss rate	10%	0%	0%	0%	0%	10%
Expected credit loss allowance	76 376	-	-	-	-	76 376
Total gross carrying amounts	1 674 378	875 410	632 240	321 996	539 119	4 043 143
Overall expected credit loss rate	7%	5%	5%	50%	100%	22%
Total expected credit losses	112 863	41 062	29 774	160 998	539 119	883 817

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

b) Impairment of financial assets (continued)

The closing credit loss allowances for trade receivables as at 31 December 2019 reconcile to the opening credit loss allowances as follows:

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
As at 1 January	**-**	**2 118 919**	**-**	**-**
Amounts restated through opening retained earnings	-	4 283 114	-	-
As at 31 December	**5 489 828**	**6 402 030**	**-**	**-**
Opening expected credit loss allowance as at 1 January – effects of adopting IFRS 9 (2018 calculated under IAS 39)	**5 489 828**	**6 402 030**	**-**	**-**
Increase in expected credit loss allowance recognised in profit or loss during the year	10 783 291	(648 083)	-	-
Trade receivables written off during the year as uncollectible	(256 864)	(264 119)	-	-
At 31 December	**16 016 255**	**5 489 828**	**-**	**-**

	HISTORICAL COST			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
As at 1 January	**-**	**341 128**	**-**	**-**
Amounts restated through opening retained earnings	-	689 546	-	-
As at 31 December	**883 817**	**1 030 674**	**-**	**-**
Opening expected credit loss allowance as at 1 January – effects of adopting IFRS 9 (2018 calculated under IAS 39)	**883 817**	**1 030 674**	**-**	**-**
Increase in expected credit loss allowance recognised in profit or loss during the year	15 389 302	(104 336)	-	-
Trade receivables written off during the year as uncollectible	(256 864)	(42 521)	-	-
At 31 December	**16 016 255**	**883 817**	**-**	**-**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include staff and key management personnel debtors and receivables from related parties

The credit loss allowance for other financial assets at amortised cost as at 31 December 2019 reconciles to the opening loss allowance on 1 January 2019 and to the closing loss allowance as at 31 December 2019 as follows:

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	Related parties ZWL	Staff and key management personnel ZWL	Other receivables ZWL	Total ZWL
Expected credit loss allowance				
As at 31 December 2017	-	-	-	-
Amounts restated through opening retained earnings	209 250	595 342	1 132 161	1 936 754
As at 1 January 2018	**209 250**	**595 342**	**1 132 161**	**1 936 754**
Increase in the expected credit loss allowance recognised in profit or loss during the period	(48 506)	39 816	113 954	10 264
As at 31 December 2018	**160 744**	**635 159**	**1 246 114**	**2 042 018**
As at 1 January 2019	**160 744**	**635 157**	**1 246 114**	**2 042 018**
Increase in the expected credit loss allowance recognised in profit or loss during the period	(160 744)	(542 212)	(1 246 114)	(1 949 073)
As at 31 December 2019	**-**	**92 945**	**-**	**92 945**

	HISTORICAL COST			
	GROUP		COMPANY	
	Related parties ZWL	Staff and key management personnel ZWL	Other receivables ZWL	Total ZWL
Expected credit loss allowance				
As at 31 December 2017	-	-	-	-
Amounts restated through opening retained earnings	33 688	95 845	182 269	311 801
As at 1 January 2018 (calculated under IFRS 9)	**33 688**	**95 845**	**182 269**	**311 801**
Increase in the expected credit loss allowance recognised in profit or loss during the period	(7 809)	6 410	18 346	16 947
As at 31 December 2018	**25 879**	**102 255**	**200 614**	**328 748**
As at 1 January 2019	**25 879**	**102 255**	**200 614**	**328 748**
Increase in the expected credit loss allowance recognised in profit or loss during the period	(25 879)	(9 310)	(200 614)	(235 803)
As at 31 December 2019	**-**	**92 945**	**-**	**92 945**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

Net impairment losses/ (gain) on financial assets recognised in profit or loss

During the year, the following losses / (gain) were recognised in profit or loss in relation to allowance for impairment of financial assets:

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Impairment losses / (reversal)				
Net movement in expected credit loss allowance for trade receivables	15 132 438	(912 202)	15 132 438	(146 857)
Net movement in expected credit loss allowance for other financial instruments at amortised cost	(1 949 073)	105 266	(1 949 073)	16 947
Net impairment losses / (reversal) on financial assets	**13 183 365**	**(806 936)**	**13 183 365**	**(129 910)**

The credit quality of gross trade receivables can be assessed by reference to historical information about counterparty default rates. Trade receivables from counterparties without external rating are shown below:

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Group 1	32 537 957	12 400 473	-	-
Group 2	25 790 969	12 713 488	-	-
	58 328 926	**25 113 961**	**-**	**-**

	HISTORICAL COST			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Group 1	56 282 886	1 996 374	-	-
Group 2	2 046 040	2 046 768	-	-
	58 328 926	**4 043 142**	**-**	**-**

Group 1-existing customers with no defaults in the past
Group 2-existing customers with some defaults in the past.

The above trade receivables are shown before expected credit losses allowance for impairment on certain customers.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

Other financial assets at amortised cost (continued)

There is no concentration of credit risk with respect to cash at bank as the Group and Company holds accounts with high quality financial institutions that are adequately capitalised and have sound asset bases. The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings:

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
AA	99 720 445	18 064 456	13 219	5 913
AA-	5 582 235	3 295 748	-	-
A+	6 819 082	9 172 575	-	-
A	30 642 889	16 863 965	-	-
A-	-	-	-	-
BBB+	48 058 018	31 467 018	-	-
BBB	7 529 542	7 048 400	-	-
BBB-	-	-	-	-
BB+	343	2 131	-	-
BB	100 300	284 709	-	-
BB-	-	-	-	-
B+	-	-	-	-
	198 452 854	**86 199 002**	**13 219**	**5 913**

	HISTORICAL COST			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
AA	99 720 445	2 908 228	13 219	952
AA-	5 582 235	530 588	-	-
A+	6 819 082	1 476 709	-	-
A	30 642 889	2 714 959	-	-
A-	-	-	-	-
BBB+	48 058 018	5 065 929	-	-
BBB	7 529 542	1 134 734	-	-
BBB-	-	-	-	-
BB+	343	343	-	-
BB	100 300	45 838	-	-
BB-	-	-	-	-
B+	-	-	-	-
	198 452 854	**13 877 328**	**13 219**	**952**

The ratings have been obtained from the latest available ratings on the financial institutions.

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

Liquidity risk is the risk that the Group and Company may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Cash flow forecasting is performed at the operating entity level of the Group and aggregated by the Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

Surplus cash held by the operating entities in excess of the amount required for working capital management are transferred to the Group Finance. Group Finance invests surplus cash in interest bearing current accounts, time deposits and money markets deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The tables below analyse the Group and Company's liquidity gap in to relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	INFLATION ADJUSTED			
	GROUP			
	Less than 1 year ZWL	1 to 5 years ZWL	More than 5 years ZWL	Total ZWL
As at 31 December 2019				
Liabilities				
Trade and other payables	(178 676 299)	-	-	(178 676 299)
Lease liabilities	(445 324)	(1 781 296)	(32 863 345)	(35 089 965)
Total liabilities	**(179 121 623)**	**(1 781 296)**	**(32 863 345)**	**(213 766 264)**
Assets held for managing liquidity risk				
Trade and other receivables	100 907 224	1 628 583	-	102 535 808
Cash and cash equivalents	198 452 854	-	-	198 452 854
Total assets held for managing liquidity risk	**299 360 078**	**1 628 583**	**-**	**300 988 662**
Liquidity gap	**120 238 455**	**(152 713)**	**(32 863 345)**	**87 222 397**
Cumulative liquidity gap	**120 238 455**	**120 085 742**	**87 222 397**	**-**
As at 31 December 2018				
Liabilities				
Borrowings	(10 172 691)	(16 116 113)	-	(26 288 804)
Trade and other payables	(102 862 710)	-	-	(102 862 710)
Total liabilities	**(113 035 401)**	**(16 116 113)**	**-**	**(129 151 514)**
Assets held for managing liquidity risk				
Trade receivables	24 339 873	2 315 606	-	26 655 479
Cash and cash equivalents	86 199 002	-	-	86 199 002
Total assets held for managing liquidity risk	**110 538 875**	**2 315 606**	**-**	**112 854 481**
Liquidity gap	**(2 496 527)**	**(13 800 507)**	**-**	**(16 297 034)**
Cumulative liquidity gap	**(2 496 526)**	**(16 297 034)**	**(16 297 034)**	**-**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

	HISTORICAL COST			
	GROUP			
	Less than 1 year ZWL	1 to 5 years ZWL	More than 5 years ZWL	Total ZWL
As at 31 December 2019				
Liabilities				
Trade and other payables	(178 676 298)	-	-	(178 676 298)
Lease liabilities	(445 324)	(1 781 296)	(32 863 345)	(35 089 965)
Total liabilities	**(179 121 622)**	**(1 781 296)**	**(32 863 345)**	**(213 766 263)**
Assets held for managing liquidity risk				
Trade and other receivables	91 386 790	1 628 583	-	93 015 373
Cash and cash equivalents	198 452 854	-	-	198 452 854
Total assets held for managing liquidity risk	**289 839 644**	**1 628 583**	**-**	**291 468 227**
Liquidity gap	**110 718 022**	**(152 713)**	**(32 863 345)**	**77 701 964**
Cumulative liquidity gap	**110 718 022**	**110 565 309**	**77 701 964**	**-**
As at 31 December 2018				
Liabilities				
Borrowings	(1 637 719)	(2 594 561)	-	(4 232 280)
Trade and other payables	(16 560 046)	-	-	(16 560 046)
Total liabilities	**(18 197 765)**	**(2 594 561)**	**-**	**(20 792 326)**
Assets held for managing liquidity risk				
Trade receivables	3 918 520	372 794	-	4 291 314
Cash and cash equivalents	13 877 327	-	-	13 877 327
Total assets held for managing liquidity risk	**17 795 847**	**372 794**	**-**	**18 168 641**
Liquidity gap	**(401 918)**	**(2 221 767)**	**-**	**(2 623 685)**
Cumulative liquidity gap	**(401 918)**	**(2 623 685)**	**(2 623 685)**	**-**

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

	INFLATION ADJUSTED			
	COMPANY			
	Less than 1 year ZWL	1 to 5 years ZWL	More than 5 years ZWL	Total ZWL
As at 31 December 2019				
Liabilities				
Trade and other payables	(20 452 226)	-	-	(20 452 226)
Total liabilities	**(20 452 226)**	**-**	**-**	**(20 452 226)**
Assets held for managing liquidity risk				
Trade receivables	95 228	-	-	95 228
Cash and cash equivalents	13 219	-	-	13 219
Total assets held for managing liquidity risk	**108 447**	**-**	**-**	**108 447**
Liquidity gap	**(20 343 779)**	**-**	**-**	**(20 343 779)**
Cumulative liquidity gap	**(20 343 779)**	**(20 343 779)**	**(20 343 779)**	**-**
As at 31 December 2018				
Liabilities				
Borrowings	-	-	-	-
Trade and other payables	(65 790 810)	-	-	(65 790 810)
Total liabilities	**(65 790 810)**	**-**	**-**	**(65 790 810)**
Assets held for managing liquidity risk				
Trade receivables	991 385	-	-	991 385
Cash and cash equivalents	5 913	-	-	5 913
Total assets held for managing liquidity risk	**997 298**	**-**	**-**	**997 298**
Liquidity gap	**(64 793 512)**	**-**	**-**	**(64 793 512)**
Cumulative liquidity gap	**(64 793 512)**	**(64 793 512)**	**(64 793 512)**	**-**

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

	HISTORICAL COST			
	COMPANY			
	Less than 1 year ZWL	1 to 5 years ZWL	More than 5 years ZWL	Total ZWL
As at 31 December 2019				
Liabilities				
Trade and other payables	(20 452 226)	-	-	(20 452 226)
Total liabilities	**(20 452 226)**	**-**	**-**	**(20 452 226)**
Assets held for managing liquidity risk				
Trade receivables	95 228	-	-	95 228
Cash and cash equivalents	13 219	-	-	13 219
Total assets held for managing liquidity risk	**108 447**	**-**	**-**	**108 447**
Liquidity gap	**(20 343 779)**	**-**	**-**	**(20 343 779)**
Cumulative liquidity gap	**(20 343 779)**	**(20 343 779)**	**(20 343 779)**	**-**
As at 31 December 2018				
Liabilities				
Trade and other payables	(10 591 779)	-	-	(10 591 779)
Total liabilities	**(10 591 779)**	**-**	**-**	**(10 591 779)**
Assets held for managing liquidity risk				
Trade receivables	159 605	-	-	159 605
Cash and cash equivalents	952	-	-	952
Total assets held for managing liquidity risk	**160 557**	**-**	**-**	**160 557**
Liquidity gap	**(10 431 222)**	**-**	**-**	**(10 431 222)**
Cumulative liquidity gap	**(10 431 222)**	**(10 431 222)**	**(10 431 222)**	**-**

The Group has positive liquidity gap. The Company's liquidity gap largely arises from intercompany balance of ZWL18 586 589 with African Sun Zimbabwe (Private) Limited. The amount will not be called until the Company is adequately funded. The Company expects to close the liquidity gap in the medium term as working capital increases as result of positive cash to be generated from operations of the Group and subsidiaries declare dividends.

3.2 Capital management

(i) Risk management

The capital of the Group consists of debt (as detailed in note 19) and equity which comprises issued ordinary share capital and premium, retained earnings and other reserves as detailed in note 14. There were no changes in the components of debt and equity from last year.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

In order to maintain or adjust the shareholders' equity, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (continued)

(i) Risk management (continued)
The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

During the financial year ended 31 December 2019 gearing ratio was negative because the cash held by the Group exceed the debt. The gearing ratio at 31 December 2019 and 2018 were as follows:

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Total borrowings (note 19)	-	26 288 804	-	-
Lease liabilities	35 535 289	-	-	-
Less cash and cash equivalents (note 13)	(198 452 854)	(86 199 002)	(13 219)	(5 913)
Net debt	**(162 917 565)**	**(59 910 198)**	**(13 219)**	**(5 913)**
Total equity	660 671 510	173 797 892	85 571 663	45 838 676
Total capital	**660 671 510**	**173 797 892**	**85 571 663**	**45 838 676**
Gearing ratio	**25%**	**34%**	**0%**	**0%**
Net debt reconciliation				
Total borrowings (note 19)	-	26 288 804	-	-
Lease liabilities	35 535 289			
Less cash and cash equivalents (note13)	(198 452 854)	(86 199 002)	(13 219)	(5 913)
Net debt	**(162 917 565)**	**(59 910 198)**	**(13 219)**	**(5 913)**

	HISTORICAL COST			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Total borrowings (note 19)	-	4 232 280	-	-
Less cash and cash equivalents (note 13)	(198 452 854)	(13 877 327)	(13 219)	(952)
Net debt	**(198 452 854)**	**(9 645 047)**	**(13 219)**	**(952)**
Total equity	469 814 929	19 689 022	(8 929 682)	7 341 236
Total capital	**469 814 928**	**19 689 022**	**(8 929 682)**	**7 341 236**
Gearing ratio	**-**	**-**	**0%**	**0%**
Net debt reconciliation				
Total borrowings (note 19)	-	4 232 280	-	-
Less cash and cash equivalents (note13)	(198 452 854)	(13 877 327)	(13 219)	(952)
Net debt	**(198 452 854)**	**(9 645 047)**	**(13 219)**	**(952)**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (continued)

(ii) Dividends

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2019 ZWL	**31 December 2018 ZWL**	**31 December 2019 ZWL**	**31 December 2018 ZWL**
Final dividend for the year ended 31 December 2018 of 0.03862 ZWL cents (2017 – 0.0697 ZWL cents) per fully paid share	15 597 680	5 172 360	2 827 562	600 655
Interim dividend for the year ended 31 December 2019 of 0.61 cents (2018 – 21 ZWL cents) per fully paid share	9 985 832	4 311 535	5 256 808	500 689
Total dividends declared and paid	**25 583 512**	**9 483 895**	**8 084 370**	**1 101 344**
Subsequent to year end, the directors declared second interim dividend of 1 cent per ordinary share (2018 – 0.03281 cents), out of the profits for the year ended 31 December 2019. The dividend which was paid on 28 February 2020, has not been recognised as a liability as at year end, is	**8 617 718**	**15 597 680**	**8 617 718**	**2 828 335**

3.3 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions, leasing transactions, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in 'inventories' or value in use in 'impairment of assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

level 1, inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Group has the ability to access;

level 2, inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

level 3, inputs are unobservable inputs for the asset or liability inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair value hierarchy for property and equipment revaluations have been disclosed under note 8.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 judgements

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

(a) Functional currency

On the 22 February 2019, Statutory Instrument 33 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act (Chapter 22:15) that introduced a new currency called the Real Time Gross Settlement (" RTGS") dollar. An Exchange Control Directive RU 28 of 2019 was also issued on the same day which introduced an interbank exchange rate for the RTGS dollar to the US$ as well as other existing currencies in the multicurrency regime. In addition, Statutory Instrument 33 of 2019 was issued on 22 February 2019 which makes reference to the following matters among other key provisions;

- that the RBZ has, with effect from 22 February 2019 ("the Effective Date") issued an electronic currency called the RTGS;
- RTGS balances expressed in US$ immediately before 22 February 2019, shall from the Effective date be deemed to be opening balances in RTGS dollar at par with the US$;
- for accounting and other purposes, all assets and liabilities that were valued and expressed in US$ immediately before 22 February 2019 shall be deemed to be values in RTGS dollars at rate of one-to one to the US$; and
- that after the Effective date any variance from the opening parity rate shall be determined from time to time by the rate at which authorised dealers under the Exchange Control Act (Chapter 22:15) exchange the RTGS dollar for the US$ and other currencies on a willing-seller willing-buyer basis.

The Group translated its statement of financial position on the date of change in functional currency at a rate of 1 US$ to 1 ZWL in accordance with Statutory Instrument 33 and subsequently remeasured foreign currency denominated monetary assets and liabilities using the inter bank market rate.

Foreign currency transactions were translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Transactions between 1 January 2019 and 22 February 2019 were translated at at a rate of 1 US$ to 1 ZWL in accordance with Statutory Instrument 33 and subsequently all foreign denominted transactions were translated using the inter bank market rate prevailing at the dates of the transactions.

On 24 June 2019 the currency was renamed from RTGS dollar to the Zimbabwe dollar ("ZWL") through Statutory Instrument 142 of 2019.

Based on the foregoing, and the assessment done by the Group, its functional and reporting currency has changed from the US$ to Zimbabwe dollar ("ZWL") from 22 February 2019.

The financial statements are therefore presented in ZWL being the currency of the primary economic environment in which the Group operates. Prior year historical financial information were also presented in ZWL converted at a rate of ZWL:US$ rate of 1:1.

The following exchange rates of ZWL to US$ were applied in foreign currency transactions and balances for the period under review,

- Average exchange rate - 8.4152 (2018 :1)
- Closing exchange rate - 16.8329 (2018 :1)

(b) Income taxes

Significant judgement is required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax assets and liabilities in the period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and judgements

(c) Impairment of trade receivables and financial assets

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying expected credit losses model of impairing trade receivables:

- significant increase of credit risk - in assessing whether the credit risk of an asset has significantly increased the directors considers qualitative and quantitative reasonable and supportable forward-looking information.
- model and assumptions used - the Group used model and assumptions in measuring fair value of financial assets as well as in estimating ECL. Directors have applied judgement in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.
- business model assessment - the Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of assets and the how these are managed.

4.2 Definitions of non IFRS measures

Taxed interest payable

This is calculated by taxing interest payable at the standard rate of income tax applicable to the different tax jurisdictions.

Interest cover times

This is the ratio of income before income tax and interest to finance cost.

Net assets

These are equivalent to shareholders' equity.

Net assets value per share

This is calculated by dividing the total shareholders equity by number of ordinary shares in issue.

Revenue generation index ("RGI")

This is a measure used to assess the rate at which a hotel generates revenue compared to its market. It is calculated by dividing the hotel's revenue per available room by the total market revenue per available room.

Average daily rate ("ADR")

This is calculated by dividing the total rooms revenue by total room nights sold for the year.

Revenue per available room ("RevPAR")

This is calculated by dividing the total rooms revenue by the available rooms for the year.

Earning before interest and tax ("EBIT")

This is the profit before financing costs and income, and income tax.

Earnings before interest, tax, depreciation and amortisation ("EBITDA")

This is the profit before financing costs or income, income tax, depreciation and amortisation.

Pre-tax return on equity

This is calculated by dividing operating income plus dividend income and equity accounted earnings by closing total shareholders' equity.

Pre-tax return on total assets

This is calculated by dividing profit before financing costs and income and income tax by closing total assets.

Taxed operating return

This is calculated by dividing profit after income tax plus taxed interest payable by closing total capital employed.

Headline earnings per share

Calculation of headline earnings accounts for all the profits and losses from operational, trading that have been earned at any point during the year. Excluded from this figure are profits or losses associated with the sale or termination of discontinued operations, property, plant and equipment or related businesses, or from any permanent devaluation or write off of their values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.2 Definitions of non IFRS measures

Diluted headline earnings per share

Diluted headline earnings per share are calculated by dividing the headline earnings / (loss) by the adjusted weighted average number of ordinary shares, assuming conversion of all dilutive potential ordinary shares.

Financial gearing ratio

This represents the ratio of interest bearing debt, less cash to total shareholders' equity.

5 CHANGE IN ACCOUNTING POLICY

5.1 Adoption of IFRS 16, Leases

The Group and Company adopted IFRS 16, "Leases" from 1 January 2019 which resulted in changes in accounting policies. IFRS 16 replaced the provisions of IAS 17 that relate to the recognition, classification, and measurement of leases. The Group leases various hotel and office buildings, staff houses and land. Rental contracts are typically made for fixed periods of 3 to 50 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019 leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group's incremental borrowing rate is used to discount the lease payments, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at inflation adjusted cost comprise the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Leases of hotels properties whose payments are associated with variable lease payments that are not based on an index or rate, short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The Group leases various office buildings, hotel buildings, golf course, car parks and staff housing. Rental contracts are typically made for fixed periods of two years to fifteen years. Leases for hotel buildings have extension options for renewal at the end of the lease up to five renewals at the option of the Group. The Group determined that the non-cancellable period of the leases are the original leased term together with the periods covered by options to extend the leases that the Group is reasonably certain to extend because of both significant leasehold improvements undertaken, and the importance of the underlying hotel buildings to the Group's operations.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

5 CHANGE IN ACCOUNTING POLICY (continued)

5.1 Adoption of IFRS 16, Leases (continued)

All hotels property leases on which right of use assets have been recognised contain variable payment terms that are linked to revenues generated from the hotels For individual hotels, variable lease payment are due when the amount calculated based percentages ranging from 7.5% to 15 % of sales, depending on the nature of the revenue is higher than the fixed rental for the hotel. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group adopted IFRS 16 prospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, Leases and recognised right-of use assets equal to the lease liabilities, adjusted by the amount of prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10.5%. Lease liabilities recognised at 01 January 2019 were as follows;

	INFLATION ADJUSTED	HISTORICAL COST
	ZWL	ZWL
Operating lease commitments disclosed as at 31 December 2018	138 517 295	22 300 136
Discounted using the lessee's incremental borrowing rate of 10.5% at the date of initial application	75 167 020	12 101 267
Adjustments as a result of a different treatment of extension and termination options	38 815 966	6 249 049
Lease liability recognised as at 1 January 2019	**113 982 986**	**18 350 316**

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2019 ZWL	1 January 2019 ZWL	31 December 2019 ZWL	1 January 2019 ZWL
The recognised right-of-use assets relate to the of assets following type				
Hotel buildings	162 756 227	93 061 675	26 202 408	14 982 161
Office buildings	8 569 664	1 864 307	1 379 645	300 138
Staff houses	44 842 767	16 705 888	7 219 315	2 689 510
Land	1 244 328	2 351 096	200 326	378 507
	217 412 986	**113 982 966**	**35 001 694**	**18 350 316**

The leases that were recognised as right of use assets were the following;

- Holiday Inn Bulawayo - hotel building;
- Holiday Inn Harare - hotel building;
- Holiday Inn Harare - car park;
- Central Office - office building;
- South Africa branch - office building;
- Sun Casino - building;
- Elephant Hills - golf course; and
- Victoria Falls - staff houses.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

5 CHANGE IN ACCOUNTING POLICY (continued)

5.1 Adoption of IFRS 16, Leases (continued)

There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The net impact on accumulated losses on 1 January 2019 was nil as the amount of lease liabilities recognised was equal to the rights of use assets recognised.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4, Determining whether an arrangement contains a lease.

5.2 Change in accounting policy for subsequent measurement of property and equipment

The Group changed its accounting policy relating to subsequent measurement of property and equipment from the cost model to the revaluation model with effect from 30 June 2019. On the date of change in functional currency all balances were deemed to be ZWL balances at par with US$ resulting in the Group's property and equipment which were predominately acquired in foreign currency being grossly undervalued. Going forward, it is envisaged that frequent revaluations may be required to achieve fair presentation of the Group's property and equipment in the prevailing hyper inflationry economy.

In applying the change in accounting policy for subsequent measurement of property and equipment from the cost model to the revaluation model for the first time the Group applied the prospectively as a revaluation in the year, rather than by menas of a prior year adjustement. Management believes the change in accounting policy will result in fair presentation of the Group's property and equipment.

The impact on the change in accounting policy as at 31 December 2019 is as follows;

	INFLATION ADJUSTED	HISTORICAL COST
	31 December 2019 ZWL	**31 December 2019 ZWL**
Increase in carrying amount of property and equipment	226 199 937	385 670 853
Increase in deferred tax liabilities	(48 590 257)	(91 507 673)
Increase in equity	**177 609 680**	**294 163 180**
Decrease in basic and diluted earnings attributable to owners of parent (ZWL cents)	4.54	0.40

6 IAS 29 IMPLEMENTATION

6.1 Inflation adjustment

The Public Accountants Auditors Board (" the" PAAB) issued a pronouncement ("Pronouncement 01/2019") on the application of IAS 29 Financial Reporting in Hyperinflationary Economies Standard in Zimbabwe after broad market consensus that factors and characteristics to consider Zimbabwe economy as hyperinflationary have been met. One characteristic that leads to the classification of an economy as hyperinflationary, is a cumulative three year inflation rate approaching or exceeding 100 percent. Pronouncement 01/2019 covered the preparation and presentation of financial statements of entities operating in Zimbabwe for the financial periods ending on or after 1 July 2019. The Group determined the Effective Date of application of the IAS 29 is 01 October 2018.

International Financial Reporting Interpretations Committee ("IFRIC"), 7, Economies becoming hyperinflationary, requires that the Group and the Company applies the IAS 29 as if the economy was always hyperinflationary.

From 1 January 2018 - 30 September 2018, Zimbabwe was in a multi currency regime and the US$ was still the functional and presenation currency. In applying IAS 29, the comparatives from 1 October 2018 to 30 November 2018 were indexed up to 31 December 2018. The inflation adjusted comparative financial information for the prior period were then indexed up to the measuring unit current at the reporting date by adjusting factor of 6.2115.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of measuring unit current at the end of reporting date. Professional judgement was used and appropriate adjustments were made to historical financial information in "preparing financial information which are IAS 29 compliant. The restatement has been calculated by means of adjusting factors" derived from the general consumer price index ("CPI") prepared by Zimbabwe National Statistics Agency ("ZimStat"). The adjustment factors used to restate the financial statements as 31 December 2019, using 2018 base year are as follows:

Date	Indices	Adjusting factor	% Movement
31 December 2019	551.63	1.0000	521%
31 December 2018	88.81	6.2115	39%

The indices and adjusting factors have been applied to the historical cost of transactions and balances. All items in income statements are restated by applying relevant monthly adjusting factors and the net effect of the inflation adjustments on the net monetary position of the Group and Company is included in the statement of comprehensive income as a monetary loss or gain. Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date.

Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date. Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of shareholders equity are restated by applying the relevant monthly adjusting factor.

Revalued property and equipment were not restated but carried at values current at the reporting date. Service stocks and work in progress was not revalued and it was restated by applying the relevant monthly adjusting factor. Property and equipment additions were restated from the dates of purchases using the relevant monthly adjusting factor. Disposals were restated from dates of sale using relevant monthly adjusting factor. Prepayments are restated by applying the relevant monthly adjusting factor.

Inventories are carried at the lower of restated cost and net realisable value. Biological assets are carried at the lower of restated cost and fair value, less estimated point of sale costs. Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities. All items of statement of cashflows are expressed in terms of measuring unit current at the reporting date.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

7 SEGMENT INFORMATION

Following the termination of management contract with Legacy, the Group changed its operating segments based on the new reports reviewed by the Executive Committee ("Executive Management Team"), that makes strategic decisions for the purpose of allocating resources and assessing performance. The corresponding information for earlier periods be restated to reflect the changes made to the reportable segments.

The Executive Committee assesses the performance of the operating segments based on:

- hotel occupancies;
- hotel revenue per available room ("RevPAR");
- hotel average daily rate ("ADR"); and
- profitability.

The major factor used in segmenting our business was the clientele base. City and country hotels mainly target conferencing and business travellers, whilst resorts hotels mainly service foreign leisure travellers and conferencing. All the segments provide accommodation and food except for other business units which provide supporting service to the revenue generating segments in the form of sales, marketing and administration.

Troutbeck Resort, and Monomotapa Hotel previously under hotels under management segment and Holiday Inn Harare, Holiday Inn Bulawayo, and Holiday Inn Mutare, previously hotels under franchises segment were allocated to the City and Country segment. Carribbea Bay Resort, and Great Zimbabwe previously under hotels under owner managed segment, and The Elephant Hills Resort and Conference Centre, The Kingdom at the Victoria Falls Hotel, and Hwange Safari Lodge, previously hotels under management segment were allocated to the Resort Hotels segment. The Partnership segment remains unchanged. We have restated the corresponding information for the previous year to match the change in segments.

The new operating segments are now made up of four strategic business segments which are;

1. City and Country Hotels

This segment comprise Troutbeck Resort, Holiday Inn Harare, Holiday Inn Bulawayo, Holiday Inn Mutare and Monomotapa Hotel. These hotels are headed by Country and City Hotels Operations Executive who reports to the Managing Director.

2. Resort Hotels

The segment is made up of the Elephant Hills Resort and Conference Centre, The Kingdom at Victoria Falls, Hwange Safari Lodge, Great Zimbabwe and Caribbea Bay Resort.These hotels are headed by the Resort Hotels Operations Executive who reports to the Managing Director.

3. Partnership

This refers to The Victoria Falls Hotel which is jointly operated with Meikles Hospitality (Private) Limited and is an affiliate of the Leading Hotels of the World ("LHW").

4. Other

This segment comprise Sun Leisure, Central office, Sun Casinos, and the South Africa Branch. Sun Leisure houses the Group's touring division (Sun Leisure Tours) and the Casinos (Sun Casinos).

Revenue from contracts with customers

Revenue from contracts with customers between segments is eliminated on consolidation. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with how revenue is measured in the statement of comprehensive income. The Group derives revenue from the transfer of goods and services at a point in time in the above segments.

The amounts provided to the Executive Committee with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

All interest bearing liabilities have been allocated to segments as they relate to specific bank loans obtained by the segments.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") has been calculated excluding exceptional items relating to RBZ export incentive, profit/(loss) from disposal of property plant and equipment, fair value adjustment of biological assets and gain from disposal of subsidiary.

The Group does not rely on any one specific customer as none of its customers contributes a minimum of 10% (2018 : none) of its revenue.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

7 SEGMENT INFORMATION (continued)

The segment information provided to the Executive Committee for the reportable segments is as follows:

	INFLATION ADJUSTED					
Year ended 31 December 2019	**City and Country Hotels ZWL**	**Resort hotels ZWL**	**Partnership ZWL**	**Other ZWL**	**Intersegment transactions ZWL**	**Consolidated ZWL**
Revenue:						
Sale of room nights	211 248 488	206 291 022	89 358 388	-	-	506 897 898
Sale of food and beverages	177 297 761	147 173 539	43 952 886	-		368 424 186
Management fees and commissions	-	-	-	20,975,969	(20 975 969)	-
Conferencing	8 076 618	5 850 969	-	-	-	13 927 586
Other income	5 090 664	12 048 885	4 410 493	-	-	21 550 042
Revenue from contracts with customers	**401 713 531**	**371 364 415**	**137 721 767**	**20 975 969**	**(20 975 969)**	**910 799 712**
Gaming	-	-	-	3 338 416	-	3 338 416
Total income	**401 713 531**	**371 364 415**	**137 721 767**	**24 314 385**	**(20 975 969)**	**914 138 128**
Material expenses						
Cost of sales	(95 672 172)	(73 335 902)	(20 700 483)	(119,905)	-	(189,828,453)
Employee benefit expenses	(42 014 717)	(37 380 401)	(7 338 972)	(34 742 626)	-	(121 476 716)
Operating lease costs	(35 710 201)	(39 976 546)	(13 888 664)	(448 620)	-	(90 024 031)
Exchange gain / (loss)	782 167	(22 051 809)	79 661 643	78 895 185	-	137 287 186
	(172 614 923)	(172 744 658)	37 733 524	43 584 034	-	(264 042 024)
Other information						
EBITDA	140 809 776	106 869 501	148 168 048	(7 899 605)	-	387 947 720
Depreciation	(36 785 243)	(20 118 310)	(6 754 917)	(3 548 837)	-	(67 207 306)
Rights of use assets amortisation	(2 531 018)	(357 433)	(105 186)	(879 947)	-	(3 873 584)
Finance costs - borrowings (net)	-	-	-	(339 416)	-	(339 416)
Finance costs - lease liabilities	(7 198 014)	(921 215)	(283 796)	(137 096)	-	(8 540 121)
Monetary gain	-	-	-	30 025 521	-	30 025 521
Profit before income tax	**94 295 501**	**85 472 542**	**141 024 149**	**17 220 620**	**-**	**338 012 813**
Total assets as at 31 December 2019	**452 025 314**	**337 483 888**	**144 837 548**	**129 965 346**	**(22 772 243)**	**1 041 539 853**
Total assets include:						
Additions to non-current assets (other than financial instruments and deferred tax assets):						
-Property and equipment	31 171 666	40 542 456	15 666 014	2 462 625	-	89 842 761
Total liabilities as at 31 December 2019	**137 293 022**	**112 250 989**	**20 811 324**	**133 285 251**	**(22 772 243)**	**380 868 343**
Key performance indicators						
Occupancy (%)	55%	40%	60%	-	-	48%
ADR (ZWL)	1 364	1 782	5 081	-	-	1 759
RevPAR (ZWL)	755	715	3 060	-	-	848
Total RevPAR (ZWL)	1 435	1 287	4 716	-	-	1 530

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

7 SEGMENT INFORMATION (continued)

The segment information provided to the Executive Committee for the reportable segments is as follows:

	HISTORICAL COST					
Year ended 31 December 2019	**City and Country Hotels ZWL**	**Resort hotels ZWL**	**Partnership ZWL**	**Other ZWL**	**Intersegment transactions ZWL**	**Consolidated ZWL**
Revenue:						
Sale of room nights	100 624 973	105 092 281	41 735 523	-	-	247 452 778
Sale of food and beverages	88 043 278	73 789 374	20 366 356	-	-	182 199 009
Management fees and commissions	-	-	-	11,239,033	(11 239 033)	-
Conferencing	4 110 194	3 496 254	-	-	-	7 606 448
Other income	2 765 644	5 941 949	2 008 710	-	-	10 716 302
Revenue from contracts with customers	**195 544 090**	**188 319 858**	**64 110 589**	**11 239 033**	**(11 239 033)**	**447 974 537**
Gaming	-	-	-	1 251 081	-	1 251 081
Total income	**195 544 090**	**188 319 858**	**64 110 589**	**12 490 114**	**(11 239 033)**	**449 225 618**
Material expenses						
Cost of sales	(48 058 499)	(38 010 738)	(9 962 417)	(57 205)	-	(96 088 859)
Employee benefit expenses	(20 070 339)	(19 174 310)	(3 661 512)	(16 199 131)	-	(49 105 294)
Operating lease costs	(18 189 307)	(20 252 452)	(6 403 882)	(197 845)	-	(45 043 485)
Exchange gain / (loss)	(2 839 099)	(4 678 625)	27 754 696	20 516 513	-	40 753 485
	(89 157 244)	(82 116 125)	7 726 885	4 062 332	-	(159 484 153)
Other information						
EBITDA	64 093 589	59 435 568	58 238 330	(8 425 811)	-	173 341 676
Depreciation	(10 161 940)	(5 769 835)	(1 876 235)	(1 977 884)	-	(19 786 076)
Rights of use assets amortisation	(874 768)	(134 007)	(40 263)	(282 955)	-	(1 331 811)
Finance costs - borrowings (net)	-	-	-	186 648	-	186 648
Finance cost lease liability	(2 384 274)	(346 149)	(107 431)	(33 816)	-	(2 871 670)
Profit before income tax	**50 672 607**	**53 185 577**	**56 214 401**	**(10 533 818)**	**-**	**149 538 767**
Total assets as at 31 December 2019	**348 172 850**	**259 947 227**	**111 561 234**	**105 337 814**	**(22 772 243)**	**802 246 883**
Total assets include:						
Additions to non-current assets (other than financial instruments and deferred tax assets):						
-Property and equipment	18 829 283	25 052 651	3 122 561	1 449 550	-	48 454 045
Total liabilities as at 31 December 2019	**119 832 978**	**97 975 629**	**18 164 674**	**119 230 916**	**(22 772 243)**	**332 431 954**
Key performance indicators						
Occupancy (%)	55%	40%	60%	-	-	48%
ADR (ZWL)	650	908	2 373	-	-	859
RevPAR (ZWL)	359	364	1,429	-	-	414
Total RevPAR (ZWL)	698	653	2 195	-	-	752

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

7 SEGMENT INFORMATION (continued)

The segment information provided to the Executive Committee for the reportable segments is as follows:

	INFLATION ADJUSTED					
Year ended 31 December 2018	**City and Country Hotels ZWL**	**Resort hotels ZWL**	**Partnership ZWL**	**Other ZWL**	**Intersegment transactions ZWL**	**Consolidated ZWL**
Revenue:						
Sale of room nights	136 680 967	124 580 926	42 354 452	-	-	303 616 346
Sale of food and beverages	109 034 161	83 734 057	22 052 286	-	-	214 820 504
Management fees and commissions	-	-	-	10,182,852	(10 182 852)	-
Conferencing	4 157 919	3 285 832	-	-	-	7 443 752
Other income	6 510 913	7 946 231	2 060 032	-	-	16 517 175
Revenue from contracts with customers	**256 383 960**	**219 547 046**	**66 466 770**	**10 182 852**	**(10 182 852)**	**542 397 776**
Gaming	-	-	-	2 574 364	-	2 574 364
Total income	**256 383 960**	**219 547 046**	**66 466 770**	**12 757 215**	**(10 182 852)**	**544 972 140**
Material expenses						
Cost of sales	(74 703 316)	(62 330 942)	(15 401 312)	(114 293)	-	(152 549 864)
Employee benefit expenses	(29 903 298)	(27 976 999)	(5 564 074)	(18 233 127)	-	(81 677 498)
Operating lease costs	(29 730 193)	(23 985 703)	(6 612 774)	(992 772)	-	(61 321 441)
	(134 336 807)	**(114 293 644)**	**(27 578 161)**	**(19 340 192)**	**-**	**(295 548 803)**
Other information						
EBITDA	65 450 620	45 701 378	28 477 457	(4 525 049)	-	135 104 405
Depreciation	(13 249 563)	(5 631 585)	(2 542 530)	(2 446 253)	-	(23 869 932)
Finance costs (net)	-	-	-	(4 840 881)	-	(4 840 881)
Monetary loss	-	-	-	(22 505 781)	-	(22 505 781)
Profit before income tax	**52 201 057**	**40 069 793**	**25 934 926**	**(34 317 964)**	**-**	**83 887 812**
Total assets as at 31 December 2018	**152 441 091**	**89 316 728**	**33 203 428**	**96 753 794**	**(13 081 084)**	**358 633 957**
Total assets include:						
Additions to non-current assets (other than financial instruments and deferred tax assets):						
-Property and equipment	28 807 380	14 950 447	1 505 532	1 874 469	-	47 137 827
Total liabilities as at 31 December 2018	**41 416 633**	**51 500 002**	**11 116 024**	**93 884 489**	**(13 081 084)**	**184 836 065**
Key performance indicators						
Occupancy (%)	68%	49%	66%	-	-	59%
ADR (ZWL)	731	869	2 193	-	-	869
RevPAR (ZWL)	497	429	1,450	-	-	511
Total RevPAR (ZWL)	933	756	2 276	-	-	916

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

7 SEGMENT INFORMATION (continued)

The segment information provided to the Executive Committee for the reportable segments is as follows:

	HISTORICAL COST					
Year ended 31 December 2018	**City and Country Hotels ZWL**	**Resort hotels ZWL**	**Partnership ZWL**	**Other ZWL**	**Intersegment transactions ZWL**	**Consolidated ZWL**
Revenue:						
Sale of room nights	17 173 648	15 635 372	5 174 662	-	-	37 983 682
Sale of food and beverages	13 806 611	10 588 019	2 702 926	-	-	27 097 556
Management fees and commissions	-	-	-	20,975,969	(20 975 969)	-
Conferencing	524 859	419 774	-	-	-	944 633
Other income	885 363	1 003 286	256 300	-	-	2 144 949
Revenue from contracts with customers	**32 390 481**	**27 646 451**	**8 133 889**	**20 975 969**	**(20 975 969)**	**68 170 820**
Gaming	-	-	-	328 591	-	328 591
Total income	**32 390 481**	**27 646 451**	**8 133 888**	**21 304 559**	**(20 975 969)**	**68 499 410**
Material expenses						
Cost of sales	(9 431 015)	(7 790 850)	(1 904 970)	(14 184)	-	(19 141 018)
Employee benefit expenses	(3 724 075)	(3 461 800)	(689 083)	(2 314 471)	-	(10 189 430)
Operating lease costs	(3 726 726)	(3 003 775)	(806 882)	(129 462)	-	(7 666 844)
	(16 881 816)	**(14 256 425)**	**(3 400 935)**	**(2 458 117)**	**-**	**(36 997 292)**
Other information						
EBITDA	8 652 554	5 900 906	3 438 944	(863 141)	-	17 129 263
Depreciation	(1 702 422)	(726 579)	(325 628)	(187 708)	-	(2 942 337)
Finance costs (net)	-	-	-	(587 654)	-	(587 654)
Profit before income tax	**6 950 132**	**5 174 327**	**3 113 316**	**(1 638 503)**	**-**	**13 599 270**
Total assets as at 31 December 2018	**20 198 669**	**11 834 598**	**4 399 503**	**13 192 703**	**(2 105 946)**	**47 519 526**
Total assets include:						
Additions to non-current assets (other than financial instruments and deferred tax assets):						
-Property and equipment	3 605 524	1 871 194	188 432	234 608	-	5 899 755
Total liabilities as at 31 December 2018	**6 236 044**	**7 754 282**	**1 673 724**	**14 272 400**	**(2 105 946)**	**27 830 504**
Key performance indicators						
Occupancy (%)	75%	51%	66%	-	-	59%
ADR (ZWL)	94	78	268	-	-	109
RevPAR (ZWL)	70	40	177	-	-	64
Total RevPAR (ZWL)	129	87	279	-	-	115

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

8 PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED						
	GROUP						
	Freehold properties ZWL	Leasehold properties ZWL	Equipment ZWL	Service stocks ZWL	Motor vehicles ZWL	Capital work in progress ZWL	Total ZWL
Year ended 31 December 2018							
Opening net book amount	32 257 516	22 956 418	117 503 142	3 043 742	3 040 560	4 474 048	183 275 426
Additions	-	1 326 361	25 817 299	5 556 504	4 677 258	9 760 405	47 137 827
Transfers in/out	-	2 033 880	168 891	-	-	(2 202 771)	-
Foreign exchange difference	-	-	(1 752)	-	-	-	(1 752)
Impairment Disposals	-	-	(1 749 131)	-	(1 189 318)	-	(2 938 449)
Accumulated depreciation on disposals	-	-	1 532 378	-	861 992	-	2 394 370
Depreciation and usage **- current year**	(533 752)	(4 442 320)	(14 698 064)	(3 401 507)	(794 289)	-	(23 869 932)
Closing net book amount	**31 723 764**	**21 874 339**	**128 572 763**	**5 198 739**	**6 596 203**	**12 031 682**	**205 997 490**
As at 31 December 2018							
Cost	36 314 240	72 490 202	266 758 911	5 198 739	11 682 168	12 031 682	404 475 942
Accumulated depreciation and accumulated impairment	(4 590 476)	(50 615 863)	(138 186 148)	-	(5 085 965)	-	(198 478 452)
Net book amount	**31 723 764**	**21 874 339**	**128 572 763**	**5 198 739**	**6 596 203**	**12 031 682**	**205 997 490**
Year ended 31 December 2019							
Opening net book amount	31 723 764	21 874 339	128 572 763	5 198 739	6 596 203	12 031 682	205 997 490
Additions	-	6 214 897	27 230 363	31 983 195	3 208 875	21 205 431	89 842 761
Transfers in/out							
Foreign exchange difference	-	-	383 688	-		-	383 688
Disposals	-	-	(3 941 332)	-	(3 127 955)	-	(7 069 287)
Accumulated depreciation on disposals	-	-	2 490 255	-	1 517 702	-	4 007 957
Revaluation - Cost	88 101 760	42 502 691	257 095 423	-	13 289 642	-	400 989 515
Revaluation - Accumulated depreciation	(50 662 635)	(5 985 918)	(123 746 894)	-	5 477 705	-	(174 917 743)
Depreciation and usage **- current year**	(1 079 389)	(7 695 011)	(24 270 998)	(31 260 648)	(2 901 261)	-	(67 207 307)
Closing net book amount	**68 083 501**	**56 910 998**	**263 813 266**	**5 921 286**	**24 060 910**	**33 237 113**	**452 027 074**
As at 31 December 2019							
Cost or fair value	124 416 000	121 207 790	547 526 764	44 124 526	25 052 730	33 237 113	895 564 923
Accumulated depreciation and accumulated impairment	(56 332 499)	(64 296 792)	(283 713 498)	(38 203 240)	(991 820)	-	(443 537 849)
Net book amount	**68 083 501**	**56 910 998**	**263 813 266**	**5 921 286**	**24 060 910**	**33 237 113**	**452 027 074**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

8 PROPERTY AND EQUIPMENT (continued)

	HISTORICAL COST						
	GROUP						
	Freehold properties ZWL	Leasehold properties ZWL	Equipment ZWL	Service stocks ZWL	Motor vehicles ZWL	Capital work in progress ZWL	Total ZWL
Year ended 31 December 2018							
Opening net book amount	3 745 995	2 662 575	13 647 055	353 465	355 467	519 565	21 284 122
Additions	-	185 924	3 489 298	678 452	592 002	954 079	5 899 755
Transfers in/out	-	325 447	19 612	-	-	(345 059)	-
Foreign exchange difference	-	-	(282)	-	-	-	(282)
Impairment Disposals	-	-	(241 004)	-	(143 965)	-	(384 969)
Accumulated depreciation on disposals	-	-	175 092	-	100 101	-	275 193
Depreciation and usage **- current year**	(65 438)	(546 287)	(1 808 169)	(422 415)	(100 027)	-	(2 942 336)
Closing net book amount	**3 680 557**	**2 627 659**	**15 281 602**	**609 502**	**803 578**	**1 128 585**	**24 131 483**
As at 31 December 2018							
Cost	4 217 093	8 539 282	30 928 759	609 502	1 399 615	1 128 585	46 822 836
Accumulated depreciation and accumulated impairment	(536 536)	(5 911 623)	(15 647 157)	-	(596 037)	-	(22 691 353)
Net book amount	**3 680 557**	**2 627 659**	**15 281 602**	**609 502**	**803 578**	**1 128 585**	**24 131 483**
Year ended 31 December 2019							
Opening net book amount	3 680 557	2 627 659	15 281 602	609 502	803 578	1 128 585	24 131 483
Additions	-	5 707 996	16 627 642	3 500 316	1 841 550	20 776 541	48 454 045
Transfers in/out							
Foreign exchange difference	-	-	176 432	-	-	-	176 432
Disposals	-	-	(1 233 307)	-	(978 788)	-	(2 212 095)
Accumulated depreciation on disposals	-	-	779 241	-	474 914	-	1 254 155
Revaluation - Cost	120 198 907	106 960 513	499 999 160	-	22 790 353	-	749 948 933
Revaluation - Accumulated depreciation	(55 231 346)	(54 217 796)	(255 380 395)	-	551 455	-	(364 278 080)
Depreciation and usage - current year	(564 618)	(4 167 378)	(12 730 150)	(901 782)	(1 422 147)	-	(19 786 076)
Closing net book amount	**68 083 500**	**56 910 994**	**263 520 225**	**3 208 036**	**24 060 915**	**21 905 126**	**437 688 795**
As at 31 December 2019							
Cost or fair value	124 416 000	121 207 790	547 010 311	3 208 036	25 052 730	21 905 126	842 799 993
Accumulated depreciation and accumulated impairment	(56 332 500)	(64 296 796)	(283 490 086)	-	(991 816)	-	(405 111 197)
Net book amount	**68 083 500**	**56 910 994**	**263 520 225**	**3 208 036**	**24 060 914**	**21 905 126**	**437 688 796**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

8 PROPERTY AND EQUIPMENT (continued)

	INFLATION ADJUSTED			
	COMPANY			
	Leasehold properties ZWL	Equipment ZWL	Motor vehicles ZWL	Total ZWL
Year ended 31 December 2018				
Opening net book amount	350 216	959 285	374 811	1 684 312
Additions	-	55 686	-	55 686
Disposals	-	(11 195)	(1 031 191)	(1 042 386)
Accumulated depreciation on disposals	-	2 378	729 334	731 712
Depreciation	(62 059)	(206 021)	(22 403)	(290 483)
Closing net book amount	**288 157**	**800 133**	**50 551**	**1 138 841**
As at 31 December 2018				
Cost	576 451	2 039 701	251 895	2 868 047
Accumulated depreciation and accumulated impairment	(288 294)	(1 239 568)	(201 344)	(1 729 206)
Net book amount	**288 157**	**800 133**	**50 551**	**1 138 841**
Year ended 31 December 2019				
Opening net book amount	288 157	800 133	50 551	1 138 841
Additions				
Disposals	-	(81 316)	(369 195)	(450 510)
Accumulated depreciation on disposals	-	36 757	161 108	197 865
Revaluation - Cost	547 087	997 183	295 434	1 839 703
Revaluation - Accumulated depreciation	(46 759)	(53 840)	10 545	(90 054)
Depreciation	(93 264)	(350 415)	-	(443 679)
Closing net book amount	**695 221**	**1 348 502**	**148 443**	**2 192 166**
As at 31 December 2019				
Cost	1 123 539	2 955 568	178 133	4 257 240
Accumulated depreciation and accumulated impairment	(428 318)	(1 607 066)	(29 690)	(2 065 074)
Net book amount	**695 221**	**1 348 502**	**148 443**	**2 192 166**

	HISTORICAL COST			
	COMPANY			
	Leasehold properties ZWL	Equipment ZWL	Motor vehicles ZWL	Total ZWL
Year ended 31 December 2018				
Opening net book amount	37 369	112 327	45 898	195 594
Additions	-	6 469	-	6 469
Disposals	-	(1 300)	(119 750)	(121 050)
Accumulated depreciation on disposals	-	277	84 696	84 973
Depreciation	(7 608)	(25 248)	(2 621)	(35 477)
Closing net book amount	**29 761**	**92 525**	**8 223**	**130 509**
As at 31 December 2018				
Cost	66 942	236 868	29 253	333 063
Accumulated depreciation and accumulated impairment	(37 181)	(144 343)	(21 030)	(202 554)
Net book amount	**29 761**	**92 525**	**8 223**	**130 509**
Year ended 31 December 2019				
Opening net book amount	29 761	92 525	8 223	130 509
Additions				
Disposals	-	(25 445)	(115 527)	(140 972)
Accumulated depreciation on disposals	-	11 502	50 413	61 915
Revaluation - Cost	1 056 596	2 744 147	264 409	4 065 152
Revaluation - Accumulated depreciation	(339 353)	(1 282 485)	(59 074)	(1 680 912)
Depreciation	(51 783)	(191 743)	-	(243 526)
Closing net book amount	**695 220**	**1 348 501**	**148 444**	**2 192 166**
As at 31 December 2019				
Cost	1 123 538	2 955 568	178 133	4 257 239
Accumulated depreciation and accumulated impairment	(428 318)	(1 607 067)	(29 689)	(2 065 073)
Net book amount	**695 220**	**1 348 501**	**148 444**	**2 192 166**

8 PROPERTY AND EQUIPMENT (continued)

Capital work in progress relates to refurbishment equipment and hotel furniture, fittings and equipment for the hotels that was undertaken during the financial year. This is not depreciated until it is brought to use.

All the depreciation is charged in operating expenses in the statement of comprehensive income.

There were no contractual commitments for the acquisitions of property and equipment as at 31 December 2019 (2018: ZWLnil).

Valuation processes

During the year the Group changed its accounting policy from the cost model to the revaluation model as detailed under note 5.2. Consequently the Group engaged Dawn Property Consultancy (Private) Limited to value its property and equipment excluding services stocks and capital work in progress as at 31 December 2019. The valuation was done in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book") 6th Edition, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards. .The different levels of dertermining the fair values have been defined as follows:

- Quoted prices(unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

There are no level 1 and level 2 assets and there were no transfers between level 1 and level 2 during 2019.

Freehold properties were valued using the market comparable approach. This method compares like with like, extracts data from properties recently sold or on offer similar to those to be valued with the same planning controls. The data is then analysed and applied to the subject property varied by scrutiny of comparables not exactly equivalent in size, quality and location.

Leasehold properties, equipment and motor vehicles were valued based on the depreciated replacement cost basis as there was no active market for such assets in Zimbabwe during the year. The depreciated replacement cost is derived from adjusting current prices drawn from recent transactions in general, for contractual, location and inherent differences.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value as at 31 December 2 019 ZWL	Valuation technique	Unobservable inputs	Range of Unobseravble inputs (weighted average)		Relationship of unobservable inputs to fair value
Freehold properties	68 083 501	Market approach	ZWL rate per square meter price	Low density houses	ZWL11,700-ZWL15 000 per square meter	The highier the size and price per square meter the highier the fair value
				High density houses	ZWL7 550-ZWL10 000 per square meter	
				Boundary Walls	ZWL670-ZWL1 000 per square meter	
				Gates	ZWL5 000-ZWL20 000 per square meter	

8 PROPERTY AND EQUIPMENT (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements: (continued)

Description	Fair value as at 31 December 2 019 ZWL	Valuation technique	Unobservable inputs	Range of Unobseravble inputs (weighted average)	Relationship of unobservable inputs to fair value
Leasehold properties	56 910 998	Cost approach	Estimated cost to completion and to furnish similar property	Inputs include labour, paint, carpets, designs, and construction materials	The highier the cost of the inputs the highier the fair value
Equipment	263 813 266	Cost approach	Estimated cost of similar equipment	Wide price range as the category comprises various items of equipment	The highier the cost of the equipment the highier the fair value
Motor vehicles	24 060 910	Cost approach	Estimated cost of similar vehicle	ZWL150 000 - ZWL2 000 000	The highier the cost of the vehicle the highier the fair value

The Group changed its accounting policy relating to subsequent measurement of property and equipment from the cost model to the revaluation model effective 30 June 2019. If property and equipment (excluding service stocks and work in progress) were stated on the historical cost basis, the amounts would be as follows:

	INFLATION ADJUSTED				
	GROUP				
	Freehold properties ZWL	Leasehold properties ZWL	Equipment ZWL	Motor vehicles ZWL	Total ZWL
As at 31 December 2019					
Cost	36 314 240	78 705 099	290 047 941	11 763 088	416 830 368
Accumulated depreciation and accumulated impairment	(5 669 864)	(58 310 874)	(159 966 891)	(6 469 524)	(230 417 154)
Net book amount	**30 644 376**	**20 394 225**	**130 081 050**	**5 293 562**	**186 413 215**

	HISTORICAL COST				
	GROUP				
	Freehold properties ZWL	Leasehold properties ZWL	Equipment ZWL	Motor vehicles ZWL	Total ZWL
As at 31 December 2019					
Cost	4 217 093	14 247 278	46 323 093	2 262 376	67 049 841
Accumulated depreciation and accumulated impairment	(1 101 154)	(10 079 001)	(27 598 065)	(1 543 271)	(40 321 491)
Net book amount	**3 115 939**	**4 168 277**	**18 725 028**	**719 105**	**26 728 350**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

9 BIOLOGICAL ASSETS

The Group owns biological assets in the form of a timber plantation. The timber is held mainly for sale as raw timber at maturity. The total area under the timber plantation as at 31 December 2019 is approximately 228.2 hectares (2018: 228.2 hectares).

The carrying amount of timber plantation was measured at fair value less cost to sale as at 31 December 2019. The fair value of plantation with age 8 to 29 years was determined using prices and other relevant information generated by market transactions involving timber of the same age. Market prices were obtained from the weekly auctions at the local market, which is considered the principal market for the purpose of the valuation. Fair values for timber plantation with an age below 8 years were determined using the amount that reflects the amount that would be required currently to replace the service capacity of an asset (current replacement cost).

Costs to sale include the incremental selling costs including estimated costs of transport to the market but excludes finance costs and income taxes.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2019 ZWL	**31 December 2018 ZWL**	**31 December 2019 ZWL**	**31 December 2018 ZWL**
Timber plantations				
Mature (trees which are 14 years and older)	3 140 938	959 062	3 140 938	154 401
Immature (trees which are below 14 years)	528 670	457 129	528 670	73 594
	3 669 608	**1 416 191**	**3 669 608**	**227 995**

The fair value measurements of the timber has been categorised as level 3 (2018 : level 3) fair values based on the inputs to the valuation techniques used.

The following table presents the Group's biological assets that are measured at fair value, as at 31 December 2019.

	level 1 ZWL	**level 2 ZWL**	**level 3 ZWL**	**Total ZWL**
Timber plantations				
-mature	-	-	3 140 938	3 140 938
-immature	-	-	528 670	528 670
	-	**-**	**3 669 608**	**3 669 608**

The following table presents the Group's biological assets that are measured at fair value, as at 31 December 2018.

	level 1 ZWL	**level 2 ZWL**	**level 3 ZWL**	**Total ZWL**
Timber plantations				
-mature	-	-	959 062	959 062
-immature	-	-	457 129	457 129
	-	**-**	**1 416 191**	**1 416 191**

	INFLATION ADJUSTED		HISTORICAL COST	
	Timber plantation 31 December 2019 ZWL	**Timber plantation 31 December 2018 ZWL**	**Timber plantation 31 December 2019 ZWL**	**Timber plantation 31 December 2018 ZWL**
The reconciliation in the fair value of biological assets is as follows:				
Fair value as at 1 January	1 416 191	988 855	227 995	159 198
Harvested during the year	(359 523)	(150 790)	(64 103)	(24 276)
Fair value gains less estimated point of sale costs	2 612 941	578 126	3 505 716	93 074
As at 31 December	**3 669 609**	**1 416 191**	**3 669 608**	**227 994**
Net fair value gains for the year included in the statement of comprehensive income	**2 253 418**	**427 336**	**3 441 613**	**68 798**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

9 BIOLOGICAL ASSETS (continued)

There are no biological assets with restricted title or pledged as collateral (2018: ZWLnil).

There are no commitments for the development or acquisitions of biological assets (2018: ZWLnil).

The Group is exposed to risks arising from fire, diseases, environmental changes and climatic changes. The plantation is not insured as the cost of insurance outweighs the current fair value of the plantation.

10 INVESTMENTS IN OTHER ENTITIES

	INFLATION ADJUSTED			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
-investment in subsidiaries (note 10.1)	-	-	112 582 639	112 582 639

10.1 Investment in subsidiaries

	2019 ZWL	2018 ZWL
African Sun Limited South Africa Branch 100% owned (2018: 100%)		
At acquisition	-	-
Shareholders' loan	1 863 450	1 863 450
Total investment in African Sun Limited Branch 100% owned (2018:100%)	**1 863 450**	**1 863 450**
African Sun Zimbabwe (Private) Limited 100%		
At acquisition (2019 and 2018 owned)	81 953 791	81 953 791
Shareholders' loan	**28 765 398**	**28 765 398**
Total investment in African Sun Zimbabwe (Private) Limited	**110 719 189**	**110 719 189**
Total investment in subsidiaries	**112 582 639**	**112 582 639**

	HISTORICAL COST			
	GROUP		COMPANY	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
-investment in subsidiaries (note 10.2)	-	-	18 124 875	18 124 875

10.2 Investment in subsidiaries

	2019 ZWL	2018 ZWL
African Sun Limited South Africa Branch 100%		
At acquisition	-	-
Shareholders' loan	300 000	300 000
Total investment in African Sun Limited South Africa Branch	**300 000**	**300 000**
African Sun Zimbabwe (Private) Limited 100%		
At acquisition	4 630 991	4 630 991
Shareholders' loan	**13 193 884**	**13 193 884**
Total investment in African Sun Zimbabwe (Private) Limited	**17 824 875**	**17 824 875**
Total investment in subsidiaries	**18 124 875**	**18 124 875**

Loan to African Sun Zimbabwe (Private) Limited and African Sun Limited South Africa Branch do not bear interest. All loans to subsidiaries are unsecured and do not have fixed repayment dates.

The investments in subsidiaries were not impaired during the year (2018: ZWLnil).

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

10 INVESTMENTS IN OTHER ENTITIES (continued)

10.3 Interest in joint operation

The Group has a 50% interest in The Victoria Falls Hotel Partnership through its 100% owned subsidiary, African Sun Zimbabwe (Private) Limited. The following amounts represent the Group's 50% share of the assets and liabilities, and sales and results of the joint operation. They are included in the statement of financial position and statement of comprehensive income.

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	**2018 ZWL**	**2019 ZWL**	**2018 ZWL**
Summarised statement of financial position				
Assets				
Non-current assets				
Property and equipment	42 000 547	19 727 979	38 304 832	2 252 555
Right of use assets	2 217 996	-	357 079	-
Current assets				
Cash at banks and on hand	21 348 676	8 195 725	21 348 676	1 319 444
Trade receivables	9 895 573	2 520 073	9 895 573	405 711
Intercompany	37 149 722	11 004 186	37 149 722	1 771 583
Inventories	3 784 308	2 619 967	3 784 308	421 793
	72 178 279	24 339 951	72 178 279	3 918 531
Total assets	**116 396 822**	**44 067 929**	**110 840 190**	**6 171 086**
Liabilities				
Current liabilities				
Lease liabilities	(367,828)	-	(367,828)	-
Liabilities				
Current liabilities				
Trade and other payables	(9 906 327)	(4 893 257)	(9 906 327)	(787 774)
Provision for other liabilities	(1 692 015)	(5 515 500)	(1 692 015)	(887 950)
Borrowings	(5 554 857)	-	(5 554 857)	-
	(17 521 027)	(10 408 757)	(17 521 027)	(1 675 724)
Net assets	**98 875 795**	**33 659 171**	**93 319 163**	**4 495 362**
Summarised statement of comprehensive income				
Revenue	133 311 275	64 406 738	64 110 589	8 133 889
Cost of sales	(20 700 483)	(15 401 312)	(9 962 417)	(1 904 970)
Gross profit	112 610 792	49 005 426	54 148 172	6 228 919
Operating expenses	(52 465 473)	(25 239 662)	(25 747 558)	(3 439 010)
Other income	84 072 136	2 060 032	27 810 235	323 407
Profit before income tax	**144 217 455**	**25 825 796**	**56 210 849**	**3 113 316**

10.3.1 Principal subsidiaries

The Group had the following subsidiaries at 31 December 2019 and 31 December 2018:

Name	Country of incorporation and place of business	Ultimate Parent	Immediate parent	Nature of business	2019 Proportion of ordinary shares directly held by Group (%)	2018 Proportion of ordinary shares held by the Group (%)
African Sun Zimbabwe (Private) Limited	Zimbabwe	African Sun Limited	African Sun Limited	Hotel and catering	100	100
African Sun Limited South African Branch	Republic of South Africa	African Sun Limited	African Sun Limited	Regional sales office	100	100

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

11 INVENTORIES

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Food and beverage	38 650 771	12 575 960	18 491 005	1 541 451
Shop merchandise	334 733	376 548	176 213	46 154
Consumable stocks	18 048 421	6 792 540	9 501 223	832 570
Maintenance stocks	8 779 015	5 083 672	4 621 534	623 112
Total	**65 812 940**	**24 828 720**	**32 789 975**	**3 043 287**

The cost of inventories recognised as expenses and included in "cost of sales" amounted to ZWL66 912 694 (2018: ZWL54 480 712).

There were no items of inventory impaired during the year (2018 : ZWLnil).

12 TRADE RECEIVABLES

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Trade receivables				
Trade receivables	58 328 925	25 113 962	58 328 925	4 043 142
Less: expected credit losses	(16 016 256)	(5 489 828)	(16 016 256)	(883 817)
Trade receivables - net	**42 312 669**	**19 624 133**	**42 312 669**	**3 159 325**
	COMPANY			
Trade receivables				
Trade receivables	-	-	-	-
Less: expected credit losses	-	-	-	-
Trade receivables - net	**-**	**-**	**-**	**-**

12.1 Credit quality of trade receivables

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
As at 31 December 2019, trade receivables of ZWL29 592 691 (2018: ZWL10 400 397) were fully performing and the ageing of these trade receivables is as follows:				
Up to 30 days	30 491 917	10 400 397	30 491 917	1 674 378
Lifetime expected credit losses	**5 079 894**	**701 051**	**5 079 894**	**112 863**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

12 TRADE RECEIVABLES (continued)

12.1 Credit quality of trade receivables (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	**31 December 2018 ZWL**	**31 December 2019 ZWL**	**31 December 2018 ZWL**
As at 31 December 2019 trade receivables of ZWL16 530 963 (2018: ZWL9 364 766) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing days				
30 to 60 days	11 071 363	5 437 593	11 071 363	875 410
Over 60 days	5 459 600	3 927 158	5 459 600	632 240
	16 530 963	9 364 751	16 530 963	1 507 650
Lifetime expected credit losses	**653 336**	**440 012**	**653 336**	**70 838**
As at 31 December 2019, trade receivables of ZWL11 306 045 (2018 ZWL5 348 815) were impaired and provided for. The individually impaired receivables mainly relate to customers in difficult economic situations.				
The ageing analysis of these trade receivables is as follows:				
90 days	2 046 040	2 000 077	2 046 040	321 996
Over 120 days	9 260 006	3 348 737	9 260 006	539 118
	11 306 045	5 348 814	11 306 045	861 114
Lifetime expected credit losses	**10 283 026**	**4 348 770**	**10 283 026**	**700 115**
Trade receivables	**58 328 925**	**25 113 962**	**58 328 925**	**4 043 142**
Total lifetime expected credit losses	**16 016 256**	**5 489 834**	**16 016 256**	**883 817**
The carrying amounts of the Group's trade receivables are denominated in the following currencies:				
Zimbabwe dollars	58 328 925	25 113 962	58 328 925	4 043 142
12.2 Expected credit losses				
Movements on the Group's allowance for expected credit losses are as follows:				
Expected credit losses balance as at 1 January	**5 489 828**	**6 402 030**	**883 817**	**1 030 674**
Allowance for expected credit losses	10 783 291	(648 083)	15 389 302	(104 336)
Receivables written off during the period as uncollectible	(256 864)	(264 119)	(256 864)	(42 521)
As at 31 December	**16 016 255**	**5 489 828**	**16 016 255**	**883 817**
12.3 Other financial assets at amortised cost				
Prepayments	51 788 324	13 537 075	42 267 889	1 948 120
Amount receivable from a joint operations partner	5 554 857	493 606	5 554 857	79 467
Other receivables	2 722 707	3 661 024	2 722 707	589 395
Receivables from related parties (note 28.1)	33 918	1 148 192	33 918	184 849
Staff receivables	1 844 861	3 770 057	1 844 861	606 948
Total amortised cost financial assets	**61 944 667**	**22 609 954**	**52 424 232**	**3 408 779**
Less :expected credit losses allowance	**(92 945)**	**(2 041 533)**	**(92 945)**	**(328 670)**
	61 851 722	20 568 421	52 331 287	3 080 109
Less non-current portion:				
Staff receivables	1 628 583	2 315 606	1 628 583	372 794
Current portion	**60 223 139**	**18 252 815**	**50 702 704**	**2 707 315**

All non-current receivables are due within five years from the end of the reporting period.

Amount receivables from joint operations partner relates to the share of loan given to the Partnership by African Sun Zimbabwe Limited.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

12 TRADE RECEIVABLES (CONTINUED)

12.3 Other financial assets at amortised cost (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
The fair value of staff receivables (both current and non-current) is based on cash flows discounted using the Group and Company average cost of borrowing of 35% (2018: 10%). The loans relate to car loans and housing loans which are payable over 5 years.				
The effective interest rates on non-current receivables were as follows:				
Receivables from related parties	35.00%	10.00%	35.00%	10.00%
Staff receivables	35.00%	10.00%	35.00%	10.00%

12.4 Expected credit losses

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Movements on the Group's allowance for expected credit losses are as follows:				
Balance at 1 January-calculated under IFRS9	**328 407**	**1 936 752**	**328 407**	**311 801**
Allowance for expected credit losses	(235 462)	104 782	(235 462)	16 606
As at 31 December	**92 945**	**2 041 534**	**92 945**	**328 407**

12.1 Credit quality of trade receivables

	INFLATION ADJUSTED		HISTORICAL COST	
	COMPANY			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
As at 31 December 2019, trade receivables of ZWL29 592 691 (2018: ZWL10 400 397) were fully performing and the ageing of these trade receivables is as follows:				
Up to 30 days	-	-	-	-
Lifetime expected credit losses	**-**	**-**	**-**	**-**
As at 31 December 2019 trade receivables of ZWL16 530 963 (2018: ZWL9 364 766) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing days				
30 to 60 days	-	-	-	-
Over 60 days	-	-	-	-
	-	-	-	-
Lifetime expected credit losses	**-**	**-**	**-**	**-**
As at 31 December 2019, trade receivables of ZWL11 306 045 (2018 ZWL5 348 815) were impaired and provided for. The individually impaired receivables mainly relate to customers in difficult economic situations.				
The ageing analysis of these trade receivables is as follows:				
90 days	-	-	-	-
Over 120 days	-	-	-	-
	-	-	-	-
Lifetime expected credit losses	**-**	**-**	**-**	**-**
Trade receivables	**-**	**-**	**-**	**-**
Total lifetime expected credit losses	-	-		
The carrying amounts of the Group's trade receivables are denominated in the following currencies:				
Zimbabwe dollars	-	-	-	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

12 TRADE RECEIVABLES (CONTINUED)

12.3 Expected credit losses (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	COMPANY			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
12.2 Expected credit losses				
Movements on the Group's allowance for expected credit losses are as follows:				
Expected credit losses balance as at 1 January	**-**	**-**	**-**	**-**
Allowance for expected credit losses	-	-	-	-
Receivables written off during the period as uncollectible	-	-	-	-
As at 31 December	**-**	**-**	**-**	**-**
12.3 Other financial assets at amortised cost				
Prepayments	-	-	-	-
Amount receivable from a joint operations partner	-	-	-	-
Other receivables	263 875	890 743	263 875	143 402
Receivables from related parties (note 28.1)	-	1 148 192	-	184 849
Staff receivables	-	-	-	-
Total amortised cost financial assets	**263 875**	**2 038 935**	**263 875**	**328 252**
Less :expected credit losses allowance	(168 647)	(1 047 551)	(168 647)	(168 647)
	95 228	991 385	95 228	159 605
Less non-current portion:				
Staff receivables	-	-	-	-
Current portion	**95 228**	**991 385**	**95 228**	**159 605**

All non-current receivables are due within five years from the end of the reporting period.

Amount receivables from joint operations partner relates to the share of loan given to the Partnership by African Sun Zimbabwe Limited.

	INFLATION ADJUSTED		HISTORICAL COST	
	COMPANY			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
The fair value of staff receivables (both current and non-current) is based on cash flows discounted using the Group and Company average cost of borrowing of 35% (2018: 10%). The loans relate to car loans and housing loans which are payable over 5 years.				
The effective interest rates on non-current receivables were as follows:				
Receivables from related parties	35.00%	10.00%	35.00%	10.00%
Staff receivables	35.00%	10.00%	35.00%	10.00%
12.4 Expected credit losses				
Movements on the Group's allowance for expected credit losses are as follows:				
Balance at 1 January-calculated under IFRS9	**168 647**	**1 709 088**	**168 647**	**275 149**
Allowance for expected credit losses	-	(661 537)	-	(106 502)
As at 31 December	**168 647**	**1 047 551**	**168 647**	**168 647**

13 CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Cash at bank and on hand	**198 452 854**	**86 199 002**	**198 452 854**	**13 877 327**
The breakdown of cash at hand by currency are as follows:				
Zimbabwe dollars	25 369 073	-	25 369 073	-
United States of America dollars	135 944 352	75 089 175	135 944 352	12 088 737
South African rand	33 947 757	11 066 947	33 947 757	1 781 687
Euro	3 190 752	42 538	3 190 752	6 848
Australian dollars	920	342	920	55
	198 452 854	**86 199 002**	**198 452 854**	**13 877 327**
The cash and cash equivalent balance is further separated as follows:				
ZWL account balance	25 369 073	39 838 214	25 369 073	6 413 623
Foreign currency account balance	173 083 781	46 360 788	173 083 781	7 463 704
	198 452 854	**86 199 002**	**198 452 854**	**13 877 327**

	INFLATION ADJUSTED		HISTORICAL COST	
	COMPANY			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Cash at bank and on hand	**13 219**	**5 913**	**13 219**	**952**
The breakdown of cash at hand by currency are as follows:				
Zimbabwe dollars	-	-	-	-
United States of America dollars	13 219	5 913	13 219	952
South African rand	-	-	-	-
Euro	-	-	-	-
Australian dollars	-	-	-	-
	13 219	**5 913**	**13 219**	**952**
The cash and cash equivalent balance is further separated as follows:				
ZWL account balance	13 219	5 913	13 219	952
Foreign currency account balance	-	-	-	-
	13 219	**5 913**	**13 219**	**952**

Included in cash and cash equivalents are balances with Banks. These balances are used for transacting on a daily basis.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

14 SHARE CAPITAL AND PREMIUM AND OTHER RESERVES

14.1 Authorised and issued share capital

	Number of shares	Ordinary share capital ZWL	Share premium ZWL	Total ZWL
	INFLATION ADJUSTED			
As at 1 January 2019	861 771 777	74 208 888	216 345 112	290 554 000
As at 31 December 2019	**861 771 777**	**74 208 888**	**216 345 112**	**290 554 000**
	HISTORICAL COST			
As at 1 January 2019	861 771 777	8 617 716	25 123 685	33 741 401
As at 31 December 2019	**861 771 777**	**8 617 716**	**25 123 685**	**33 741 401**

The total authorised number of ordinary shares is 1,5 billion (2018: 1,5 billion) with a par value of ZWL0.01 per share.

All issued shares are fully paid.

The unissued shares are under the control of the Directors, subject to the limitations imposed by the Articles and Memorandum of Association of the Company, the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements.

14.2 Directors' shareholdings

As at 31 December 2019, no directors held shares directly in the Company (2018: nil).

14.3 Foreign currency translation reserve

On consolidation, exchange differences arising from the translation of transactions and balances of foreign operations whose functional currencies are different to the Group's presentation currency are taken to the foreign currency translation reserve.

14.4 Revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of property and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The revaluation surplus net of deferred tax transferred to revaluation reserve is as follows;

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
	GROUP			
Revaluation-gross	226 071 773	-	385 670 852	-
Deferred tax	(48 462 093)	-	(91 507 673)	-
Revaluation surplus	**177 609 680**	**-**	**294 163 180**	**-**
	COMPANY			
Revaluation-gross	1 749 649	-	2 384 239	-
Deferred tax	(336 594)	-	(590 098)	-
Revaluation surplus	**1 413 055**	**-**	**1 794 141**	**-**

15 LEASES

This note provides information for leases where the Group is a lessee.

15.1 Amounts recognised in the balance sheet

The recognised right-of-use assets relate to the following type of assets.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Right-of-use assets				
Hotel buildings	162 756 227	-	26 202 408	-
Office buildings	8 569 664	-	1 379 645	-
Staff Houses	44 842 767	-	7 219 315	-
Land	1 244 328	-	200 326	-
	217 412 986	-	35 001 695	-
Lease liabilities				
Current	35 089 965	-	35 089 965	-
Non-current	445 324	-	445 324	-
	35 535 289	-	35 535 289	-

15.2 Amounts recognised in the statement of profit or loss

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Depreciation charge of right-of-use assets				
Hotel buildings	(2,624,206)	-	(902 375)	-
Office buildings	(742,583)	-	(255 349)	-
Staff Houses	(506,796)	-	(174 270)	-
Land	-	-	-	-
	(3 873 585)	-	(1 331 993)	-

Expense relating to variable lease payments not included in lease liabilities (included in operating expenses).

16 TRADE AND OTHER PAYABLES

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Trade payables	93 658 276	35 165 308	93 658 276	5 661 324
Amounts due to related parties	5 822 387	4 507 629	5 822 387	725 691
Amount payable to a joint operations partner	1 141 417	2 136 445	1 141 417	343 950
Statutory liabilities	13 051 391	22 374 539	13 051 391	3 602 116
Accruals	15 793 225	9 013 177	15 793 225	1 451 047
Guests deposits (note 21.2)	19 975 382	20 461 752	19 975 382	3 294 173
Other payables	29 234 221	9 203 861	29 234 221	1 481 745
	178 676 299	102 862 711	178 676 298	16 560 046
Current	**178 676 299**	**102 862 711**	**178 676 299**	**16 560 046**

Notes to the Financial Statements (continued)
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16 TRADE AND OTHER PAYABLES (CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST	
	COMPANY			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Trade payables	-	-	-	-
Amounts due to related parties	18 586 589	55 809 552	18 586 589	8 984 879
Amount payable to a joint operations partner	-	-	-	-
Statutory liabilities	1 858 637	9 755 820	1 858 637	1 570 606
Accruals	-	206 319	-	33 216
Guests deposits (note 21.2)	-	-	-	-
Other payables	7 000	19 120	7 000	3 078
	20 452 226	65 790 810	20 452 226	10 591 779
Current	**20 452 226**	**65 790 810**	**20 452 226**	**10 591 779**

Amount payable to a joint operating partner relates to share of intercompany balance due the Victoria Falls Partnership.

Statutory liabilities relate to pay as you earn ("PAYE"), pension obligations, value added tax ("VAT") and tourism levy.

Accruals relates to heat, light and water obligations and other good and services provided for with invoices still to be received.

Included in other payables are sundry creditors who provide other goods and services which do not form part of the direct costs and services of the business.

17 CURRENT INCOME TAX LIABILITIES

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Current income tax liabilities as at 01 January	**3 369 903**	**4 671 807**	**542 527**	**515 959**
Current income tax charged to statement of comprehensive income (note 20.1)	86 666 274	26 616 980	38 264 294	3 556 316
2018 Income tax payments to ZIMRA	(725 798)	(4 443 026)	(500 918)	(515 959)
Quarterly provisional payments("QPDs") for current year income tax	(43 017 571)	(23 247 077)	(29 689 077)	(3 013 789)
Effects of IAS29 restatements	(37 675 983)	(228 781)	-	-
Current income tax liabilities as at 31 December	**8 616 825**	**3 369 903**	**8 616 825**	**542 527**
Current income tax liabilities is further analysed by jurisdiction as follows,				
Payable to Zimbabwe Revenue Authority ("ZIMRA")	7 386 999	3 327 001	7 782 567	535 620
Payable to South African Revenue Services ("SARS")	1 229 826	42 902	834 258	6 907
	8 616 825	**3 369 903**	**8 616 825**	**542 527**

The effects of restatements on the inflation adjusted numbers is a result of the implementation of IAS 29 on QPDs paid during the year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

17 CURRENT INCOME TAX LIABILITIES (CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST	
	COMPANY			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Current income tax liabilities as at 01 January	**215 543**	**287 606**	**33 399**	**147 680**
Current income tax charged to statement of comprehensive income (note 20.1)	1 094 347	888 151	761 462	124 416
2018 Income tax payments to ZIMRA	-	-	-	-
Quarterly provisional payments("QPDs") for current year income tax	(261 839)	(2 055 468)	(261 839)	(238 697)
Effects of IAS29 restatements	(515 029)	1 095 254	-	-
Current income tax liabilities as at 31 December	**533 022**	**215 543**	**533 022**	**33 399**
Current income tax liabilities is further analysed by jurisdiction as follows,				
Payable to Zimbabwe Revenue Authority ("ZIMRA")	533 022	215 543	533 022	33 399
Payable to South African Revenue Services ("SARS")	-	-	-	-
	533 022	**215 543**	**533 022**	**33 399**

The effects of restatements on the inflation adjusted numbers is a result of the implementation of IAS 29 on QPDs paid during the year.

18 PROVISIONS

Provisions are recorded when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amounts of the obligations. A reliable estimate is the amount the Group would rationally pay to settle the obligation at the reporting date.

	INFLATION ADJUSTED			
	GROUP			
31 December 2019	1 January 2019 ZWL	Current provision ZWL	Utilised/ reversed provision ZWL	31 December 2019 ZWL
The provisions balance is made up of the following:				
Leave pay	4 054 301	326 715	(3 401 592)	979 424
Contractual claims	2 263 886	5 770 570	(1 899 419)	6 135 037
Claims from former employees	5 191 490	-	(4 355 703)	835 787
Audit of foreign entities	621 150	1 583 290	(521 150)	1 683 290
Incentive bonus	4 675 681	6 816 976	(11 492 657)	-
	16 806 508	**14 497 551**	**(21 670 521)**	**9 633 538**

	HISTORICAL COST			
	GROUP			
31 December 2019	1 January 2019 ZWL	Current provision ZWL	Utilised/ reversed provision ZWL	31 December 2019 ZWL
The provisions balance is made up of the following:	652 709	326 715	-	979 424
Leave pay	364 467	5 770 570	-	6 135 037
Contractual claims	835 787	-	-	835 787
Claims from former employees	100 000	1 583 290	-	1 683 290
Audit of foreign entities	752 746	6 816 976	(7 569 722)	-
Incentive bonus				
	2 705 709	**14 497 551**	**(7 569 722)**	**9 633 538**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

18 PROVISIONS (CONTINUED)

	INFLATION ADJUSTED GROUP			
31 December 2018	**1 January 2018 ZWL**	**Current provision ZWL**	**Utilised/ reversed provision ZWL**	**31 December 2018 ZWL**
The provisions balance is made up of the following:				
Leave pay	2 902 534	1 151 767	-	4 054 301
Contractual claims	2 263 886	-	-	2 263 886
Claims from former employees	5 191 490	-	-	5 191 490
Audit of foreign entities	621 150	-	-	621 150
Incentive bonus	3 725 495	4 675 681	(3 725 495)	4 675 681
	14 704 555	**5 827 448**	**(3 725 495)**	**16 806 508**

	HISTORICAL COST GROUP			
	1 January 2018 ZWL	**Current provision ZWL**	**Utilised/ reversed provision ZWL**	**31 December 2018 ZWL**
The provisions balance is made up of the following:	467 284	185 425	-	652 709
Leave pay	364 467	-	-	364 467
Contractual claims	835 787	-	-	835 787
Claims from former employees	100 000	-	-	100 000
Audit of foreign entities	599 774	752 746	(599 774)	752 746
Incentive bonus				
	2 367 312	**938 171**	**(599 774)**	**2 705 709**

	INFLATION ADJUSTED COMPANY			
31 December 2019	**1 January 2019 ZWL**	**Current provision ZWL**	**Utilised/ reversed provision ZWL**	**31 December 2019 ZWL**
The provisions balances is made up of the following:				
Leave pay	-	-	-	-
Contractual claims	2 263 886	5 770 570	(1 899 419)	6 135 037
Audit costs for foreign operations	621 150	1 583 290	(521 150)	1 683 290
Incentive bonus	-	-	-	-
	2 885 036	**7 353 860**	**(2 420 569)**	**7 818 327**

	HISTORICAL COST COMPANY			
	1 January 2019 ZWL	**Current provision ZWL**	**Utilised/ reversed provision ZWL**	**31 December 2019 ZWL**
The provisions balances is made up of the following:				
Leave pay	-	-	-	-
Contractual claims	364 467	5 770 570	-	6 135 037
Audit costs for foreign operations	100 000	1 583 290	-	1 683 290
Incentive bonus	-	-	-	-
	464 467	**7 353 860**	**-**	**7 818 327**

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

18 PROVISIONS (CONTINUED)

	INFLATION ADJUSTED			
	COMPANY			
31 December 2018	**1 January 2018 ZWL**	**Current provision ZWL**	**Utilised/ reversed provision ZWL**	**31 December 2018 ZWL**
The provisions balances is made up of the following:				
Leave pay	683 843	-	(683 843)	-
Contractual claims	2 263 886	-	-	2 263 886
Audit costs for foreign operations	621 150	-	-	621 150
Incentive bonus	862 703	-	(862 703)	-
	4 431 581	**-**	**(1 546 545)**	**2 885 036**

	HISTORICAL COST			
	COMPANY			
	1 January 2018 ZWL	**Current provision ZWL**	**Utilised/ reversed provision ZWL**	**31 December 2018 ZWL**
The provisions balances is made up of the following:				
Leave pay	110 093	-	(110 093)	-
Contractual claims	364 467	-	-	364 467
Audit costs for foreign operations	100 000	-	-	100 000
Incentive bonus	138 888	-	(138 888)	-
	713 448	**-**	**(248 981)**	**464 467**

(a) Leave pay
This amount is the Group's liability to pay employees for their outstanding annual leave days. Current provision is included in the statement of comprehensive income under operating expenses.

(b) Contractual claims
The amount represents a provision payable to a counterparty arising from a service contract. The counterparty has made an additional claim against the Group. After obtaining legal advice, the outcome of the legal claim will not give rise to any loss beyond the provision provided for the outcome of the legal claim.

(c) Claims from former employees
The Victoria Falls Hotel Partnership, in which the Group has 50% joint control, is a defendant in a legal case involving 69 dismissed employees. The employees were dismissed following their involvement in an illegal industrial action. They have since challenged the dismissal through the courts.

(d) Audit costs for foreign entities
This amount is a provision for the audit costs of dormant companies in South Africa and the exit of the Ghana operations. Part of the amount was reversed following the disposal of African Sun PCC Limited.

(e) Incentive bonus
This is a provision for incentive bonus for employees as per the Group incentive bonus scheme.

19 BORROWINGS

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	**31 December 2018 ZWL**	**31 December 2019 ZWL**	**31 December 2018 ZWL**
Non-current				
Local bank loans	-	16 116 113	-	2 594 561
Current				
Local bank loans	-	10 172 691	-	1 637 719
Total borrowings	**-**	**26 288 804**	**-**	**4 232 280**

19 BORROWINGS (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Detailed of borrowing facilities as at 31 December 2018 is outlined below:				
Analysis of facility by funder				
FBC Bank Limited (17.1)	-	26 288 804	-	4 232 280
	-	**26 288 804**	**-**	**4 232 280**

19.1 The FBC Bank Limited loan was held by African Sun Zimbabwe (Private) Limited and secured by freehold property valued at ZWL3.87 million, unlimited guarantees by African Sun Limited (the "Company"), Arden Capital Management (Private) Limited formerly Brainworks Capital Management (Private) Limited and Brainworks Hotels (Private) Limited. All the guarantees were released during year after the full settlement of all the advanced loans. The facilities as outlined below:

- Medium term loan facility 1- the loan amount is ZWL1.23 million (2018 : ZWL1.23 million) and the loan had maturity date of 31 July 2020 and interest was charged at the bank's minimum lending rate at 11% per annum less a margin of 3.5% per annum. The loan was repayable in monthly equal instalment of ZWL39 583. The loan was repaid in full in 2019;
- Medium term loan facility 2- the loan amount is ZWL1.91 million and was drawn down in June 2017 and the loan had maturity date of 31 July 2021 and interest wascharged at the bank's minimum lending rate at 11% per annum less a margin of 3.5% per annum. The loan is repayable in quarterly equal instalment of ZWL146 667. The loan was repaid in full in 2019; and
- Medium term loan facility 3- the loan amount is ZWL2.74 million and was drawn down in September 2017. The loan had maturity date of 31 August 2022 and interest was charged at the bank's minimum lending rate at 11% per annum less a margin of 3.5% per annum. The loan was repayable in quarterly equal instalment of ZWL144 013. The loan was repaid in full in 2019.

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Borrowings				
The maturity profile of the Group's borrowings are as follows:				
Up to one month	-	245 872	-	39 583
Later than one month, but not later than three months	-	2 297 301	-	369 846
Later than three months, but not later than six months	-	2 543 173	-	409 430
Later than six months, but not later than nine months	-	2 543 173	-	409 430
Later than nine months, but not later than one year	-	2 543 173	-	409 430
Later than one year, but not later than five years	-	16 116 113	-	2 594 561
	-	**26 288 805**	**-**	**4 232 280**
The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:				
6 months or less	-	5 086 346	-	818 860
6-12 months	-	5 086 346	-	818 860
1-5 years	-	16 116 113	-	2 594 561
	-	**26 288 805**	**-**	**4 232 280**

The carrying amounts of the Group's borrowings approximate their fair values as the impact of discounting is insignificant.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

19 BORROWINGS (continued)

19.1 (continued)

Movement in borrowings for the year ended 31 December 2019 is analysed below:

INFLATION ADJUSTED

GROUP

31 DECEMBER 2019	Balance as at 31 December 2018 ZWL	Borrowings repayments ZWL	Interest charged ZWL	Interest paid ZWL	Re-classification ZWL	Effect of restatement ZWL	Balance as at 31 December 2019 ZWL
Borrowings							
Short term	10 172 691	(5 552 126)	1 152 150	(1 152 150)	5 233 668	(9 854 233)	-
Long term	16 116 113	(8 795 971)	-	-	(5 233 668)	(2 086 474)	-
Total	**26 288 804**	**(14 348 097)**	**1 152 150**	**(1 152 150)**	**-**	**(11 940 707)**	**-**

GROUP

31 DECEMBER 2018	Balance as at 31 December 2017 ZWL	Borrowings repayments ZWL	Interest charged ZWL	Interest paid ZWL	Re-classification ZWL	Effect of restatement ZWL	Balance as at 31 December 2018 ZWL
Borrowings							
Short term	12 669 609	(12 391 511)	5 628 717	(5 628 717)	9 894 593	-	10 172 691
Long term	26 010 706	-	-	-	(9 894 593)	-	16 116 113
Total	**38 680 315**	**(12 391 511)**	**5 628 717**	**(5 628 717)**	**-**	**-**	**26 288 804**

HISTORICAL COST

GROUP

31 DECEMBER 2019	Balance as at 31 December 2018 ZWL	Borrowings repayments ZWL	Interest charged ZWL	Interest paid ZWL	Re-classification ZWL	Effect of restatement ZWL	Balance as at 31 December 2019 ZWL
Borrowings							
Short term	1 637 717	(3 275 439)	253 144	(253 144)	1 637 722	-	-
Long term	2 594 565	(956 843)	-	-	(1 637 722)	-	-
Total	**4 232 282**	**(4 232 282)**	**253 144**	**(253 144)**	**-**	**-**	**-**

GROUP

31 DECEMBER 2018	Balance as at 31 December 2017 ZWL	Borrowings repayments ZWL	Interest charged ZWL	Interest paid ZWL	Re-classification ZWL	Effect of restatement ZWL	Balance as at 31 December 2018 ZWL
Borrowings							
Short term	2 022 197	(1 977 427)	534 454	(534 454)	1 592 947	-	1 637 717
Long term	4 187 512	-	-	-	(1 592 947)	-	2 594 565
Total	**6 209 709**	**(1 977 427)**	**534 454**	**(534 454)**	**-**	**-**	**4 232 282**

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

20 INCOME TAXES (continued)

20.1 Income tax expense (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2019 ZWL	**2018 ZWL**	**2019 ZWL**	**2018 ZWL**
Current income tax:				
Income tax on current year profits	86 666 274	26 616 980	38 264 294	3 556 316
Deferred tax:				
Originating and reversal of temporary differences	64 307 996	64 320	4 819 450	(92 904)
Income tax expense	**150 974 270**	**26 681 300**	**43 083 744**	**3 463 412**
The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:				
Profit before income tax	338 012 813	83 887 812	149 538 767	13 599 270
Tax calculated at domestic tax rates applicable to profits in the respective countries	87 038 299	21 601 112	38 506 233	3 501 812
Tax effects of:				
-Income not subject to tax:				
Export incentives	(1 493 011)	(3 234 430)	(278 342)	(254 046)
Fair value adjustment of a biological assets	(886 215)	(110 039)	(886 215)	(17 715)
Reversal of provisions	(3 896 505)	-	(627 305)	-
Monetary gain	(8 257 018)	-	-	-
	(14 532 749)	(3 344 469)	(1 791 862)	(271 761)
-Expenses not deductible for tax purposes:				
Penalty and interest on ZIMRA taxes	-	-	-	-
Intermediary transaction tax	2 397 614	509 437	1 201 271	78 588
Impairment of staff debtors	25 560	429 489	25 560	69 144
Entertainment expenses	-	130 165	-	20 955
Expected credit loss allowance	7 429 429	-	4 148 119	-
Monetary loss	-	6 870 435	-	-
Finance costs Lease liabilities	2 348 533	-	725 743	-
Unrealised exchange loss on monetary assets	27 781 810	-	-	-
Effects of restatement	38 174 251	412 896	-	-
Other non deductible expenses	-	-	78 548	58 141
	78 468 721	8 424 658	6 369 374	233 360
Income tax expense	**150 974 270**	**26 681 300**	**43 083 744**	**3 463 411**

The weighted average applicable tax rate was 25.83% (2018: 25.83%).

The applicable tax rates in the different countries for the year were; Zimbabwe 25.75% (2018: 25.75%) South Africa 28% (2018:28%)

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

20 INCOME TAXES (continued)

20.2 Deferred taxes

20.2.1 The analysis of deferred tax assets and deferred tax liabilities is as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Deferred tax assets:				
-Deferred tax assets to be recovered after more than 12 months	-	-	-	-
-Deferred tax assets to be recovered within 12 months	32 877	4 022 474	146 606	859 191
	32 877	4 022 474	146 606	859 191
Deferred tax liabilities:				
-Deferred tax liabilities to be recovered after more than 12 months	(148 439 269)	(38 216 218)	(100 116 610)	(4 437 527)
-Deferred tax liabilities to be recovered within 12 months	-	(1 314 395)	-	(211 607)
	(148 439 269)	(39 530 613)	(100 116 610)	(4 649 133)
Net deferred tax liabilities / (assets)	**(148 406 392)**	**(35 508 139)**	**(99 970 004)**	**(3 789 942)**

	INFLATION ADJUSTED		HISTORICAL COST	
	COMPANY			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Deferred tax assets:				
-Deferred tax assets to be recovered after more than 12 months	-	-	-	-
-Deferred tax assets to be recovered within 12 months	32 877	269 744	8 863	43 427
	32 877	269 744	8 863	43 427
Deferred tax liabilities:				
-Deferred tax liabilities to be recovered after more than 12 months	(540 892)	(258 457)	(560 457)	(28 486)
-Deferred tax liabilities to be recovered within 12 months	-	-	-	-
	(540 892)	(258 457)	(560 457)	(28 486)
Net deferred tax liabilities / (assets)	**(508 014)**	**11 287**	**(551 594)**	**14 941**

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

20 INCOME TAXES (continued)

20.2 Deferred taxes (continued)

20.2.2 The net movement on the deferred tax account is as

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
As at 1 January	**(35 508 139)**	**(35 443 818)**	**(3 789 942)**	**(4 116 013)**
IFRS 9 Impact of change in accounting policy charged directly to equity	-	2 007 844	-	233 167
Statement of comprehensive income charge (note 20.1)	(112 898 253)	(2 072 165)	(96 180 062)	92 904
As at 31 December	**(148 406 392)**	**(35 508 139)**	**(99 970 004)**	**(3 789 942)**
	COMPANY			
As at 1 January	**(551 594)**	**(508 014)**	**14 941**	**25 256**
IFRS 9 Impact of change in accounting policy charged directly to equity	-	287 194	-	46 236
Statement of comprehensive income charge (note 20.1)	43 580	232 107	(566 535)	(56 551)
As at 31 December	**(508 014)**	**11 287**	**(551 594)**	**14 941**

Deferred tax by tax jurisdiction is further analysed below

20.2.3 Attributable to Zimbabwean tax jurisdiction

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Deferred tax assets	32 877	4 022 474	146 606	859 191
Deferred tax liabilities	**(148 413 805)**	**(39 524 774)**	**(100 091 146)**	**(4 648 194)**
Deferred tax (liabilities) / assets	**(148 380 928)**	**(35 502 300)**	**(99 944 540)**	**(3 789 003)**
Attributable to South African tax jurisdiction				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	(25 464)	(5 839)	(25 464)	(940)
Deferred tax	(25 464)	(5 839)	(25 464)	(940)
Net deferred tax liabilities/ (assets)	(148 406 392)	(35 508 139)	(99 970 004)	(3 789 942)
	COMPANY			
Deferred tax assets	32 877	269 744	8 863	43 427
Deferred tax liabilities	**(540 892)**	**(258 457)**	**(560 457)**	**(28 486)**
Deferred tax (liabilities) / assets	**(508 014)**	**11 287**	**(551 594)**	**14 941**
Attributable to South African tax jurisdiction				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	-	-	-	-
Deferred tax	**-**	**-**	**-**	**-**
Net deferred tax liabilities/ (assets)	**(508 014)**	**11 287**	**(551 594)**	**14 941**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

20 INCOME TAXES (continued)

20.2.4 The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

INFLATION ADJUSTED	INFLATION ADJUSTED GROUP			
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Deferred tax liabilities				
Year ended 31 December 2018				
As at 1 January 2018	(26 842 674)	-	(2 252 035)	(29 094 709)
Charged to statement of comprehensive income	(12 275 123)	-	1 839 219	(10 435 904)
As at 31 December 2018	**(39 117 797)**	**-**	**(412 816)**	**(39 530 613)**
Year ended 31 December 2019				
As at 1 January 2019	(29 094 709)	-	(10 435 904)	(39 530 613)
Charged to statement of comprehensive income	(64 241 345)	(45 214 096)	546 785	(108 908 656)
As at 31 December 2019	**(93 336 054)**	**(45 214 096)**	**(56 120 360)**	**(148 439 269)**
	HISTORICAL COST			
Deferred tax liabilities				
Year ended 31 December 2018				
As at 1 January 2018	(4 321 448)	-	(362 559)	(4 684 007)
Charged to statement of comprehensive income	(116 079)	-	150 953	34 874
As at 31 December 2018	**(4 437 527)**	**-**	**(211 606)**	**(4 649 133)**
Year ended 31 December 2019				
As at 1 January 2019	(4 684 007)	-	34 874	(4 649 133)
Charged to statement of comprehensive income	(87 634 902)	-	(7 832 575)	(95 467 477)
As at 31 December 2019	**(92 318 909)**	**-**	**(7 797 701)**	**(100 116 610)**

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	INFLATION ADJUSTED COMPANY			HISTORICAL COST COMPANY		
	Accelerated tax depreciation ZWL	Other ZWL	Total ZWL	Accelerated tax depreciation ZWL	Other ZWL	Total ZWL
Year ended 31 December 2018						
As at 1 January 2018	(334 605)	-	(334 605)	(38 857)	-	(38 857)
Credited to statement of comprehensive income	76 148	-	76 148	10 371	-	10 371
As at 31 December 2018	**(258 457)**	**-**	**(258 457)**	**(28 486)**	**-**	**(28 486)**
Year ended 31 December 2019						
As at 1 January 2019	(258 457)	-	(258 457)	(28 486)	-	(28 486)
Charged to statement of comprehensive income	(282 434)	-	(282 434)	(531 971)	-	(531 971)
As at 31 December 2019	**(540 892)**	**-**	**(540 892)**	**(560 457)**	**-**	**(560 457)**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

20 INCOME TAXES (continued)

20.3 Deferred taxes

GROUP	INFLATION ADJUSTED Provisions ZWL	Assessable tax losses ZWL	Total ZWL	HISTORICAL COST Provisions ZWL	Assessable tax losses ZWL	Total ZWL
			GROUP			
Deferred tax assets						
Year ended 31 December 2018						
Restated as at 1 January 2018	4 477 125	499 287	4 976 412	720 780	80 381	801 161
Charged /(credited) to statement of comprehensive income	(454 651)	(499 287)	(953 937)	138 412	(80 381)	58 031
As at 31 December 2018	**4 022 474**	**-**	**4 022 474**	**859 192**	**-**	**859 192**
Year ended 31 December 2019						
Restated As at 1 January 2019	4 022 474	-	4 022 474	859 192	-	859 192
Charged to statement of comprehensive income	(3 989 597)	-	(3 989 597)	(712 586)	-	(712 586)
As at 31 December 2019	**32 877**	**-**	**32 877**	**146 606**	**-**	**146 606**
			COMPANY			
Deferred tax assets						
Year ended 31 December 2018						
As at 1 January 2018	685 433	-	685 433	110 349	-	110 349
Charged to statement of comprehensive income	(415 689)	-	(415 689)	(66 922)	-	(66 922)
As at 31 December 2018	**269 744**	**-**	**269 744**	**43 427**	**-**	**43 427**
Year ended 31 December 2019						
As at 1 January 2019	269 744	-	269 744	43 427	-	43 427
Charged to statement of comprehensive income	(236 867)	-	(236 867)	(34 565)	-	(34 565)
As at 31 December 2019	**32 877**	**-**	**32 877**	**8 863**	**-**	**8 863**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Based on forecasts, Directors are of the opinion that, the taxable profits will offset the current deferred tax asset.

The Group did not have any unrecognised tax losses (2018: ZWL nil).

21 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has recognised the following amounts relating to revenue in the statement of comprehensive income:

	INFLATION ADJUSTED Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL	HISTORICAL COST Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL
Revenue from contracts with customers	910 799 712	542 397 776	447 974 537	68 170 820
Gaming income	3 338 416	2 574 364	1 251 081	328 591
Total revenue	**914 138 128**	**544 972 140**	**449 225 618**	**68 499 411**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

21 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

21.1 Disaggregation of revenue from contracts with customers

INFLATION ADJUSTED

	Sale of room nights ZWL	Sale of food and beverages ZWL	Management fees and commissions ZWL	Conferencing ZWL	Other income ZWL	Total ZWL
Year ended 31 December 2019						
The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:						
Segment revenue	506 897 898	368 424 186	20 975 969	13 927 586	21 550 042	931 775 681
Inter-segment transactions	-	-	(20 975 969)	-	-	(20 975 969)
Revenue from external customers	**506 897 898**	**368 424 186**	**-**	**13 927 586**	**21 550 042**	**910 799 712**
Timing of revenue recognition						
At a point in time	**506 897 898**	**368 424 186**	**-**	**13 927 586**	**21 550 042**	**910 799 712**
Year ended 31 December 2018						
Segment revenue	303 616 346	214 820 504	(4 818 811)	7 443 752	16 517 175	537 578 966
Inter-segment transactions	-	-	4 818 811	-	-	4 818 811
Revenue from external customers	**303 616 346**	**214 820 504**	**-**	**7 443 752**	**16 517 175**	**542 397 776**
Timing of revenue recognition						
At a point in time	**303 616 346**	**214 820 504**	**-**	**7 443 752**	**16 517 175**	**542 397 776**

HISTORICAL COST

	Sale of room nights ZWL	Sale of food and beverages ZWL	Management fees and commissions ZWL	Conferencing ZWL	Other income ZWL	Total ZWL
Year ended 31 December 2019						
The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:						
Segment revenue	247 452 778	182 199 009	11 239 033	7 606 448	10 716 302	459 213 570
Inter-segment transactions	-	-	(11 239 033)	-	-	(11 239 033)
Revenue from external customers	**247 452 778**	**182 199 009**	**-**	**7 606 448**	**10 716 302**	**447 974 537**
Timing of revenue recognition						
At a point in time	**247 452 778**	**182 199 009**	**-**	**7 606 448**	**10 716 302**	**447 974 537**
Year ended 31 December 2018						
Segment revenue	37 983 682	27 097 556	1 639 355	944 633	2 144 949	69 810 175
Inter-segment transactions	-	-	(1 639 355)	-	-	(1 639 355)
Revenue from external customers	**37 983 682**	**27 097 556**	**-**	**944 633**	**2 144 949**	**68 170 820**
Timing of revenue recognition						
At a point in time	**37 983 682**	**27 097 556**	**-**	**944 633**	**2 144 949**	**68 170 820**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

21 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

21.2 Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31 December 2019 ZWL	**Year ended 31 December 2018 ZWL**	**Year ended 31 December 2019 ZWL**	**Year ended 31 December 2018 ZWL**
Balance at 1 January	**20 461 752**	**13 309 010**	**3 294 173**	**1 620 777**
Revenue recognised in 2019 that was included in the contract liability balance in 2018	(20 461 752)	(13 309 010)	(3 294 173)	(1 620 777)
Contract liability recognised during the year	19 975 382	20 461 752	19 975 382	3 294 173
Contract liability recognised from costs incurred to fulfil a contract at 31 December	**19 975 382**	**20 461 752**	**19 975 382**	**3 294 173**

22 EMPLOYEE PENSION COSTS

The Group and all employees contribute to one or more of the following independently administered defined contribution pension funds:

(a) Brainwork Group Pension Fund - Zimbabwe

This fund is a defined contribution scheme. All employees, except those who are members of the Catering Industry and Pension Fund are members of this fund.

(b) Catering Industry Pension Fund - Zimbabwe

This is a defined contribution scheme which covers employees in specified occupations of the catering industry. The majority of employees of African Sun Limited are members of this fund.

(c) Provident Fund- South Africa

The Branch which is resident in South Africa has a defined contribution provident fund, of which full time employees of the Branch are members.

(d) National Social Security Authority Scheme (NSSA) - Zimbabwe

The Group and all its employees based in Zimbabwe contribute to the National Social Security Authority Scheme, promulgated under the National Social Security Act (Chapter 14:17).The Group's obligations under this scheme are limited to specific contributions legislated from time to time.

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31 December 2019 ZWL	**Year ended 31 December 2018 ZWL**	**Year ended 31 December 2019 ZWL**	**Year ended 31 December 2018 ZWL**
Group contributions to the plans during the year charged to the income statement amounted to;				
African Sun Limited Pension Fund	466 068	1 618 847	399 886	260 621
Catering Industry Pension Fund	262 840	1 432 925	225 517	230 689
Unemployment Insurance Fund - South Africa	74 513	4 174	63 932	672
Provident Fund - South Africa	7 846	29 262	6 732	4 711
National Social Security Authority Scheme	354 361	1 788 477	304 042	287 930
	1 165 628	**4 873 686**	**1 000 110**	**784 623**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

23 OTHER INCOME AND EXPENSES

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31 December 2019 ZWL	**Year ended 31 December 2018 ZWL**	**Year ended 31 December 2019 ZWL**	**Year ended 31 December 2018 ZWL**
23.1 Other income				
RBZ export incentive	5 798 102	19 956 728	1 080 941	2 404 876
Fair value adjustment on biological assets	2 253 418	427 336	3 441 613	68 798
Foreign exchange gain	85 480 957	-	27 410 582	-
	93 532 477	**20 384 064**	**31 933 136**	**2 473 674**
23.2 Other expenses				
Loss from sale of property and equipment	1 132 810	262 680	691 391	25 366
	1 132 810	262 680	691 391	25 366
24 EXPENSES BY NATURE				
Inventory recognised in cost of sales	66 912 694	58 480 712	34 415 247	7 338 805
Outside laundry in cost of sales	4 609 632	4 399 346	2 422 251	542 180
Employee benefit expenses				
- payroll cost in cost of sales	76 856 000	61 004 751	37 815 489	7 587 924
- payroll cost in operating expenses	121 476 716	81 535 816	59 105 294	10 189 430
- directors' fees	2 334 522	774 914	1 164 447	95 266
Depreciation, usage and amortisation (note 8)	67 207 306	23 869 931	19 786 076	2 942 337
Depreciation-right of use asset (note 15)	3 873 585	-	1 331 993	-
Sales and marketing	35 076 456	18 262 556	17 889 852	2 289 477
Operating lease costs	-	61 181 686	-	7 666 844
Short term, low value and variable lease expenses	89 704 740	-	44 938 775	-
Audit fees and other professional services;	7 768 285	1 629 851	4 499 902	186 768
Repairs and maintenance	29 117 724	22 224 563	14 054 799	2 770 135
Electricity and water	27 851 642	21 903 792	15 995 733	2 702 263
Council rates	1 986 325	5 514 735	680 383	659 838
Franchise fees	16 220 653	8 231 356	7 249 818	1 026 356
Insurance	7 691 651	3 625 953	3 851 801	464 130
Licenses	3 455 452	2 877 813	1 451 399	351 391
Vehicle running expenses	2 007 642	1 692 444	932 477	215 076
Security	5 631 215	7 191 979	2 428 627	883 230
Guest supplies	8 675 242	7 023 594	4 533 802	874 368
Banqueting and guest entertainment	3 082 870	2 726 696	1 540 391	346 905
Telephone costs	4 493 456	3 027 391	2 272 520	340 911
Printing and stationery	5 584 893	4 185 455	2 667 513	523 160
Bank charges	4 168 556	1 997 195	2 116 137	250 133
Transaction tax	9 311 124	1 978 395	4 665 130	305 197
Management fees	5 157 719	21 564 727	957 096	2 718 792
Consultancy costs	4 351 804	18 067	2 520 737	2 419
Foreign exchange losses/ (gain)	-	145 129	-	22 194
Royalties	16 212 074	1 131 903	7 249 818	131 445
Legal expenses	3 020 760	424 230	1 350 843	49 265
Subscriptions	2 312 762	88 316	1 034 236	10 256
Comissions	3 162 982	102 731	1 414 442	11 930
Travel expenses	6 887 080	348 997	3 079 808	40 528
Other	30 284 036	25 500 962	9 643 372	3 351 751
Total cost of sales and operating expenses	**676 487 601**	**454 665 986**	**315 060 208**	**56 890 704**
Cost of sales	189 828 453	152 549 864	96 088 849	19 141 018
Operating expenses	486 659 148	302 116 122	218 971 359	37 749 686
Total cost of sales and operating expenses	**676 487 601**	**454 665 986**	**315 060 208**	**56 890 704**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

25 FINANCE COSTS AND INCOME

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL	Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL
25.1 Finance income				
Interest income on bank deposits	650 187	64 451	417 447	10 376
Interest on other receivables at amortised cost	162 547	384 548	105 747	61 997
	812 734	448 999	523 194	72 373
25.2 Finance costs				
Interest costs on bank borrowings	(943 112)	(4 293 449)	(296 290)	(534 454)
Guarantee commissions payable to Arden Capital Management (Private) Limited	(209 038)	(996 431)	(40 256)	(125 574)
	(1 152 150)	(5 289 880)	(336 546)	(660 028)
Net financing costs for the year	**(339 416)**	**(4 840 881)**	**186 648**	**(587 655)**
25.3 Net interest paid				
For the purposes of statement of cash flows, net interest paid comprise the following;				
Finance costs from continuing operations per statement of comprehensive income	(1 152 150)	(5 289 880)	(336 546)	(660 028)
Deferred finance costs paid in the current year	-	-	-	-
Deferred finance costs expensed in the current year	-	314 209	-	50 585
Guarantee commissions payable to Arden Capital Management (Private) Limited	-	(653 046)	-	(105 135)
Total interest paid	**(1 152 150)**	**(5 628 717)**	**(336 546)**	**(714 578)**
Interest received				
Interest costs on bank deposits	650 187	64 451	417 447	10 376
Interest cost on short term investments	162 547	384 548	105 747	61 997
	812 734	448 999	523 194	72 373
Net interest paid	**(339 416)**	**(5 179 718)**	**186 648**	**(642 205)**

There were no borrowing costs capitalised during the period (2018:ZWLnil)

26 EARNINGS PER SHARE

	INFLATION ADJUSTED 2019	INFLATION ADJUSTED 2018	HISTORICAL COST 2019	HISTORICAL COST 2018
Basic and diluted earnings attributable to owners of parent (ZWL cents)	21.70	6.64	12.35	1.18
Headline earnings attributable to owners of parent (ZWL cents)	21.57	6.62	12.03	1.17
Reconciliations of earnings used in calculating earnings per share				
Earnings attributable to owners of the parent arising from	187 038 543	57 206 512	106 455 023	10 135 858
Profit attributable to owners of parent	**187 038 543**	**57 206 512**	**106 455 023**	**10 135 858**
Adjustments for;				
Loss from disposal of property, plant and equipment	1 132 810	262 680	691 391	25 366
Fair value adjustment on biological assets	(2 253 418)	(427 336)	(3 441 613)	(68 798)
Headline earnings attributable to owners of the parent	**185 917 935**	**57 041 856**	**103 704 802**	**10 092 427**
Weighted average number of shares used as the denominator	**Number**	**Number**	**Number**	**Number**
Weighted average number of shares used as the denominator				
Number of shares in issue	861 771 777	861 771 777	861 771 777	861 771 777
Weighted average number of shares in issue for basic and diluted earnings / (loss) per share	861 771 777	861 771 777	861 771 777	861 771 777

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

26 EARNINGS PER SHARE (CONTINUED)

For the purpose of basic earnings per share, the weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time weight factor. The time weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in a year.

Weighted average number of shares for diluted earnings are calculated by adjusting the weighted number of ordinary shares with the potentially dilutive ordinary shares. As at 31 December 2019 there were no potential dilutive share options (2018: nil).

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL	Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL
Net asset value per share (cents)				
Net assets	660 671 510	173 797 892	469 814 929	19 689 022
Number of ordinary shares in issue	861 771 777	861 771 777	861 771 777	861 771 777
Net asset value per share	**76.66**	**20.17**	**54.52**	**2.28**
27 SUMMARY OF CASH FLOW WORKINGS				
27.1 Cash generated from operations				
Profit before income tax	338 012 813	83 887 812	149 538 767	13 599 270
Adjustments for non-cash items:				
Depreciation and hotel equipment usage (note 8)	67 207 306	23 869 931	19 786 076	2 942 337
Depreciation: right of use assets	3 873 585	-	1 331 993	-
Loss from disposal of property and equipment	1 132 810	262 680	691 391	25 366
Fair value adjustment on biological assets (note 9)	(2 253 418)	(427 336)	(3 441 613)	(68 798)
Monetary (gain) / loss	(30 025 521)	22 505 781	-	-
Finance cost-lease liabilities	8 540 121	-	2 871 670	-
Finance costs net	339 416	4 840 881	(186 648)	587 655
		-		
Cash generated from operations before changes in working capital	**386 827 112**	**134 939 749**	**170 591 637**	**17 085 830**
Changes in working capital:				
Inventories				
-Increase in inventories	(40 984 220)	(6 851 640)	(29 746 686)	(955 648)
Current trade receivables ,financial assets and trade and other payables	10 932 301	(81 689)	99 426 698	3 583 915
-(Increase)/ Decrease in current trade receivables	(64 658 861)	(10 571 027)	(62 689 554)	554 836
-Restatement of opening balance for trade and other receivables on adoption of IFRS 9	-	(6 219 867)	-	(1 001 347)
-Increase in current trade payables	75 813 587	16 743 993	162 116 252	4 087 636
-Receipts from receivables relating to disposal of property and equipment	(222 426)	(373 628)	-	(60 151)
-Guarantee commissions payable to Arden Capital Management (Private) Limited	-	653 046	-	105 135
-Movement in deferred interest	-	(314 207)	-	(50 585)
-Foreign translation differences	-	-	-	(51 609)
-Decrease /(Increase) in non current trade receivables	687 024	1 755 678	(1 255 789)	(29 111)
-(Decrease)/ Increase in non-current trade and other payables	(7 172 970)	(11 317 814)	6 927 829	(1 130 148)
Cash generated from operations	**350 289 247**	**118 444 284**	**245 943 688**	**18 554 838**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

27 SUMMARY OF CASH FLOW WORKINGS (CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL	Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL
27.2 Proceeds from disposal of property and equipment				
Cost of property and equipment disposed of	7 069 288	2 938 450	2 212 095	384 969
Accumulated depreciation of property and equipment disposed of	(4 007 957)	(2 394 370)	(1 254 155)	(275 193)
Net book amount	3 061 331	544 080	957 940	109 776
Profit from disposal of property and equipment	(1 132 810)	(262 680)	(691 391)	(25 366)
-Receipts from receivables relating to disposal of property and equipment	222 426	417 876	35 809	60 151
Cash proceeds from disposal of property and equipment	**2 150 946**	**699 276**	**302 358**	**144 561**
28 RELATED PARTY TRANSACTIONS				
28.1 Other related party transactions The following transactions occurred with related parties during the year				
Operating lease costs charged by Dawn Properties Limited	-	31 639 918	-	3 955 088
Variable lease expenses charged by Dawn Proper-ties Limited	48 982 424	-	24 443 996	-
Guarantee commission paid to Arden	209 038	996 431	40 256	125 574
General life assurance and funeral cover premium to Getsure Life Assurance (Private) Limited	-	551 774	-	88 831
Compensation to key management personnel	7 320 508	7 315 277	6 281 002	1 177 699
Compensation to key management personnel	9 655 030	8 090 191	7 445 449	1 272 965

Related party transactions are further explained below;

(a) Short term, low value and variable lease expenses payable to dawn properties

Lease rentals relate to the leases of 7 hotels leased from Dawn Properties Limited . Included in short term, low value and variable lease expenses for the group is ZWL48.98million (2018 : ZWL31.63 million) charged by Dawn Properties Limited.

Leases of hotels properties whose payments are associated with variable lease payments that are not based on an index or rate, short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The Group leases the following 7 hotel properties from Dawn Properties Limited, a fellow subsidiary of Arden Capital Limited, the parent of the Group:
Monomotapa Hotel;
Troutbeck Resort;
Carribea Bay Resort;
Great Zimbabwe Hotel;
Elephant Hills Resort;
Hwange Safari Lodge; and
Holiday Inn Mutare.

All the 7 leases were determined to be variable leases because the rentals are based on a percentage of revenue generated by the Group, and there are no base rentals, as a result no right of use assets have been recognised on these leases and the Goup continues to recognise these leases as an expense in profit or loss on a straightline basis.

28 RELATED PARTY TRANSACTIONS (CONTINUED)

28.1 Other related party transactions

(a) Short term, low value and variable lease expenses payable to dawn properties (continued)

The leases rentals payable to Dawn Properties Limited are for the properties listed below;

- Elephant Hills Resort and Conference Center - hotel building;
- Monomotapa Hotel - hotel building;
- Caribea Bay Resort - hotel building;
- Hwange Safari Lodge - hotel building;
- Troutbeck Resort - hotel building;
- Great Zimbabwe Hotel - hotel building; and
- Holiday Inn Mutare - hotel building.

(b) Guarantee obtained from Arden Capital Management (Private) Limited for loan facilities

Borrowings amounting to ZWL4,23 million (2018: ZWL4,23 million) were secured by a ZWL7 million guarantee from Arden Capital Management (Private) Limited formerly Brainworks Capital Management (Private) Limited. Guarantee commission amounting to ZWL209 038(2018: ZWL996 431) were charged to the income statement.

(c) General Life Assurance Premium to Get Sure Life Assurance (Private) Limited

Get Sure Life Assurance (Private) Limited, a subsidiary of Arden Capital Management (Private) Limited was contracted by African Sun to underwrite the benefits of the company's staff general life assurance. Premiums of ZWL551 774 in 2018 were expensed and premiums of ZWL41 084 in 2018 were outstanding. Arden Capital Management (Private) Limited exited Getsure Life Assurance (Private) Limited in 2018.

(d) Key management compensation

Key management includes directors (executive and non-executive), Human Resources Executive, Company Secretary and Head of Internal Audit. The compensation paid or payable to key management for employee services is as shown below:

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL	Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL
Salaries and other short term employee benefits	7 320 508	7 315 277	6 281 002	1 177 699
Non-executive directors' fees	1 986 325	5 514 735	680 383	659 838
	9 306 833	**12 830 012**	**6 961 385**	**1 837 537**

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

28 RELATED PARTY TRANSACTIONS (CONTINUED)

28.1 Other related party transactions

The Group and all employees contribute to one or more of the following independently administered defined contribution pension funds:

	Nature of relationship	INFLATION ADJUSTED			
		GROUP		COMPANY	
		31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
(e) Year end balances arising from transactions with related parties					
Payables to related parties					
Dawn Properties Limited	Common shareholding	5 737 126	4 204 850	-	-
Getsure Life Assurance (Private) Limited	Common shareholding	-	255 193	-	-
Arden Capital Management (Private) Limited	Holding company	47 917	47 593	-	-
African Sun Zimbabwe (Private) Limited	Subsidiary	-	-	18 586 589	55 809 563
		5 785 043	4 507 636	18 586 589	55 809 563
Receivables from related parties					
Executives - housing and car loans	Employees	-	698 893	-	-
Threenie (Private) Limited	Common directors	-	1 148 192	-	1 148 192
Meikles Hospitality Limited	Partners	5 554 857	-	-	-
		5 554 857	1 847 085	-	1 148 192

		HISTORICAL COST			
		GROUP		COMPANY	
Payables to related parties					
Dawn Properties Limited	Common shareholding	5 737 126	676 946	-	-
Getsure Life Assurance (Private) Limited	Common shareholding	-	41 084	-	-
Arden Capital Management (Private) Limited	Holding company	47 917	7 662	-	-
African Sun Zimbabwe (Private) Limited	Subsidiary	-	-	18 586 589	8 984 877
		5 785 043	725 692	18 586 589	8 984 877
Receivables from related parties					
Executives - housing and car loans	Employees	-	112 516	-	-
Threenie(Private) Limited	Common directors	-	184 849	-	184 849
Meikles Hospitality Limited-loan advanced	Partners	5 554 857	-	-	-
		5 554 857	**297 365**	**-**	**184 849**

The payables to Dawn Properties Limited arose from lease rentals and are due one month after billing. All balances to and from related parties, no interest is charged and are unsecured.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

28 RELATED PARTY TRANSACTIONS (continued)

28.1 Other related party transactions (continued)

(j) Receivables from executives

The receivables from executives arose from housing and car loans advanced. Housing and car loans are payable over a 5 year period in 60 equal instalments and no interest is charged.

The balance on loans to executives is analysed below:

	INFLATION ADJUSTED		HISTORICAL COST	
	GROUP			
	Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL	Year ended 31 December 2019 ZWL	Year ended 31 December 2018 ZWL
As at 1 January	**698 893**	**1 495 263**	**112 516**	**240 725**
Housing and car loans advanced during the year	-	-	438 284	-
Housing and car loans repaid during the year	-	(951 925)	(139 668)	(153 252)
Transfer between Companies	-	-	-	-
Unwinding of interest	50 331	155 555	50 331	25 043
Restatement effects	(287 761)	-	-	-
As at 31 December	**461 463**	**698 893**	**461 463**	**112 516**
	COMPANY			
As at 1 January	**-**	**1 495 263**	**-**	**240 725**
Housing and car loans advanced during the year	-	-	-	-
Housing and car loans repaid during the year	-	-	-	-
Transfer between Companies	-	(1 495 263)	-	(240 725)
Unwinding of interest	-	-	-	-
Restatement effects	-	-	-	-
As at 31 December	**-**	**-**	**-**	**-**

Receivables from related parties are discounted using the Group's average cost of borrowing of 35% (2018 : 10%)

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

29 COMMITMENTS

29.1 Short term, low value and variable lease commitments

The Group leases all its hotels in Zimbabwe under short term, low value and variable lease agreements. The lease terms are between 5 and 15 years, and all the lease agreements are renewable at the end of the lease period at market rates. The estimated undiscounted future minimum lease payments under the short term, low value and variable lease expenses are as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
Not later than 1 year				
- Fixed	-	11 859 642	-	1 909 304
Later than 1 year and not later than 5 years				
- Fixed	-	38 778 643	-	6 243 040
Later than 5 years				
- Fixed	-	-	-	14 147 792
Total lease commitments	**-**	**50 638 285**	**-**	**22 300 136**

After the adoption of IFRS 16 the Group no longer have operating leases, these have now been recognised as lease liabilities. In 2018 non cancellable operating lease commitments were ZWL50 638 285). Of these commitments, approximately ZWLnil relate to short-term leases and ZWLnil to low value leases which will both be recognised on a straight-line basis as expense in profit or loss.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2019 ZWL	31 December 2018 ZWL	31 December 2019 ZWL	31 December 2018 ZWL
29.2 Capital expenditure				
Authorised by Directors and contracted for	-	-	-	-
Authorised by Directors but not contracted for	1 127 621 907	104 105 099	1 127 621 907	16 760 061
	1 127 621 907	104 105 099	1 127 621 907	16 760 061

Capital expenditure relates to acquisition of property and equipment. The greater part of capital expenditure will be financed from cash generated from operations.

30 EVENTS AFTER REPORTING DATE

30.1 Dividend declaration

On 29 January 2020 the Board declared second interim dividend of ZWL 8 617 718 being ZWL0.01 per share (1 ZWL cents per share) was declared on 29 January 2020. The dividend declaration is a non adjusting event will be in 2020 in accordance with the policy.

30.2 Global outbreak of COVID-19

Novel coronavirus (COVID-19), an infectious disease which was first identified in December 2019, in China's Hubei province has since spread globally. The World Health Organisation ("WHO") officially declared COVID-19 a pandemic on 11 March 2020. According to scenario simulations of the international monetary fund ("IMF"), global economic growth could fall 0.5 for the year 2020. The United Nations World Tourism Organisation ("UNTWO") estimates that international tourist arrivals could decline by 20% to 30% in 2020. This would translate to a loss of between US$300 to US$450billion in international tourism receipts almost one third of the US$1.5trillion generated in globally in 2019.

Following the Government of Zimbabwe ("the government")'s proclamation of a 21 days lockdown period effective 30 march 2020, the Group consequently shutdown all its 11hotels and 2 casinos in response to this directive. However, following the relaxation of the COVID-19 containment measures by the Government, the group resumed operations on a phased approach, initially opening only 4 of its hotels on 11 May 2020; with the re-opened hotels being predominantly city based. The Group would be assessing the business conditions to identify the optimal timing to re-open the resort based hotels.

In the interim, the Group has implemented the follwing measures among others to preserve liquidity whilst recovers:

- An immediate stop to all capital expenditure programs;
- Restrict payments to key business continuity creditors;
- Engagement with tour operators to defer bookings as opposed to cancellation; a situation that may call for refunds in foreign currency that was already liquidated;
- Reduced our work force with effect from 1 April 2020 to align to no or low volumes expected in the near future;
- Domestic market sales and marketing initiatives that are centred on volumes as we expect the export market to resume about end of June 2020;
- Engaged landlords on revised sustainable rental formulas until this phase is gone; and
- Sought extensions of certain brand compliance requirements without compromising service delivery to our guests.

In addition, the RBZ in their circular 3 of 2020 announced the suspension of the 30-day liquidation requirement on all unutilised foreign currency balances held by exporters. This suspension will be in place until markets have stabilised from the effects of Covid -19.

As the outbreak continues to evolve, it is challenging at this point, to predict the full extent and duration of its business impact.

The Directors, based on their interpretation of IFRS have considered the global outbreak of COVID-19 to be a non adjsuting eventin terms of international accounting standard 10 ("IAS 10"), Events aftre the reporting period. The emergence of COVID-19 was not considered as reflective of the underlying conditions existing as at the reporting date of 31 December 2019, therefore, it has not been adjusted for.

Refer to note 2.1.2 for more information on the potential financial impact of Covid-19 to the Group.

Kariba Campsite

Caribbea Bay Campsite

Discover Zimbabwe's hidden treasures."

Caribbea Bay Campsite

Located in the resort town of Kariba, home to Africa's third largest manmade lake, this state of the art glamping facility can accommodate up to 70 guests. This location is the ideal base from which to explore a unique part of Zimbabwe or just enjoy a sun filled vacation in a relaxed environment. The campsite affords you the opportunity of watching the sunset over the majestic Lake Kariba, a sight acclaimed and renowned by many a visitor to Kariba.

The campsite is located on the grounds of the magnificent Caribbea Bay Resort which is a mere 15 km from the local airport and 3 kilometres from the Kariba Dam wall which borders Zimbabwe and Zambia. It is located an easy 4 hours drive from the capital city – Harare through the scenic Marongora and Kariba Recreational Park.

SERVICED TENTS	NETTED TENTS	UNSERVICED
• Tents	• Mosquito Nets	• Power Points
• Stretcher Beds	• Stretcher Beds	• Bomas
• Linen	• Linen	• Camping Chairs
• Pillows	• Pillows	• Camping Tables
• Mosquito Nets	• Power Points	
• Power Points	• Bomas	
• Bomas	• Camping Chairs	
• Camping Chairs	• Camping Tables	
• Camping Tables		

FACILITIES AVAILABLE TO CAMPERS

An extensive range of guest facilities are offered to all our campers. These include:

- Barbecue/Braai facilities and service kitchens
- Terrace Restaurant A La Carte Lunch and Dinner
- Communal wash-up area with stunning views of the Lake
- Bar Open from 10am to 10pm
- Charcoal and wood available at a small fee
- Buffet Breakfast, Lunch & Dinner Lake Kariba
- Deck Bar
- Complimentary WiFi
- Activities Desk
- Same day Laundry
- Two swimming pools
- Protected by an electric fence
- Convenience store
- Curio shops with local ware
- Supa Tube
- 24hr security guard on site
- Doctor on call in case of emergency

Group Supplementary Information

For the year ended 31 December 2019

	INFLATION ADJUSTED					
	CAGR %	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015**
SHARE PERFORMANCE: CENTS						
Per share						
Basic earnings						
Basic (loss) / earnings per share from continuing operations	-	21.70	6.64	4.93	(5.77)	(0.43)
Basic loss per share from discontinued operations	(100)	-	-	(0.09)	(2.67)	(1.89)
Basic (loss) / earnings per share for the year	-	21.70	6.64	4.85	(8.44)	(2.33)
Diluted earnings						
Dividend (interim)						
Diluted (loss) / earnings per share from continuing operations	-	21.70	6.64	4.93	(5.77)	(0.43)
Diluted loss per share from discontinued operations	(100)	-	-	(0.09)	(2.67)	(1.89)
Diluted (loss) / earnings per share for the year	-	21.70	6.64	4.85	(8.44)	(0.27)
Headline earnings						
Headline earnings / (loss) per share	130	21.57	6.62	2.66	(8.27)	0.78
Diluted headline earnings / (loss) per share	-	21.57	6.62	2.66	(8.27)	(8.27)
Net asset value	(62)	76.66	20.17	6.65	2.50	11.02
Closing market price	(9)	12.44	41.33	10.33	14.64	18.08
Share information						
In issue	1	861 771 777	861 771 777	861 771 777	861 771 777	831 472 907
Market capitalisation	58	107 204 409	356 202 678	10 341 261	14 650 120	17 302 758
ZSE industrial index	14	327	327	145	115	195
RATIOS AND RETURNS						
Revenue generation						
Revenue: ZWL	(19)	914 138 129	544 972 140	375 456 277	543 840 106	461 291 726
Room occupancy %	12%	48	59	44	49	48
RevPAR: ZWL	(20)	848	511	388	388	405
ADR: ZWL	(20)	1 759	869	803	801	844
Profitability and returns						
EBITDA: ZWL	52	387 947 720	135 104 405	47 230 985	61 073 481	71 837 610
EBITDA margin (%)	28	42	25	13	11	16
Pre-tax return on equity (%)	61	51	48	629	(3,066)	(2,149)
Income after taxation to total capital employed (%)	-	95	43	276	(749)	(146)
Pre-tax return on total assets (%)	(32)	32	23	124	(224)	(155)
Solvency						
Gearing (%)	(100)	-	34	34	65	58
*Interest cover (times)	(42)	0	3	4	1	3
Shareholders' equity to total assets (%)	(24)	63	172	171	60	189
Total liabilities to total shareholders' funds (%)	(37)	58	106	405	1,255	355
Liquidity						
Current assets to interest free liabilities and short term borrowings	(27)	1.86	5.08	5.08	3.01	6.54
Productivity						
Turnover per employee: ZWL	119	788 730	475 128	38 347	50 727	34 561
Other						
Number of employees	(7)	1 159	1 147	1 137	1 245	1 550
Number of shareholders	(5)	7 173	7 173	7 192	7 177	8 815

* Ratio has been calculated excluding non-cash items and material non-recurring items like profit on disposal of subsidiary

** Covers a period of 15 months

Group Supplementary Information (continued)

For the year ended 31 December 2019

	HISTORICAL COST					
	CAGR %	**31 December 2019**	**31 December 2018**	**31 December 2017**	**31 December 2016**	**31 December 2015****
SHARE PERFORMANCE: CENTS						
Per share						
Basic earnings						
Basic (loss) / earnings per share from continuing operations	-	12.35	1.18	0.56	0.57	(0.67)
Basic loss per share from discontinued operations	(100)	-	-	(0.01)	(0.01)	(0.31)
Basic (loss) / earnings per share for the year	-	12.35	1.18	0.56	0.56	(0.98)
Diluted earnings						
Dividend (interim)						
Diluted (loss) / earnings per share from continuing operations	-	12.03	1.17	0.56	0.57	(0.67)
Diluted loss per share from discontinued operations	(100)	-	-	(0.01)	(0.01)	(0.31)
Diluted (loss) / earnings per share for the year	-	12.03	1.17	0.56	0.56	(0.98)
Headline earnings						
Headline earnings / (loss) per share	-	12.03	1.17	0.31	0.31	(0.96)
Diluted headline earnings / (loss) per share	-	12.03	1.17	0.31	0.31	(0.96)
Net asset value	(270)	54.52	2.28	0.77	0.77	0.29
Closing market price	64	12.44	4.80	1.20	1.20	1.70
Share information						
In issue	1	861 771 777	861 771 777	861 771 777	861 771 777	831 472 907
Market capitalisation	64	107 204 409	41 365 045	10 341 261	10 341 261	14 650 120
ZSE industrial index	30	327	327	145	145	115
RATIOS AND RETURNS						
Revenue generation						
Revenue: ZWL	(63)	449 225 618	68 499 410	43 600 924	43 600 924	63 154 973
Room occupancy %	12%	48	59	44	44	49
RevPAR: ZWL	(108)	848	511	45	45	45
ADR: ZWL	(109)	1 759	869	93	93	93
Profitability and returns						
EBITDA: ZWL	172	387 947 720	135 104 405	5 484 832	5 484 832	7 092 331
EBITDA margin (%)	67	86	197	13	13	11
Pre-tax return on equity (%)	51	20	51	73	73	(356)
Income after taxation to total capital employed (%)	-	23	32	32	32	(87)
Pre-tax return on total assets (%)	130	732	14	14	14	(26)
Solvency						
Gearing (%)	(100)	-	34	34	34	65
*Interest cover (times)	(100)	-	3	4	4	1
Shareholders' equity to total assets (%)	58	44	20	20	20	7
Total liabilities to total shareholders' funds (%)	(61)	30	405	405	405	1,255
Liquidity						
Current assets to interest free liabilities and short term borrowings	47	1.64	0.59	0.59	0.59	0.35
Productivity						
Turnover per employee: ZWL	66	387 598	59 720	38 347	38 347	50 727
Other						
Number of employees	(2)	1 159	1 147	1 137	1 137	1 245
Number of shareholders	(0)	7 173	7 173	7 192	7 192	7 177

* Ratio has been calculated excluding non-cash items and material non-recurring items like profit on disposal of subsidiary
** Covers a period of 15 months

Shareholders' Profile

As at 31 December 2019

Shareholders analysis as at 31 December 2019 by volume

Range of holdings	Number of shareholders	Percentage	Issued shares	Percentage
1-5000	6 077	84.32	4 834 600	0.56
5001-10000	376	5.22	2 584 816	0.30
10001-25000	415	5.76	6 385 029	0.74
25001-50000	132	1.83	4 605 881	0.53
50001-100001	83	1.15	5 703 478	0.66
100001-200000	53	0.74	7 454 429	0.87
200001-500000	30	0.42	9 447 544	1.10
500001-1000000	15	0.21	9 931 878	1.15
1000001 and Above	26	0.36	810 824 122	94.09
TOTAL	**7 207**	**100.00**	**861 771 777**	**100.00**

Shareholder analysis by type

Range of holdings	Number of shareholders	Percentage	Issued shares	Percentage
Local companies	591	8.20	566 166 015	65.70
Insurance companies	13	0.18	207 372 158	24.06
Local resident	6 151	85.35	34 038 469	3.95
Other corporate holdings	63	0.87	16 095 454	1.87
Pension funds	43	0.60	10 229 979	1.19
Fund managers	31	0.43	8 013 619	0.93
Trusts	1	0.01	6 822 535	0.79
New non-resident	189	2.62	5 183 363	0.60
Nominees local	90	1.25	4 782 477	0.55
Foreign nominee	8	0.11	2 650 593	0.31
Foreign Companies	6	0.08	167 503	0.02
Foreign Individual Resident	4	0.06	164 756	0.02
Deceased Estate	15	0.21	62 537	0.01
Banks	2	0.03	22 319	0.00
Total	**7 207**	**100**	**861 771 777**	**100**

CONSOLIDATED TOP 10 AS AT 31 DECEMBER 2019

Top ten shareholders

Range of holdings	As at 31 December 2019		As at December 2018	
	Issued shares	Percentage	Issued shares	Percentage
BRAINWORKS HOTELS (PRIVATE) LIMITED	497 010 465	57.67	497 010 465	57.67
OLD MUTUAL LIFE ASS CO ZIM LTD	207 058 645	24.03	205 411 112	23.84
OLD MUTUAL ZIMBABWE LIMITED	66 212 575	7.68	66 212 575	7.68
GURAMATUNHU FAMILY TRUST	6 822 535	0.79	6 822 535	0.79
ZIMBABWE SUN EMPLOYEE SHARE	6 698 969	0.78	6 698 969	0.78
STANBIC NOMINEES (PVT) LTD.	3 786 423	0.44	2 638 190	0.31
LOCAL AUTHORITIES PENSION FUND	3 620 863	0.42	3 620 863	0.42
ADLAB (PRIVATE) LIMITED	3 550 000	0.41	3 550 000	0.41
PICKOVER INVESTMENTS P/L	3 108 442	0.36	3 108 442	0.36
DELTA BEVERAGES PENSION FUND	2 619 267	0.30	-	-
OTHER	61 283 593	7.11	66 698 626	7.74
Total	**861 771 777**	**100**	**861 771 777**	**100**

Shareholders' Profile (continued)

As at 31 December 2019

As at 31 December by Type (Summarised)

Range of holdings	Number of shareholders	Percentage	Issued shares	Percentage
Public	7 161	99.36	853 695 621	99.06
Directors	-	-	-	-
Non-public	46	0.64	8 076 156	0.94
Total	**7 207**	**100**	**861 771 777**	**100**

Non-Public includes Employee Share Participation Trust and managerial employees who hold shares in the Company in their individual capacities.

Public refers to Local Companies, Insurance Companies, Nominees, Banks, Investments, Trusts, Pension Funds and other organisations.

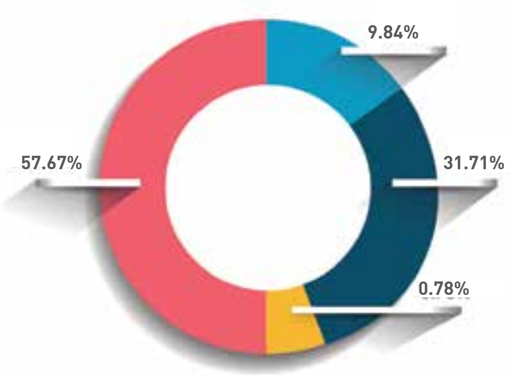
Directors mean Company directors who hold shares in the Company directly and indirectly.

Major shareholders	As at 31 December 2019	Percentage	As at 31 December 2018	Percentage
Brainworks Capital Management (Private) Limited	497 010 465	57.67	497 010 465	57.67
Old Mutual Life Ass Co Zim Ltd	207 058 645	24.03	204 677 415	23.75
Old Mutual Zimbabwe Limited	66 212 575	7.68	66 212 575	7.68
Total	**770 281 685**	**89.38**	**767 900 455**	**89.10**

Resident and non-resident shareholders	As at 31 December 2019	Percentage	As at 31 December 2018	Percentage
Resident	845 218 411	98.08	853 088 700	98.99
Non Resident	16 553 366	1.92	8 683 077	1.01
Total	**861 771 777**	**100**	**861 771 777**	**100**

The residency of a shareholder is based on place of domicile as recorded in the share register as defined for Exchange Control and does not denotes status in terms of indigenisation regulations.

BRAINWORKS HOTELS (PRIVATE) LIMITED	57.67%
OLD MUTUAL LIFE ASS CO ZIM LTD	31.71%
PUBLIC INVESTORS	9.84%
AFRICAN SUN EMPLOYEE SHARE	0.78%



Masvingo Campsite

GREAT ZIMBABWE
HOTEL
Campsite

Life
is always better
outdoors

Great Zimbabwe Campsite

Nestled on the Great Zimbabwe hotel grounds, a stone throw away from the world Heritage site - The Great Zimbabwe monument, is the Great Zimbabwe Campsite. The campsite is designed to offer convenience to camping enthusiasts and the budget traveler. Equipped with crisp, clean linen neatly spread on comfortable camp beds, mosquito nets and in-tent lighting, this is the first of its kind in Masvingo.

Evening relaxation is aided by discussions around bonfires provided on the Boma at the centre of the tents, or quiet moments enjoyed on the garden chairs on our well-manicured lawns. Guests have a choice of cooking for themselves at the braai area provided or enjoying the resident chef's culinary skills. The campsite bathrooms allow the campers to enjoy hot water showers any time during the day. WIFI accessibility from all points at the campsite allows our guests to stay connected to loved ones and share experiences in real time. Campsite guests have the luxury of enjoying some of the hotel facilities including but not limited to swimming pool, restaurant and bar, tennis court and laundry services.

FACILITIES AVAILABLE TO CAMPERS

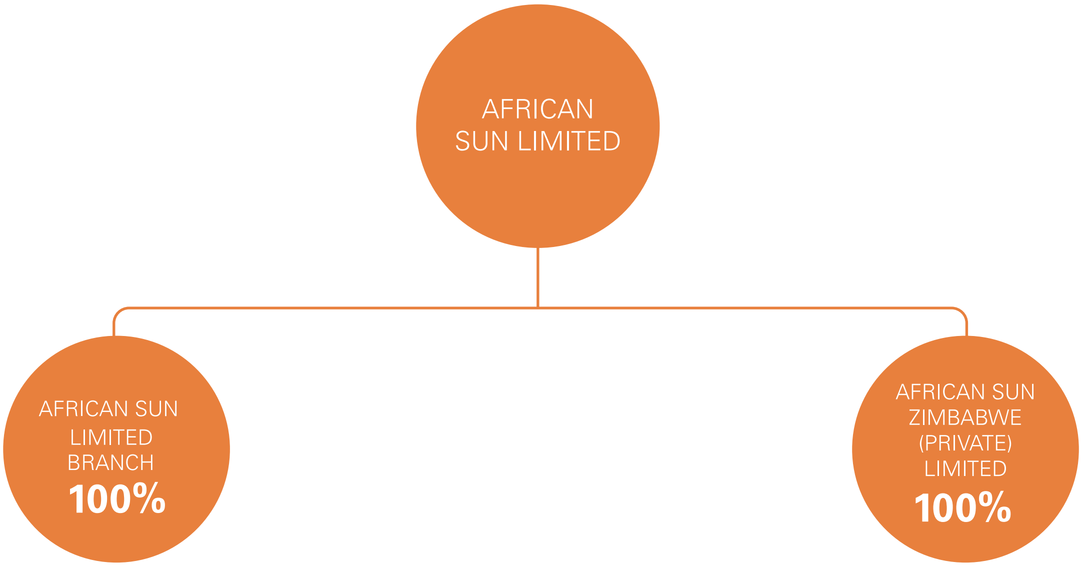
- Bathrooms (with both hot and cold water) and toilet facilities.
- Barbacue / braai areas, Outside Bonfire with canvas chairs.
- Kitchen sink wash up and ironing areas
- Tables and garden chairs.
- Overland vehicle parking facilities.
- Restaurant and bar.
- Swimming pool and Tennis Court.
- Same day laundry.
- Gift shop.
- 24 x hour Hotel Reception and security.
- A Doctor on Call in case of Emergency.

AMENITIES

- 40 Wet Camp facility.
- 80 sleeper single beds.
- Mosquito nets.
- Daily housekeeping.
- WIFI available throughout camp.
- Bed Linen.
- Pillows and pillow cases.
- Charging power points on tent areas.

Group Structure

As at 31 December 2019



African Sun Zimbabwe [Private] Limited is the hotel operating Company. African Sun Limited Branch is the Group's Pan African Central Reservations office, primarily servicing foreign guests into the Group's hotels.

Shareholders' Diary

Shareholders' Diary

June 2020	Full Year Results 2019
July 2020	Annual Report 2019 Published
16 July 2020	Forty-eighth Annual General Meeting

Interim Reports

Anticipated Date	
September 2020	Half Year Results 2020
March 2021	Full Year Results 2021
June 2021	Forty-nineth Annual General Meeting

Victoria Falls

THE VICTORIA FALLS HOTEL

Explore One
Of The Seven Wonders
Of The World

AFRICAN SUN

LIMITED

Board of Directors

From Left to Right:
Dr. E.A. Fundira, P. Saungweme, G. Chikomo, T.M. Ngwenya, A. Makamure, (Chairman), N. Maphosa, B.H. Dirorimwe and E.T. Shangwa.
Not in photography: B.I. Childs.

Board of Directors (continued)

Board of Directors (continued)

1. **ALEX MAKAMURE**

   Independent non-executive Chairman

   Alex was appointed Chairman of the African Sun Board on 28 June 2018 having joined the Board on 17 October 2012. A Chartered Accountant (Zimbabwe), Alex is the Company Secretary and Group Treasurer for Delta Corporation Limited.

2. **ED SHANGWA**

   Managing Director

   Ed was appointed to the position of Managing Director on 17 September 2015. An accountant by training and a holder of a Master in Business Administration Degree, Ed has experience in the tourism and hospitality industry spanning over 30 years in hotel operations and accounting.

3. **BELIEVE DIRORIMWE**

   Finance Director

   Believe was appointed to the position of Finance Director on 17 September 2015. A Chartered Accountant (Zimbabwe and South Africa), Believe has been instrumental in the Group's capital raising initiatives, new projects and business restructuring.

4. **BRETT CHILDS**

   Non-executive Director

   Brett was appointed to the African Sun Board on 16 March 2017. Brett is a Chartered Accountant (South Africa).

5. **DR. EMMANUEL ANESU FUNDIRA**

   Independent non-executive Director

   Emmanuel was appointed to the African Sun Board on 17 October 2012. A marketer by profession, Emmanuel is the founder of a diversified tourism based leisure group with interest in photographic and non-photographic safaris operating on the shores of Lake Kariba and in the Victoria Falls.

6. **NYARADZO G MAPHOSA**

   Independent non-executive Director

   Nyaradzo has served as non-executive director of African Sun since 17 October 2012. A registered Legal Practitioner, Notary Public and Partner with Sawyer and Mkushi Legal Practitioners, Nyaradzo has been in practice for the past 17 years where she is Attorney of record for several financial institutions in Zimbabwe.

7. **PETER SAUNGWEME**

   Non-executive Director

   Peter was appointed to the African Sun Board on 8 March 2018. Peter is a Chartered Accountant by training and currently the Chief Finance Officer (as well as doubling up as the acting Chief Executive Officer) of Arden Capital Limited (former Brainworks Capital Management Limited).

8. **GEORGINA CHIKOMO**

   Independent non-executive Director

   Georgina was appointed to the African Sun Board on 30 August 2018. Georgina is an Accountant and the Finance Director (as well as currently doubling up as the acting Managing Director) of ZB Bank Limited.

9. **THANDI MIRANDA NGWENYA**

   Independent non-executive Director

   Thandi was appointed to the African Sun Board on 30 August 2018. A marketer by profession Thandi is the Head of Marketing at African Century Bank.

Management

EXECUTIVE COMMITTEE

Seated: M. Macheka (Human Resources Executive).
Standing from left: B.H. Dirorimwe (Finance Director), E.T. Shangwa (Managing Director) and V.T. Musimbe (Company Secretary).

Corporate Information

DIRECTORATE

Chairman
A. Makamure

Non-executive Directors
Dr. E.A. Fundira
P. Saungweme
G. Chikomo
T.M. Ngwenya
B. Childs
N.G. Maphosa

Executive Directors
E.T. Shangwa – Managing Director
B.H. Dirorimwe – Finance Director

BOARD COMMITTEES

Finance and Audit Committee
G. Chikomo (Chairman)
P. Saungweme
Dr. E.A. Fundira
B. Childs

Nominations Committee
A. Makamure (Chairman)
B. Childs
N.G.Maphosa

Human Resources and Remuneration Committee
P. Saungweme (Chairman)
G. Chikomo
N.G. Maphosa

Sales, Marketing and Innovation Committee
Dr. E.A. Fundira (Chairman)
N.G. Maphosa
T.M. Ngwenya

Company Secretary
V.T. Musimbe

DIVISIONAL HEADS

D Kung	Resort Hotels
I. Katsidzira	City and Country Hotels
E.T. Shangwa	Other Strategic Business Units

HOTEL AND RESORT GENERAL MANAGEMENT

Property General Managers

Resort Hotels

C. Mulinde	Elephant Hills Resort and Conference Centre
N. Moyo	The Kingdom at Victoria Falls
T. Cameron	Hwange Safari Lodge
M. Terera	Caribbea Bay Resort
K. Mupfigo	Great Zimbabwe Hotel

City and Country Hotels

V. Halimana	Monomotapa Hotel
C. Chinwada	Holiday Inn Harare
A. Matema	Holiday Inn Bulawayo
C. Chimbira	Holiday Inn Mutare
T. Gibbons	Troutbeck Resort

Partnership

F. Chimba	The Victoria Falls Hotel

Sun Leisure Division

S. Mkandla	Harare Sun Casino and Makasa Sun Casino
N. Dzambo (Acting)	Sun Leisure Tours

Independent Auditor

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Building Number 4, Arundel Office Park
Norfolk Road, Mount Pleasant
P.O. Box 453, Harare,
Zimbabwe

Main Bankers

FBC Bank Limited
5th Floor, FBC Centre
Nelson Mandela Avenue, Harare,
Zimbabwe

Nedbank Zimbabwe Limited
16th Floor, Old Mutual Centre
Third Street, Harare,
Zimbabwe

Legal Advisors

Dube, Manikai and Hwacha Commercial Law Chambers
6th Floor, Gold Bridge, Eastgate Complex
Robert Mugabe Road, Harare,
Zimbabwe

Registered Office

African Sun Limited
c/o Monomotapa Harare
54 Parklane, Harare,
Zimbabwe

Physical Address

African Sun Limited
Bally House,
Mount Pleasant Business Park,
870 Endeavour Crescent, Off Norfolk Road, Harare
P.O. Box CY 1211, Causeway, Harare,
Zimbabwe

Sun Leisure

SUN LEISURE TOURS

*Let us
drive you there in
comfort and style*

SUN LEISURE TOURS

Sun Leisure Tours is the recently established touring arm of the Company. It offers airport transfers in Harare, Bulawayo, Victoria Falls and Hwange. For your convenience, Sun Leisure Tours also offers transportation to any local destinations of your choice. It can facilitate city tours to attractions such as Domboshava, Mbare suburb, Art Galleries and Museums, The Matopos and many more.

Sun Leisure Tours offers affordable fares and an extensive fleet of luxury vehicles to cater for all requirements. Whether you are on vacation or a business trip or attending a conference as a group.

The fleet consists of luxury sedans, 35 seater luxury buses with trailers and 14 seater luxury buses.

All vehicles and drivers are fully licensed by local authorities. Drivers have intimate knowledge of key destinations. Our vehicles are modern, clean and maintained to the highest standards for your safety and pleasant touring experience.

Harare & Victoria Falls

Sun Leisure

Sun Casinos

It's A Sure Bet All The Way

Sustainability Report

About Us

African Sun Limited ("the Company"), is a leading Hotel Asset Management Company in Zimbabwe, operating internationally recognised brands, with a vision to to be the leading hospitality and leisure Company in the markets we operate.

AFRICAN SUN LIMITED

Affiliations and Membership

Through its global brands, African Sun is affiliated and adheres to the policy standards and services of these global groups:

- InterContinental Hotels Group (IHG) - 3 Holiday Inns; and
- Leading Hotels of the World (LHW) - 1 hotel.

Sustainability Report (continued)

Report Frequency and Content

The African Sun Limited Sustainability Report will be published annually and will be part of the integrated annual report for the group. Looking forward to the horizons of our sustainability planning periods, the Sustainability Report will be an independent report (outside of the Annual Report).

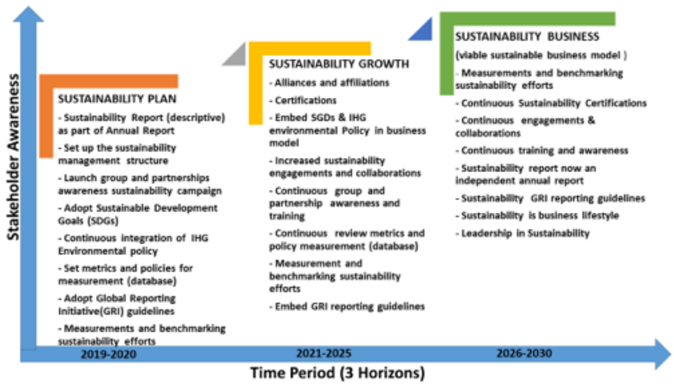
Currently the report is more descriptive in nature, but looking ahead, the Sustainability Report will follow the widely accepted and used sustainability guidelines under the Global Reporting Initiative's (GRI) G3 guidelines, self-declaring C level. With these guidelines, we will be able to measure our sustainability performance and compare our progress with others.

Our Approach

We are aware of our responsibility for the impact that our business activities have on the environment and the surrounding communities. In this regard, we are committed to ensuring that there is an integration of best environmental practices into everything that we do. It is our objective in this regard to ensure that there is a balance between our economic, social and environmental outcomes. We will always ensure that our conduct meets the needs of the present, while minimizing the cost to future generations.

Our focus on sustainability is driven by the three premises of responsibilities (3Rs) based on environmental responsibility, social responsibility and people responsibility.

We acknowledge that we are in the initial stages of our sustainability reporting journey. However, we are fully committed to the long-term implementation and achievements of the group sustainability goals through the following three horizon implementation plan, in line with our corporate strategic plan horizons.



Our Commitment to Sustainability

At African Sun we are committed to reducing our impact on the environment, addressing environmental challenges, and helping our people and guests advance environmental sustainability. We are committed to managing our environmental footprint while providing the best in-class hospitality and leisure experience to our customers. We want to minimise our environmental impact by actively understanding and managing our resource use and waste as our business grows.

Sustainable and responsible tourism programmes are necessary more than ever to keep our natural, cultural and social environment of people and places intact. It is our commitment to join hands and work diligently with all stakeholders in projects and programmes that promote sustainable tourism so that together we can achieve green destination status in Zimbabwe.

Sustainability Report (continued)

Global Collaboration

In our sustainability journey, we will continue to subscribe and align where possible to the United Nations Global Compact's Sustainability Development Goals (SDGs), and fully commit the group to playing its part in the set global initiatives on sustainability.

These SDG goals cover all the stages along the value chain and tie in well with the three key sustainability pillars of economic, environment and social as defined by the group.

For each selected SDG, the group will set several deliverables under the SDG and these will be implemented, tracked, monitored and reviewed over time to assist the group on its sustainability journey.

At this stage, the group has deliberately decided to support nine (9) sustainable goals in line with its sustainability strategy.

ECONOMIC INITIATIVES

8 DECENT WORK AND ECONOMIC GROWTH

Economic Growth
Through its innovative products and services, continues to be a leader in the creation of direct and indirect employment.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible Procurement
In addition to smart procurement which ensures the buying of optimal and quality inputs, supports local industry.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Financial and Social Inclusion
Through its ground-breaking and innovative financial digital solutions, continues to positively impact.

SOCIAL INITIATIVES

3 GOOD HEALTH AND WELL-BEING

Employee and Community Wellbeing
Our staff and communities are at the core of who we are.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Infrastructure and Innovation
To enable it to deliver world-class lead the market in acquiring and deploying cutting edge systems.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Compliance
As a responsible corporate citizen, committed to complying with all legislation relevant to our scope of business.

17 PARTNERSHIPS FOR THE GOALS

Stakeholder Engagement
African Sun does not operate in a vacuum.

ENVIRONMENTAL INITIATIVES

7 AFFORDABLE AND CLEAN ENERGY

Energy and Carbon Management
African Sun is actively taking steps to reduce its own emissions by innovating clean and renewable energy solutions in pursuit of a cleaner environment

15 LIFE ON LAND

Waste Management
By consuming resources optimally and managing all waste efficiently, contributes to the reduction of local waste burden, providing relief to the environment

Sustainability Report (continued)

Sustainability Management

African Sun has a Sustainability Committee that drives the sustainability initiative in the group. The Sustainability Committee (SC) is made up of the following members;

- Four Exco members being the Managing Director, the Finance Director, the Human Resources Executive and the Company Secretary;
- Two Divisional Operations Executives; and
- Marketing, Public Relations and Innovation Manager.

This committee is responsible for the group policy on sustainability including setting goals, targets, resource allocation and implementation plan. At unit (hotel) level, there are sustainability champion(s) ably led by the various Hotel General Managers that will ensure that the initiatives are carried out to meet our goals. In most cases the Hotel Facilities Managers lead the planet/environment initiatives, while the Hotel HR Managers lead the people element. Our Hotel General Managers often lead the community related initiatives, usually through our CSR programmes.

Although at corporate level the sustainability committee is responsible and accountable for the group sustainability implementation and deliverables, great effort is made to encourage all employees to be custodians of sustainability within the group.

The above structure embeds and fully integrates sustainability as a lifestyle within the organisation including engagements with all stakeholders, thereby driving the group to achieve its sustainability vision.

At Board Level, the sustainability initiatives and progress thereof are reported into the Sales, Marketing and Innovation Committee first, and then presented to the main Board.

Environmental Responsibility

We are committed to reducing our impact on the environment, addressing environmental challenges, and helping our people and customers advance environmental sustainability by actively understanding and managing our resource use and waste as our business expands and evolves. We are committed to managing our environmental footprint while providing the best-in-class hospitality and leisure experience to our customers.

Brands and Service Standards

African Sun takes great pride in its global brands and international affiliations, and the economic value they bring to the Group. As a result, we make every effort necessary to uphold these brands and the associated service standards. These include implementation of the standards and metrics, monitor and review, and have a validated quality audit process. These standards and metrics assist in bringing efficiency and effectiveness to the operations of our hotels and by so doing enhance the environmental initiatives.

Green Programs

Under the green programs, the group implements and oversees programs that run throughout the year. These programmes have resulted in us saving of water, reducing waste and being energy efficient in and for the benefit of the surrounding environment. These programmes include initiatives such as:

- Appreciation and compliance with the relevant bye-laws and regulations applicable to the environment and sustainability at local, reginal and national level;
- Adopted the policies that encourage guests to recycle towels, reduce water usage and make use of the recycling bins we provide for them;
- Purchase products that have a reduced environmental impact during their life-cycle, from suppliers that demonstrate environmental, social and ethical responsibility;
- Linked the rooms lights and utilities to the key card, to save energy when there is no one in the room;
- Waste paper management being selected and sold for recycling; and
- Replacement of light bulbs with energy efficiency bulbs.

Sustainability Report (continued)

Green Refurbishment Programmes

Continuous property improvement plans are critical and necessary to the nature of our business to remain viable and relevant to our stakeholders. We have a planned programme for refurbishment and have gone ahead with the programme each year in a diligent manner using material and products that are environmentally friendly. Most of the designs have been sourced locally, and where possible the materials and contractors have been local.

Waste Management

The Victoria Falls Hotel (TVFH) started a waste recycling project which is meant to reduce the amount of litter that goes to the dumpsite to keep Victoria Falls Town as a green destination. At the onset of the project, the hotel ran awareness campaigns with departmental representatives educating people on the impact of the project on the environment and on the tourism industry. From June 2018 to June 2019 a total of 78 280kg of kitchen biodegradables was recycled into compost. A total of 1 655kgs of paper, cans, plastic, glass waste has been sent to the Recycling Centre. Training on recycling will be an ongoing process to make sure there is buy-in from the whole team since this project's successes depends on a collective effort.

In 2019, African Sun committed to reduce the use of single use plastic, and to minimise its carbon footprint. The group introduced the environmentally friendly natural water system, where drinking water is purified onsite and stored in reusable glass bottles. This has seen the elimination of over 100 000 plastic water bottles which were being used annually in hotel rooms, restaurants and bars. Hotels have also now adopted the use of paper straws instead of plastic as paper is eco-friendly.

Social Responsibility

African Sun seeks to achieve sustainable goals by working closely and collaborating with community organisations, NGOs, Government and its associates, partners and also competition to foster a spirit of ownership, sustainability awareness and implement initiatives that will benefit and sustain the communities we operate in.

Our initiative extends to participation in national sustainability programmes and assistance to victims of climate and economic disasters.

Sustainability Report (continued)

Social Responsibility

African Sun seeks to achieve sustainable goals by working closely and collaborating with community organisations, NGOs, Government and its associates, partners and also competition to foster a spirit of ownership, sustainability awareness and implement initiatives that will benefit and sustain the communities we operate in.

Our initiative extends to participation in national sustainability programmes and assistance to victims of climate and economic disasters.

Responsible gambling

Responsible gaming is a driving force to maintain a sustainable business. Under Sun Casinos we are fully committed to responsible gaming. We remain in full compliance with the regulatory, set guidelines and policies of the industry.

We offer a source of entertainment that people over the prescribed legal age limit, enjoy in a safe, secure and friendly environment. Our products, both tables and slots meet the regulated gaming standards. Our staff are regularly trained and assessed to ensure that they are competent and properly carry out their duties and do not short change our customers.

Charity Casino

In our commitment to alleviate poverty and help the less privileged in society, our Charity Casino operates through the Lotteries and Gaming Board under the Ministry of Home Affairs. Its mandate is to raise funds on behalf of charitable organizations by running gaming events on behalf of specific beneficiaries. In total the Casino raised ZWL317 874 during the 2019 financial year which was distributed to various beneficiaries.

National Clean-up day

Every African Sun hotel is involved in the monthly National Clean-up day campaigns on the first Friday of each month. Staff and Management dedicate at least 1 hour towards picking up litter and cleaning up in the hotel grounds and the surrounding areas of the buildings. This has had a positive impact of encouraging staff, partners and communities involvement in sustainable initiatives and changing the overall cleanliness and outlook in the areas our hotels operate.

Social Responsibility (continued)

The Victoria Falls – Anti Poaching Unit

The Kingdom at Victoria Falls, Elephant Hills Resort and Conference Centre, Hwange Safari Lodge and The Victoria Falls Hotel make monthly contribution to the Victoria Falls Anti - Poaching Unit (VFAPU). The Victoria Falls Anti- Poaching Unit is a non-profit organisation dedicated to the conservation of our local wildlife and natural resources. Surrounded by the Victoria Falls National Park, the town of Victoria Falls is in one of the most beautiful environments on earth, with unspoilt expanses of wilderness, abundant wildlife and spectacular settings, drawing tourists from around the world. However, the beauty of the location comes with some heavy burdens of human and animal conflict. VFAPU tries to ease some of the burdens by protecting the wildlife and habitat from poacher pressure (subsistence and commercial), as well rescue and rehabilitate animals injured by human interference. Additionally, they try to train and find employment for ex-poachers so that they have a sustainable income without doing harm to flora and fauna. Education is also important, and VFAPU and its partners try to reach children at an early age through school and community awareness programmes.

Partnership with Hwange National Parks

Our Hwange Safari Lodge is situated within the proximity of the world-famous Hwange National Park. Home to the world's largest population of the African elephant, including the presidential herd, Hwange National Park boasts an abundance of other wildlife including buffalo, lion, leopard, a prolific birdlife, diverse population of raptors and a host of other species. The Lodge is in partnership with Hwange National Parks and the surrounding communities, and carries out joint initiatives, for the upkeep of the park and its wildlife and habitat, alleviations of the plight of the wild life by working closely with parks rangers, ecologists, partners and communities, making donations in cash and kind and maintaining water and food supply where necessary. Also, Hwange Safari Lodge and its own personnel, act as the first line of education for guests and interested parks on the sustainability of the parks wildlife and habit.

Garden Conservation Project

The Victoria Falls Hotel established a Green Garden Project in 2009 where waste products from the kitchens and Hotel is separated and recycled. A vermi culture site produces organic manure which is used in the 2-hectare plot on Hotel grounds. This was set up to promote not only recycling but sustainable use of land in the communities. The project is aimed at providing opportunities to people in community to start their own garden projects and grow their own food and to start their mini- horticulture business where they sell their produce. The hotel in turn connects them to markets and buys back the produce. The hotel recruits trainees from the community and pays them during their training and equips them with necessary knowledge and skills in setting up sustainable eco projects. As a result, over to 180 persons have acquired professional knowledge and skills to build green gardens and the reach now includes university graduates, government departments and schools. Fruits, nuts, vegetables, herbs and other useful plants can be grown in a manner that duplicates the natural ecosystems and allows the creation of beautiful, diverse, highly productive and self-sustaining gardens in urban and rural environments.

Troutbeck Resort in Nyanga has also established greenhouses on the hotel grounds. Various vegetables are grown all year round and the produce used to prepare meals within the hotel- from garden to table. The greenhouses also provide employment to people within the locale.

Tree Planting

As part of the global Tree per Child campaign, Hwange Safari Lodge, works closely with Masuwe and Jabulani primary schools in Hwange, where now over 450 indigenous and fruit trees have been planted by the hotel team for each child. Students then look after their trees in the school grounds to ensure sustainability.

Donations

Elephant Hills Hotel and Conference Centre donated to Rose of Sharon Welfare organisation. The donation comprised linen, towels and bed sheets. While handing over the donation, the hotel also provided snacks to the children and this provided some heart-warming cheer.

Holiday Inn Bulawayo donated linen to True Hospitality for Good: King George VI. Hotel staff assisted in painting the children's TV room, cleaning of the premises and provided a luncheon. Holiday Inn Mutare continues to support community projects in Mutare. The hotel donated poultry feeds to Zororai Old People's home poultry project in Mutare as well as food and linen to orphanages.

Social Responsibility (continued)

Donations

The Monomotapa hotel hosted a luncheon to feed Harare street kids as well as made donations to Amaruran Home, All Souls and Shammah Children's Home. The hotel also provided garden implements for Harare Gardens Park and mower spares for the Harare City Council.

Carribbea Bay Resort made linen donations to Kariba hospital. Up Cycling project has seen 250 hospital gowns made by The Victoria Falls Hotel donated to Victoria Falls 40 bed hospital made from condemned sheets from rooms which have fabric in good condition. Towels have been made into flower pots in a pilot project that will empower youth in Victoria Falls through making these commercially. In 2019 the Hotel adopted Sizinda Secondary School and repainted all the classrooms blocks, made 6 teachers desks and repaired 150 chairs in addition to new shelving using recycled wood from its pallets on importations.

The Kingdom at Victoria Falls makes routine visits to adopted Chinotimba Post Natal ward which they have adopted to ensure that their needs are met, facilities are in order and that in-house mothers and new babies are happy. To-date since the adoption of the ward, there has been approximately 2 500 births.

Intense Tropical Cyclone Idai was one of the worst tropical cyclones on record to affect Africa and the Southern Hemisphere. The long-lived storm caused catastrophic damage, and a humanitarian crisis in Mozambique, Zimbabwe, and Malawi, leaving more than 1,300 people dead and many more missing. In Zimbabwe the Chimanimani and Chipinge districts saw extensive damage with widespread flash flooding. All hotel units rallied together and made donations to Cyclone Idai Victims to the value of $120,000.

Sustainability Report (continued)

Our People

We are committed to making a difference in everything we do for our clients, our people and society at large. This is what our people focus on and unite around every single day. Our people are the biggest resource we have to deliver our sustainable goals. They are the troops on the ground, committed to our corporate and sustainability values daily, facing up to the challenges of implementation of the programmes and at the same time remaining resolute as our champions for sustainability, accomplishing the initiatives with a smiles on their faces. As a result, we remain innovative and committed to people welfare related programmes.

Education

Delegates from African Sun attended the 15th Chinhoyi University graduation ceremony in October 2019. A total of 2,243 students were capped. In the School of Hospitality and Tourism the following students received awards sponsored by African Sun: Best Graduating Student in Hospitality and Tourism with Vice Chancellor's Award- Bekezela Chakavanda. She received a Trophy and a cash prize of ZWL2,000. Bekezela is currently employed at the Monomotapa Hotel as a Guest Relations Officer. Second Best Graduating Student with First Class in BSc. Hospitality and Tourism- Tapiwa Lunga received a Trophy and cash prize of ZWL1,000.

Good Health and Wellness at Work

The Group is intent on promoting employee wellness at the workplace through following a religious wellness calendar. We have the following strategic initiatives for the company:

- All our employees and immediate family members are on mandatory medical aid in line with the group policy;
- Employee wellness days are designated for each hotel and our current Medical aid service providers assist the Hotels. In March 2019 all our hotels conducted their wellness day;
- Hotels have monthly state of the hotel platforms to engage with all employees and annual Managing director`s tour to engage with staff;
- The Holiday Inns annually celebrate a service week in recognition of our colleagues;
- The group has a clinic in the Victoria Falls resort which caters for the health needs of all employees within the destination;
- In conjunction with the Victoria Falls Hospital the Victoria Falls Clinic also provides AVRs to our employees in need of these drugs;
- Fire life and safety training programs for all staff; and
- Employee health and safety policies are in place including the group HIV & Aids policy.

Hotels have been running quarterly Employee Wellness programs including Zumba fitness training, HIV/AIDS testing, Blood Pressure, Eye tests and BMI checking in partnership with CellMed Medical Aid and First Mutual Life Health across all the hotels. Staff get an opportunity to relieve stress during the fun and interactive fitness classes and are equipped with tools to manage their mental health.

Hotels observed October Breast Cancer Awareness month with staff wearing pink ribbons, encouraging mammograms and donated funds towards the Elizabeth Chanakira Cancer Trust. World AIDS Day was also observed in all hotels with voluntary counselling and testing made available to staff.

Sustainability Report (continued)

Our People (continued)

Equality in the workplace

African sun has a deliberate policy which seeks to promote equity, diversity and inclusion in the workplace. ASL strongly believes that equality, diversity and inclusion in the workplace are vital to a health, growing business like ours.

Under equity strives for the fair treatment, access, opportunity, and advancement for all staff, while at the same time striving to identify and eliminate barriers that have prevented the full participation of some group.

African Sun pride itself as a champion of physically challenged people with all its hotels designed to be accessible to physically challenged people both employees and our guests. The hotels have state of the art equipment to cater for physically challenged people. For example, vibrating pillows; pull code alarm in rooms; door handles lower and accessible to physically challenged people; bathrooms are wheel chair accessible and have grab bars. We maintain a standard of one physically challenged adapted room per every 100 rooms in line with international practice.

At African Sun, we also celebrate diversity at the workplace. Our recruitment policy does not discriminate against creed, colour, race, religion or ethnicity and our Code of Conduct makes it an offence to discriminate. Our recruitment policies are based on experience and merit.

Women Empowerment

Across the company the employment policy is non-discriminatory. The company has a total staff compliment of 1200 and 33.3% are female and we are moving towards a strategic objective of having a 40% female benchmark.

The following are some of our initiatives;

- Training opportunities for development more to women in internal programmes such as Graduate Development Programmes (GDPs), Management Development Programmes (MDPs) and Supervisory Development Programmes (SDPs);
- Encourage women to make the leap, take more chances and go for opportunities they desire through coaching and mentoring; and
- Promotion of deserving women to management and supervisory position.

Sustainability Report (continued)

AWARDS AND RECOGNITION Awards won by ASL Hotels in 2019		
HOTEL	**NAME OF AWARD**	**AWARDING INSTITUTION**
The Victoria Falls Hotel	• Environmental Stewardship Award • Best Recycling Innovation Award	Environmental Management Agent (EMA)
The Victoria Falls Hotel	• Best Resort Hotel 1st Runner Up	Association of Zimbabwe Travel Agents (AZTA)
The Victoria Falls Hotel	• Traveller Review Award	Booking.com)
The Victoria Falls Hotel	• Winner Service Excellence Award	Contact Centre Association of Zimbabwe
Monomotapa Hotel	• 2nd Runner Best City Hotel	Association of Zimbabwe Travel Agents (AZTA)
IHG Hotels (Holiday Brand)	• Superbrand- Hospitality Sector	Marketers Association of Zimbabwe (MAZ)
Holiday Inn Bulawayo	• 1st Runner Up Service Excellence Award	Contact Centre Association of Zimbabwe
Holiday Inn Bulawayo	• 1st Runner Up	Zimbabwe Institute of Management
African Sun Limited	• Best Stand – Hotels and Accommodation sector at Sanganai/Hlanganani World Travel Expo	Zimbabwe Tourism Authority (ZTA)

Looking Forward

As we move to the next horizon on our sustainability journey, the overall objective is to achieve "sustainability growth", driven by the following key goals;

- Adopt and make use of alliances and affiliations tools;
- Monitor and review metrics and policies for measurement of parameters;
- Aim for certifications of training and programmes;
- Embed the SDGs into the business model;
- Continue collaborations, awareness, training and donations programmes;
- Progress with programs that will ensure continuous reduction in the consumption of water and energy, year on year; and
- Brand and create an African Sun sustainability initiative.

Corporate and Hotel Directory

African Sun Limited
Incorporated and domiciled in the Republic of Zimbabwe Registration number: 643/1971

Registered Office
African Sun Limited, c/o Monomotapa Harare
54 Parklane, Harare, P.O. Box CY 1211, Causeway, Harare, Zimbabwe
Tel: +263 242 338232 -6, +263 78 270 5382, +263 78 270 5379, +263 78 270 5384
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com

Transfer Secretaries
Corpserve (Private) Limited
2nd Floor, ZB Bank Centre
Cnr Kwame Nkrumah Avenue/First Street, P.O. Box 2208, Harare, Zimbabwe
Tel: +263 242 758193
Email: paradzai@corpserve.co.zw

Physical Address
African Sun Limited, Bally House, Mount Pleasant Business Park, 870 Endeavour Crescent off Norfolk Road, Harare
P.O.Box CY 1211, Causeway , Harare, Zimbabwe
Tel: + Tel: +263 242 338232 -6, +263 78 270 5382, +263 78 270 5379, +263 78 270 5384
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com

Investor Relations
Web: www.africansunhotels.com

Telephone Directory

For reservations:

Pan African Central Reservations Office, ("PACRO") Johannesburg	+27 100030079,100030081-5
Email: pacro@africansunhotels.com	
Harare Central Reservations Office Harare ("HACRO")	+263 242 700521 or +263 782 706 785-7
Email: hacro@africansunhotels.com	

Resort Hotels

Elephant Hills Resort and Conference Centre	+263 8328 44793-9 or +263 867 700 4956 or +263 867 700 4956
The Kingdom at Victoria Falls	+263 8328 44275-9 or +263 772 132 163 or +263 867 700 4955
Hwange Safari Lodge	+263 772 132 147-8
Caribbea Bay Resort	+263 261 2452-7 or +263 772 132 180-2
Great Zimbabwe Hotel	+263 239 262274 or +263 772 132 153-5 or +263 867 700 7458

City and Country Hotels

Monomotapa Harare	+263 242 704501-9 or +263 867 700 4651
Holiday Inn Harare	+263 242 795612-9 or +263 867 702 0291
Holiday Inn Bulawayo	+263 292 252460-9 or +263 867 702 0294 or +263 772 132 149-150
Holiday Inn Mutare	+263 020 64431 or +263 867 702 0290
Troutbeck Resort	+263 772 437 386-8 or +263 867 702 0298

The Victoria Falls Hotel Partnership

The Victoria Falls Hotel	+263 8328 44751-9 or +263 772 132 176 or +263 867 700 0376

Sun Leisure

Harare Sun Casino	+263 242 338232-9
Makasa Sun Casino	+263 8328 44275-9 or +263 772 132 163 or +263 867 700 4955
Sun Leisure Tours - Bulawayo	+263 292 252460-9 or +263 867 702 0294
Sun Leisure Tours - Victoria Falls	+263 8328 44793-9 or +263 867 700 4956

Notice to Members

NOTICE IS HEREBY GIVEN TO THE SHAREHOLDERS OF THE COMPANY THAT, the Forty - Eighth Annual General Meeting ("AGM") of Shareholders of African Sun Limited will be held virtually by electronic means at https://eagm.creg.co.zw/eagmzim/Login.aspx on 16 July 2020 at 1200 hours for the purpose of considering the following business to be transacted and, if deemed fit, passing with or without amendment, the resolutions set out hereunder, and considering any other matters raised by shareholders, at the AGM:

Voting thresholds:
For the purpose of approving the ordinary resolutions, the support of more than 50% of the voting rights exercised by shareholders represented in person or by proxy, at the virtual AGM is required.

To approve any special resolutions, the support of at least 75% of the voting rights exercised by shareholders represented in person or by proxy, at the virtual AGM is required.

SPECIAL BUSINESS

1. Electronic Virtual Platforms
To approve the convening of this annual general meeting and remote voting by shareholders through an electronic virtual platform as permissible under Section 170 (10) of the Companies and Other Business Entities Act, Chapter 24:31.

2. Adoption and Substitution of a New Memorandum and Articles of Association of the Company
To resolve as a special resolution, the adoption and substitution of a new Memorandum and Articles of Association for the Company compliant with the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the new ZSE Listing Requirements (Statutory Instrument 134 of 2019).

ORDINARY BUSINESS

3. Statutory Financial Statements
To receive and adopt the financial statements for the period ended 31 December 2019, together with the report of the Directors and Auditors thereon. The full annual report will be available on the company website at www.africansunhotels.com.

4. Dividend
To confirm the final dividend of 1.61 ZW cents per share for the year ended 31 December 2019 as recommended by the Board.

5. Directors Resignations and Appointments
In accordance with article 100 of the Company's Articles of Association, all the non-executive directors will be subject to re-election at the Annual General Meeting. All the non-executive directors being eligible will offer themselves for re-election at the Annual General Meeting.

5.1 Mr. A. Makamure retires by rotation and being eligible offers himself for re-election.
5.2 Mr. E.A. Fundira retires by rotation and being eligible offers himself for re-election.
5.3 Mrs. G. Chikomo retires by rotation and being eligible offers herself for re-election.
5.4 Mr. B.I. Childs retires by rotation and being eligible offers himself for re-election.
5.5 Mrs. T. Ngwenya retires by rotation and being eligible offers herself for re-election.
5.6 Mr. P. Saungweme retires by rotation and being eligible offers himself for re-election.
5.7 Ms. N. Maphosa retires by rotation and being eligible offers herself for re-election.

Unless otherwise resolved, each Director will be elected separately.

6. Independent Auditors

6.1 To approve the remuneration of the auditor, Messrs. PricewaterhouseCoopers (Zimbabwe) for the past audit.

6.2 To approve the retirement of Messrs. PricewaterhouseCoopers (Zimbabwe), as independent auditors for the Company in accordance with good corporate governance as encapsulated in the provisions of Section 191 (11) of the Companies and Other Business Entities Act (24:31). Messrs. PricewaterhouseCoopers have been auditors of the Company for over ten years.

6.3 To approve that the directors be hereby empowered to do all things necessary regarding the selection, appointment and remuneration of a new replacement auditor.

6.4 To approve that the selected auditor may hold office until the conclusion of the next annual general meeting of the Company.

7. Director's Fees

To ratify the payment of directors' fees for the Chairman and non-executive directors for the period ended 31 December 2019.

ANY OTHER BUSINESS

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

Note:

(a) In terms of the Companies and Other Business Entities Act (Chapter 24:31), members are entitled to appoint one or more proxies to act in the alternative, to attend, vote and speak in their place at the meeting. A proxy need not be a member of the Company.

(b) In terms of Article 80 of the Company's Articles of Association, instruments of the proxy must be lodged at the registered office of the Company at least forty-eight hours before the time appointed for holding the meeting.

Meeting Details:

Members are hereby advised to use the dedicated Corpserve helpline on +263 242 750 711, +263 772 289 or +263 779 145 849 for assistance with the online AGM processes.

By Order of the Board

V. T. Musimbe

V T Musimbe
Company Secretary

Registered Office

African Sun Limited
Monomotapa Hotel,
54 Parklane,
Harare,
Zimbabwe

23 June 2020

AFRICAN SUN
LIMITED

PROXY FORM FOR THE ANNUAL GENERAL MEETING

For use at the Forty - Eighth Annual General Meeting (AGM) of Shareholders of African Sun Limited which will be held virtually by electronic means at https://eagm.creg.co.zw/eagmzim/Login.aspx on 16 July 2020 at 1200 hours.

I/We, the undersigned ____

of ____

Being registered holder(s) of ______________________________ ordinary shares

Hereby appoint ____

or failing him, ____

Or failing them, the Chairman of the meeting as my/our proxy to act for me/us and vote for me/us on my/our behalf as indicated below at the Annual General Meeting of the Company to be held on Thursday, 16 July 2020 at 1200 hours and at any adjournment thereof.

PROXY

(a) In terms of the Companies and Other Business Entities Act (24:31), members are entitled to appoint one or more proxies to act in the alternative, to attend, vote and speak in their place at the meeting. A proxy needs not be a member of the Company.

(b) In terms of Article 80 of the Company's Articles of Association, instruments of the proxy must be lodged at the registered office of the Company at least forty-eight hours before the time appointed for holding the meeting.

Signed at ____________________ this ____________________ day of ____________________ 2020

Signature of Shareholder ____

PLEASE NOTE

If the address on the envelope of this letter is incorrect, please fill in the correct details below and return to the Company Secretary.

Name ____

Address ____

____

____

STAMP

THE COMPANY SECRETARY

REGISTERED OFFICE:
AFRICAN SUN LIMITED
C/O Monomotapa Hotel,
54 Parklane, Harare, Zimbabwe.
PO Box CY 1211, Causeway,
Harare, Zimbabwe.

PHYSICAL ADDRESS:
AFRICAN SUN LIMITED
Bally House, Mount Pleasant Business Park,
Off Norfolk Road, 870 Endeavour Crescent,
Mount Pleasant,
Harare, Zimbabwe.
PO Box CY 1211, Causeway,
Harare, Zimbabwe.

AFRICAN SUN
LIMITED

THE COMPANY SECRETARY
African Sun Limited,
c/o Monomotapa Harare
54 Parklane, Harare,
P.O. Box CY 1211, Causeway, Harare, Zimbabwe
Tel: +263 242 338 232 - 40, +263 78 270 5382 - 4,
+263 78 270 5379, +263 242 250501-6.
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com

CORPORATE HEAD OFFICE
African Sun Limited
Bally House, Mount Pleasant Business Park,
870 Endeavour Crescent, Off Norfolk Road,
Harare, Zimbabwe.
P O Box CY 1211, Causeway, Harare, Zimbabwe
Tel: +263 242 338 232 - 40, +263 78 270 5382 - 4,
+263 78 270 5379, +263 242 250501-6.
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com
www.africansuninvestor.com