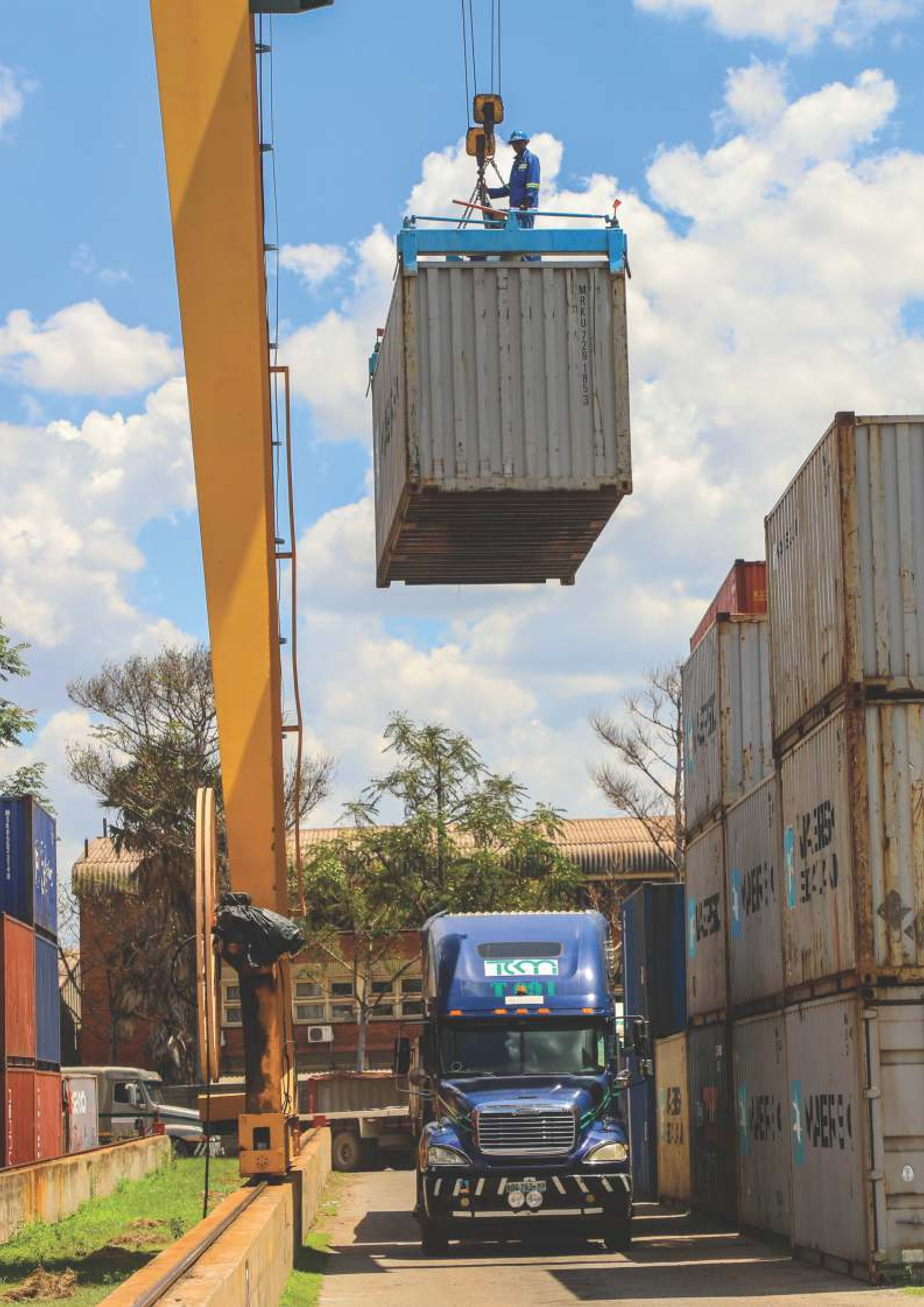
TSL LIMITED

Annual Report 2019



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FINANCIAL HIGHLIGHTS

Inflation adjusted

		2019	2018 Restated	% Change
Revenue	ZWL$	454,931,516	281,352,231	62%
Operating Profit	ZWL$	194,518,732	49,342,258	294%
Profit before tax	ZWL$	191,415,037	82,665,538	132%
Profit after tax attributable to equity holders of the parent	ZWL$	113,791,233	66,351,837	72%
Total comprehensive income attributable to equity holders of the parent	ZWL$	148,771,847	53,213,526	180%
Basic earnings per share	ZWL$	0.319	0.186	72%
Diluted earnings per share	ZWL$	0.319	0.186	72%
Headline earnings per share	ZWL$	0.392	0.065	503%
Diluted headline earnings per share	ZWL$	0.392	0.065	503%
Net asset value per share	ZWL$	1.619	1.253	29%
Financial gearing ratio	%	3	13	-77%
Current ratio		2.6	1.8	44%
Dividend per share	ZWL$	0.1104	0.0978	13%
Shares in issue at year end	000's	357,102	357,102	0%

COMPANY PROFILE, VISION AND MISSION STATEMENTS

COMPANY PROFILE

TSL Limited is a holding company incorporated and domiciled in Zimbabwe, whose shares are publicly traded on the Zimbabwe Stock Exchange. TSL, through its subsidiaries, has substantial interests in logistics, agriculture and real estate.

The Company was founded in 1957 and through the energetic pursuit and implementation of a diversification strategy has grown to become a significant player in the provision of agricultural inputs (fertiliser, chemicals and packaging), a commodity exchange platform and end-to-end logistics solutions to producers and processors of agricultural commodities on intelligent and integrated business and technology platforms.

WHO WE ARE?

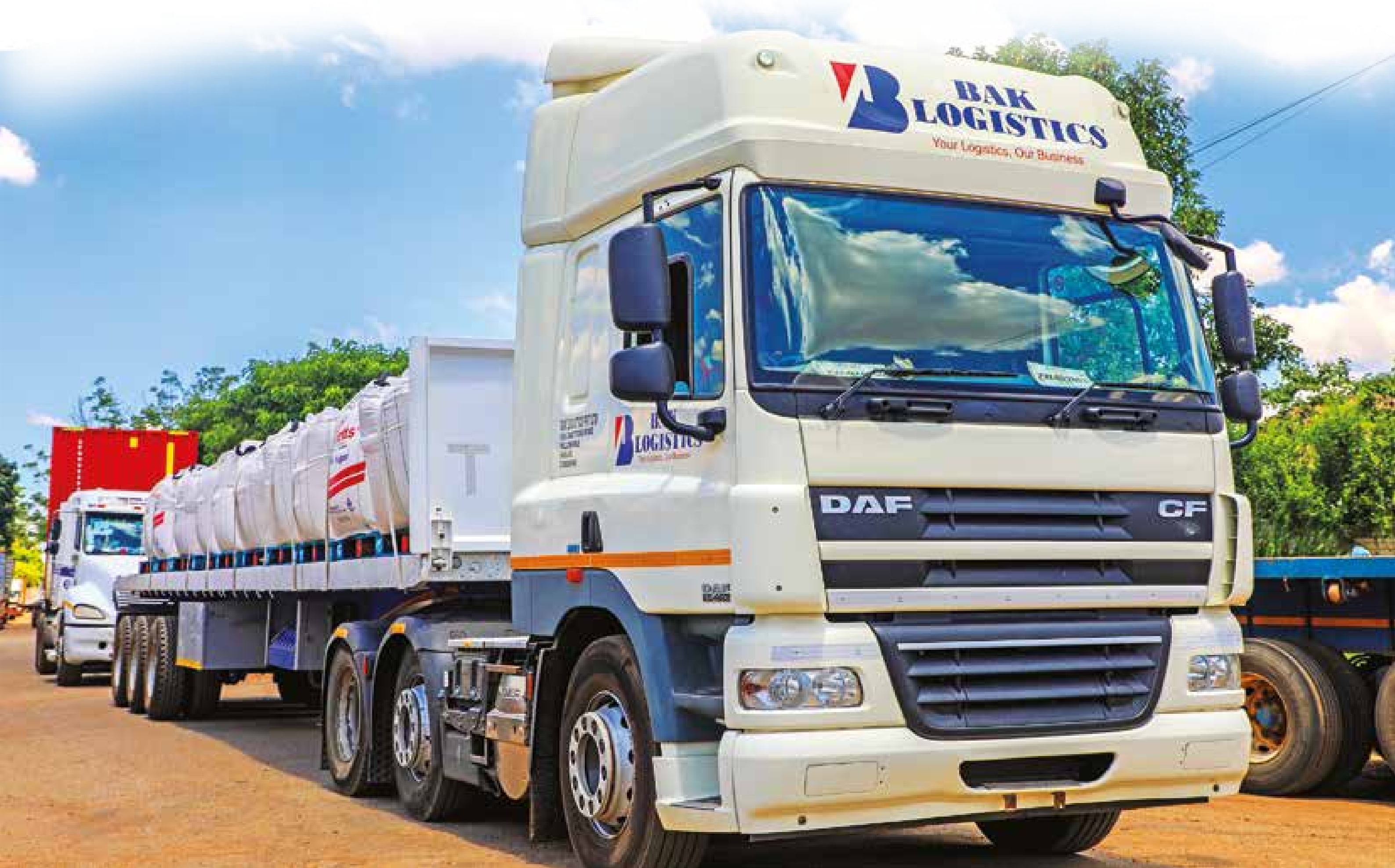
An integral & Intelligent Handler of All Movement in the Agriculture Value Chain.

WHY WE DO IT?

To Provide Platforms That Bring Value, Edge and Efficiency in Agricultural Handling.

WHAT GUIDES US?

INTEGRITY	Dependable
INNOVATION	Transformation
INTERGRATION	Strategic Collaboration
IMPROVEMENT	Grow Effective Systems
INTELLIGENCE	Creative Solutions
PATRIOTISM	Team Work



GROUP STRUCTURE

SEGMENT	COMPANY	ACTIVITIES	HOLDING
REAL ESTATE	TSL Properties Limited	Property owning	100%
	Southerton (Private) Limited	Property owning	100%
	H.G.P. Vorstermans (Private) Limited	Property owning	100%
	Tobacco Producers Floor (Private) Limited	Property owning	100%
	Ridwyn (Private) Limited	Property owning	100%
	Tobacco Warehouse & Export Company (1946) Limited	Property Owning	99.9%
	Bak Storage (Private) Limited	Property Owning	100%
	Propak (Private) Limited	Property Owning	100%
LOGISTICS	Bak Logistics (Private) Limited	General and specialised warehousing, inland port services, distribution and transport, freight forwarding and customs clearing	99.9%
	Car Rental Services (Private) Limited – Avis	Rental of motor vehicles	100%
AGRICULTURE	Chemco Holdings limited	Dormant	100%
	Agricor (Private) Limited	Retailing of agricultural inputs and hardware. Importation, formulation and supply of crop and livestock protection chemicals.	67.5%
	Tobacco Sales Floor Limited	Auctioning of tobacco	100%
	Propak Hessian (Private) Limited	Supply of tobacco hessian wraps and paper	100%
	Chimayo Investments (Private) Limited	Production of agricultural commodities	100%
SERVICES	Tobacco Sales Administration Services (Private) Limited	Treasury and administrative services	100%
	TSL (Mauritius) Limited	Treasury and administrative services	100%

DIRECTORATE AND ADMINISTRATION

BOARD OF DIRECTORS

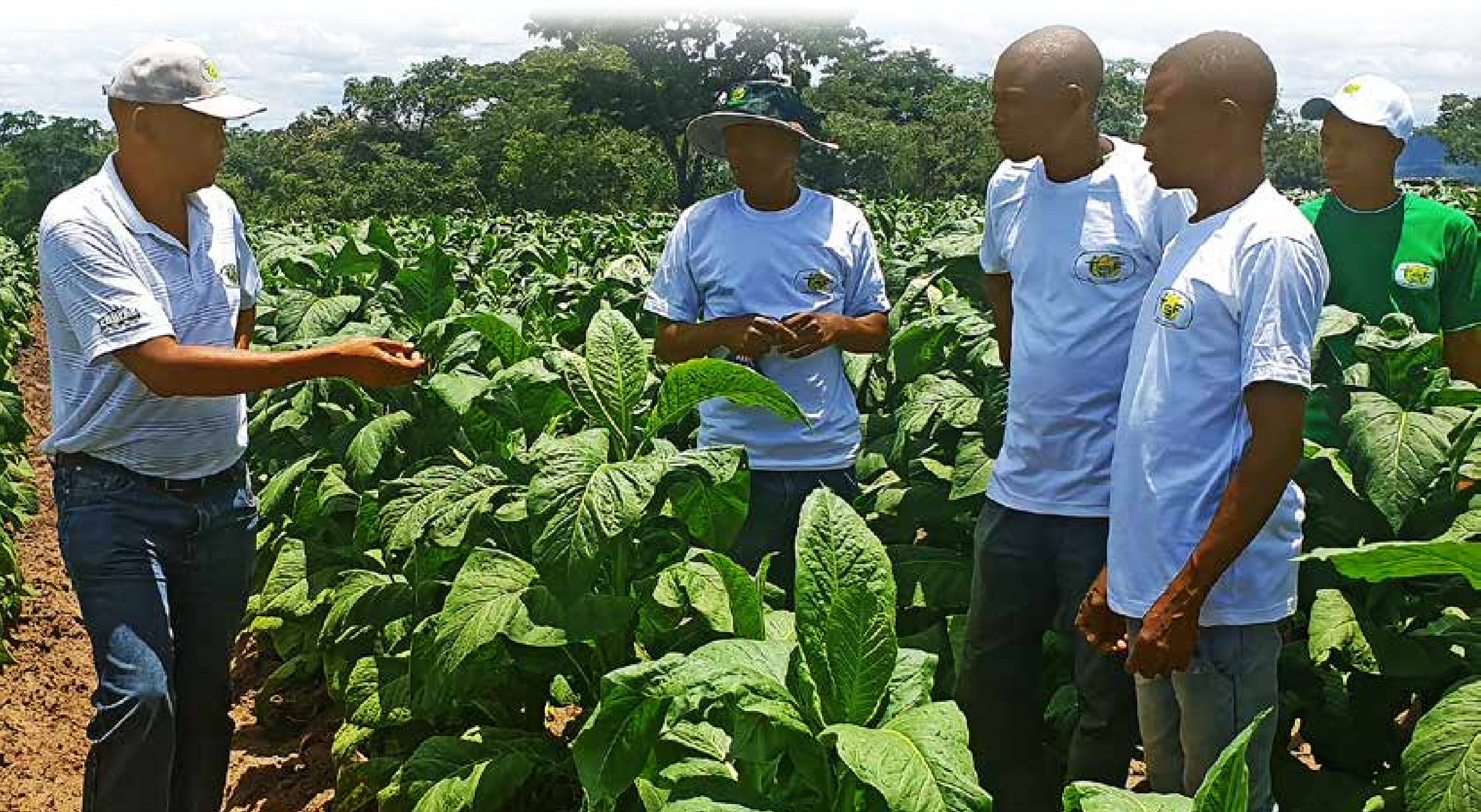
Chairman	A S Mandiwanza	Non-executive
Chief Executive Officer	P Devenish***	Executive
Chief Operating Officer	D Odoteye*	Executive
	P Mujaya	Executive
	B Ndebele	Independent Non-executive
	P Shah	Non-executive
	H Rudland	Non-executive
	M Nzwere	Non-executive
	W Matsaira	Non-executive
	J Gracie**	Non-executive
	D Garwe**	Independent Non-executive
	B Zamchiya**	Independent Non-executive
	E Muvingi**	Non-executive

* Appointed Chief Executive Officer on 1 February 2020
** Appointed on 29 January 2019
*** Retired as Chief Executive Officer on 31 January 2020

MANAGEMENT	P Devenish	Chief Executive Officer
	D Odoteye	Chief Operating Officer
	P Shiri	Acting Chief Finance Officer
	P Mujaya	Executive Director
GROUP COMPANY SECRETARY	J S Muchando	P O Box 66043 Kopje Harare
TRANSFER SECRETARIES	Corpserve (Private) Limited	P O Box 2208 Harare
REGISTERED OFFICE	28 Simon Mazorodze Road Southerton Harare	Telephone: 754666 / 7 Fax: 754673 email: admin@tsl.co.zw
PRINCIPAL BANKERS	First Capital Bank Limited	Birmingham Road Branch
AUDITORS	Ernst & Young Chartered Accountants (Zimbabwe) (Registered Public Auditors)	Angwa City Cnr Julius Nyerere Way/ Kwame Nkrumah Avenue P O Box 62 Harare

GROUP MANAGEMENT

CLUSTER	COMPANY	MANAGEMENT
LOGISTICS	Head of cluster	G Argyros
	Bak Logistics (Private) Limited	G Argyros
	Premier Forklift Services (Division)	P Svikiro
	Key Logistics (Division)	C Hambury
	Car Rental Services (Private) Limited – Avis	B Sande (Mrs.)
AGRICULTURE	Head of cluster	P Mujaya
	Agricura (Private) Limited	G Barr
	Tobacco Sales Floor Limited	M Machingaidze (Mrs.)
	Propak Hessian (Private) Limited	C Muchenje
	Chimayo Investments (Private) Limited	D Whaley
SERVICES	Tobacco Sales Administration Services (Private) Limited	P Shiri (Mrs.)
REAL ESTATE	TSL Properties Limited Group	P Chagonda



CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

REVIEW OF THE OPERATING ENVIRONMENT

There were significant fiscal and monetary policy changes in the financial year under review. As part of currency reforms embarked on in October 2018, the fiscal and monetary authorities outlawed the use of multi-currencies and by June 2019 had reintroduced the Zimbabwean dollar (ZWL$). The local currency depreciated from a fixed exchange rate of US$1: ZWL$1 at the beginning of the year to US$1: ZWL$15.7 by 31 October 2019.

Rising inflation eroded disposable incomes and reduced consumer spending power. Access to foreign currency remained problematic and shortages of fuel and electricity became more pronounced and impacted business to varying degrees. The Public Accountants and Auditors Board (PAAB) pronounced that Zimbabwe is recognized as a hyper-inflationary environment with effect from 31 July 2019 and consequently, inflation adjusted financial statements have been prepared as the primary financial statements.

The country experienced one of the worst droughts in over two decades, leaving large segments of the population food insecure. Meanwhile, national tobacco volumes hit a new high of 260 million kg. Average tobacco prices were approximately 30% down on last year at an average of US$2.03/kg from US$2.92/kg in 2018. The operating environment remains volatile and unpredictable.

REPORTING CURRENCY AND COMPLIANCE WITH IFRS

Change in functional and reporting currency

The Group's financial statements are presented in ZWL$ for the current year. There was a change in the functional and reporting currency following the reintroduction of the local currency where the Group had previously transacted and reported in the United States Dollar (US$).

Currency conversions

The requirement to comply with the legislation, Statutory Instrument 33 of 2019, made it impossible to comply with International Financial Reporting Standards due to the inconsistencies between the legislation and International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates".

Property valuations

Property valuations rely on historical market evidence for calculation of inputs. Such market evidence does not exist at present to calculate ZWL$ values. The Group's independent property valuers adopted the approach of converting US$ valuation inputs at the interbank foreign exchange rate of 15.7 at 31 October 2019. The valuers' concern with this approach were that it ignored market dynamics of demand and supply. The approach did not take into consideration the fact that different property sub-sectors would respond differently to the new currency and that a conversion at the closing interbank rate would likely overstate property values. Given the above concerns, the Directors have elected to use a much more conservative basis to value the Group's real estate portfolio. The Directors used the actual US$ rental yield achieved in the year of 5% to determine the ZWL$ value of the underlying property portfolio.

Note to users of financial statements

The Group's consolidated financial statements have not in all material respects been prepared in compliance with the requirements of IAS 21-The Effects of Changes in Foreign Exchange Rates.

The reporting period was characterized by multiple exchange rates and therefore the Board advises users to exercise caution in the interpretation of these financial statements.

PERFORMANCE OVERVIEW

Positioning overview

The Group's financial position remains sound. Strategies have been actively deployed to protect the value of the Company and deliver value to stakeholders. The Group has maintained minimal foreign currency exposures and its gearing remains low at 3% down from 13% in prior year. Part of the income generated was used in the procurement of trading inventories with longer expiry periods, both as an inflation hedge and in preparation for upcoming seasons. Further capital has been invested in upgrading facilities, technologies and plant and equipment in pursuit of the "moving agriculture" strategy. Excess cash was returned to shareholders in the form of dividends.

Volumes overview

Agricultural Operations

Tobacco related services

Tobacco Sales Floor invested in upgrading its handling facilities, re-engineering the business processes to eliminate queues and secured additional volumes from merchants. The improved merchants' volume coupled with the higher national tobacco crop size resulted in a good overall performance.

Propak Hessian signed on new customers to increase market share by 4% and benefitted from the larger national tobacco crop. Support was received from our tobacco merchant partners to import inventories.

Agricultural trading

Agricura's volumes were significantly lower owing to the drought and erosion of aggregate consumer demand. The business unit strategically invested in inventories both as an inflation hedge and to ensure product availability in ensuing seasons and invested in upgrading its plant and machinery in preparation for local manufacturing in the near future. The unit also achieved a double ISO certification as it improved its product and service offering.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS *(continued...)*

Farming operations
Overall, yields for all crops were higher than in prior year given the thrust to only grow irrigated crops. The tobacco crop fared well, fetching prices above industry average and on par with prior year. Banana volumes are well above last year, as the new plantation has started producing. Yields and quality of the trial run of chilies have been satisfactory. The winter wheat crop achieved lower than expected yields. The irrigation programme was negatively affected by erratic power supply and extended load shedding.

Logistics Operations

End to end logistics services
The logistics business recorded strong volume growth in the tobacco handling (up 27%) and inland ports operations (up 24%) as a result of new clients signed up, handling of bulk minerals and increased volumes from existing clients. Premier Forklifts recorded a 26% volume increase due to the larger national tobacco crop which resulted in extension of processing of tobacco.

Volumes in the general cargo business were down 24% due to non-movement of fertiliser stocks that had been imported by clients in anticipation of a reasonable farming season. The distribution and freight forwarding businesses experienced volume decline largely attributable to reduced consumer spend and difficulties accessing foreign currency for imports by our client base.

A new Warehouse Management System was installed across the entire business and is expected to significantly improve the customer experience through increased efficiencies and real-time tracking of product.

Vehicle rental
Avis recorded a 5% reduction in rental days due to fuel shortages and social unrest experienced earlier on in the year. This unit however, continues to generate foreign currency.

Real Estate Operations
Occupancies in the real estate business were at similar levels as in the prior year. Void levels remain satisfactory at under 4%.

Investments
The Group's investment in Cut Rag Processors (Private) Limited was successfully disposed of during the year. The proceeds are earmarked to fund expansion projects in the future.

OUTLOOK
The afore-mentioned economic pressures are expected to persist in the short to medium term.

The Group will continue to position itself to take advantage of the opportunities for growth in pursuit of the "moving agriculture" strategy.

We will continue to invest in our people, upgrading our infrastructure, market presence, developing our technology platforms and leveraging on our local and international partnerships.

Foreign currency generation remains a key priority across the Group and all business units are strategically exploring regional expansion.

Several initiatives are at various stages of execution to create and preserve value whilst defending capital.

DIVIDEND
At their meeting held on 30 October 2019, the Directors declared a second interim dividend of ZWL$ 7.28 per share payable in respect of all the ordinary shares of the Company. This dividend is in respect of the financial year ended 31 October 2019 and was paid on or about the 25th of November 2019.

A Mandiwanza
(Chairman)
25 February 2020

CORPORATE GOVERNANCE

ETHICS

TSL Limited is committed to maintaining high moral and ethical standards within the Group. The decentralised philosophy under which subsidiaries operate, relies on the high integrity of their management. TSL Limited strives to provide accurate and meaningful information to its stakeholders.

DIRECTORATE

The Board of Directors of TSL Limited consists of three independent non-executive directors, seven non–executive directors and three executive directors. The Chairmanship is held by a non-executive director. The Board meets regularly to review strategy, acquisition and disposal of assets and any material matters relating to the achievement of the Group's objectives. The Board is also responsible for monitoring the performance of the Group executive management. Consolidated management accounts are reviewed by the Board on a monthly basis in addition to an annual review of the Group budget. All Directors have access to the advice and services of the Company Secretary and where appropriate are at liberty to seek independent and professional advice at the Company's expense.

AUDIT COMMITTEE

TSL Limited has an Audit Committee consisting of three non-executive directors. The Chairman of this Committee is an independent non-executive director. The Committee is responsible for reviewing the principles, policies and practices adopted in the preparation of the TSL Group accounts and to ensure that the annual financial statements of the Group comply with all statutory, regulatory and internal governance requirements. The Committee meets at least three times per annum together with the TSL executive management, external and internal auditors.

Director	Number of meetings attended	Number of eligible meetings
B Ndebele	3	3
P. Shah	2	3
M. Nzwere	3	3
H. Rudland*	2	2

**resigned from the Committee on 18 June 2019*

REMUNERATION COMMITTEE

The Remuneration Committee comprises of five non-executive directors. The Committee meets regularly to determine the remuneration paid to executives within the Group.

Director	Number of meetings attended	Number of eligible meetings
A. Mandiwanza	4	4
W. Matsaira	4	4
M. Nzwere	3	4
B. Ndebele	4	4
D. Garwe*	2	3

** appointed to the Committee on 2 May 2019*

INVESTMENT COMMITTEE

The Investment Committee is made up of four non-executive directors with the main function being to review and provide guidance on investment strategies. The Committee meets as and when there are investment proposals requiring board attention.

Director	Number of meetings attended	Number of eligible meetings
H. Rudland	2	2
W. Matsaira	2	2
P. Shah	2	2
E. Muvingi*	1	2

** appointed to the Committee on 2 May 2019*

NOMINATIONS COMMITTEE

This is an ad hoc Board Committee chaired by a non-executive board member. Its main function is to review and make recommendations to the board on board and senior executive appointments. The Committee meets as and when required.

Director	Number of meetings attended	Number of eligible meetings
H. Rudland	1	1
M. Nzwere	1	1
W. Matsaira	1	1

INTERNAL CONTROL

The Board of Directors acknowledges its responsibility for maintaining and monitoring an effective system of financial controls. There are comprehensive management reporting disciplines in place which includes the preparation of annual budgets. Monthly results are reported against approved budgets and revised estimates and compared to the previous year. Profit forecasts are updated regularly and working capital requirements and borrowings are monitored on an ongoing basis. The monitoring of internal control systems is carried out by the Group's Internal Audit department. Audit teams visit each operation regularly and their reports are reviewed by the Audit Committee. In addition, external auditors carry out their own system reviews and report where necessary to the Audit Committee.

DIRECTORS ATTENDANCE OF MEETINGS

(From 1 November 2018 to 31 October 2019)

Director	Number of meetings attended	Number of eligible meetings
A. Mandiwanza	5	5
P. Devenish	5	5
W. Matsaira	4	5
P. Shah	3	5
B. Ndebele	5	5
H. Rudland	5	5
M. Nzwere	1	5
D. Odoteye	5	5
P. Mujaya	5	5
D Garwe	4	5
J. Gracie	5	5
E. Muvingi	5	5
B. Zamchiya	4	5

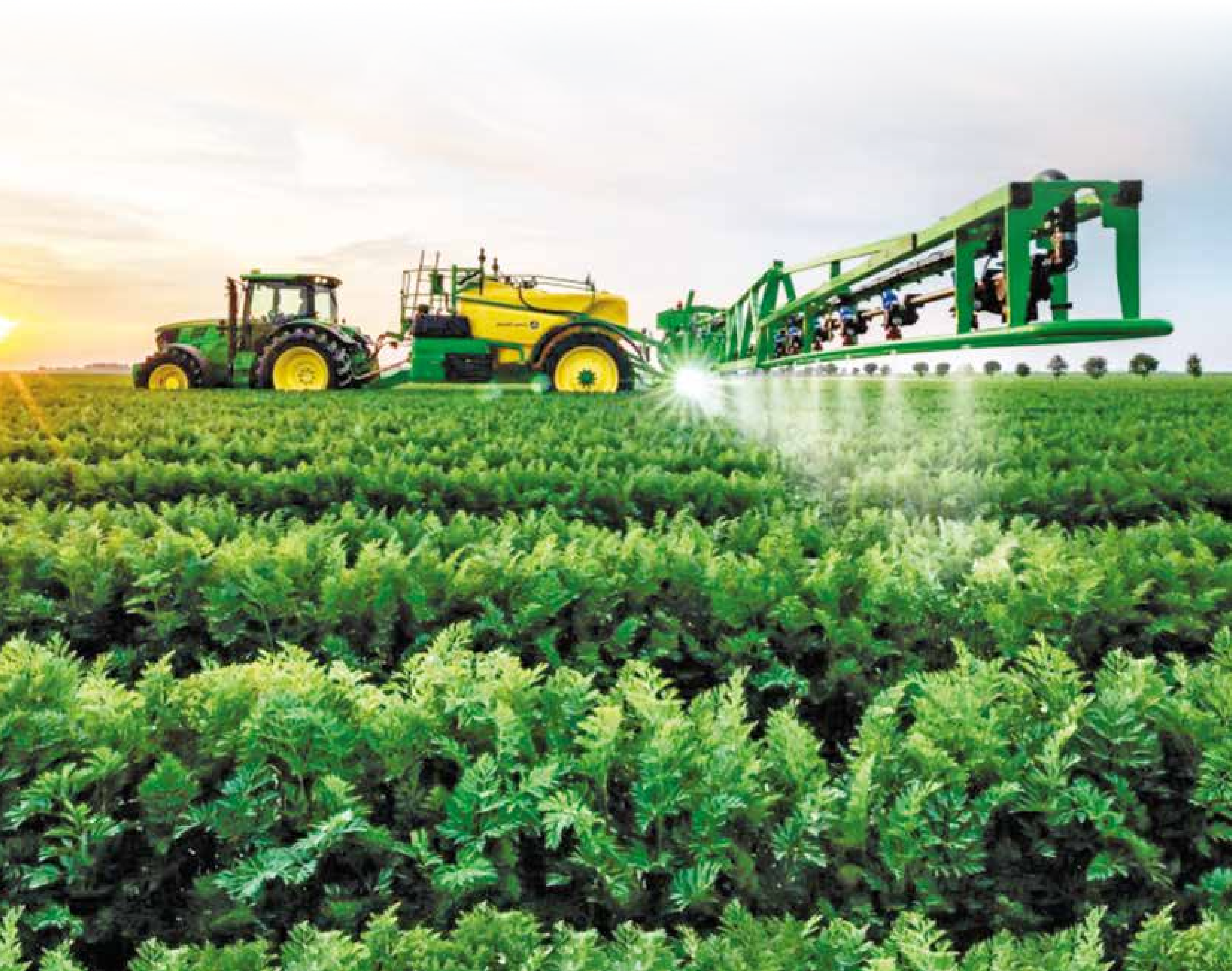
CORPORATE GOVERNANCE *(continued...)*

RISK AND COMPLIANCE COMMITTEE

The Risk and Compliance Committee comprises of three non-executive directors. The Committee reviews the management of risk and the monitoring of compliance effectiveness within the Group. The Committee reviews the policies and overall process for identifying and assessing business risks and managing their impact on the Group. The Chairman of this Committee is an independent non-executive director.

Director	Number of meetings attended	Number of eligible meetings
B. Zamchiya	2	2
J. Gracie	2	2
W. Matsaira*	1	1
P. Shah	1	1

** Replaced by P. Shah on 13 June 2019*



REPORT OF DIRECTORS

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 October 2019.

SHARE CAPITAL

The number of shares in issue remained unchanged at 357 102 445 ordinary shares.

RESERVES

The movement in the Group's reserves is shown in the Statement of Changes in Equity.

DIVIDENDS

The Directors have decided to declare a dividend of ZWL$8.08 (2018: ZWL$3.78) per share for the year ended 31 October 2019 after taking into consideration the Group profits for the year.

DIRECTORATE

Members will be asked to ratify the remuneration of the Directors for the past year at ZWL$1,484,096 (2018: ZWL$849,735) which had been budgeted at ZWL$856,217. Members will be asked to fix the budget for the remuneration of Directors for the ensuing year amounting to ZWL$2,827,200.

GOING CONCERN STATEMENT

The Directors have assessed the ability of the Group to continue operating as a going concern, including the impact of SI33/19, and believe that the preparation of these financial statements on a going concern basis is still appropriate.

FUNCTIONAL AND PRESENTATION CURRENCY

These inflation adjusted financial results are presented in Zimbabwe Dollars (ZWL$) which is the Group's functional and presentation currency since 1 November 2019. The Group had been using the United States Dollar (US$) as its functional and reporting currency since 2009.

In 2016 the monetary authorities introduced the Bond note which was at par with the US$. On the 1st of October 2018 an Exchange Control Directive RT120/2018 was promulgated directing all banks to separate domestic and Nostro currency accounts. On the 22nd of February 2019 Statutory Instrument 32 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency called the RTGS Dollar.

Another Exchange Control Directive RU 28 of 2019 was issued at the same time and it introduced an interbank market for the RTGS Dollar and the US$ as well as other currencies in the multi-currency regime. On June 24 2019 the government gazetted Statutory Instrument 142 of 2019 which outlawed the use of multi-currencies and compelled that local transactions be done in local currency (ZWL$).

The Group followed the legal instruments and changed the functional currency on the 22nd of February 2019. The requirement to comply with Statutory Instrument 33 (SI 33) of 2019 created inconsistencies with IAS 21 as well as the principles embedded in the IFRS Conceptual Framework. This has resulted in the adoption of accounting treatment in the current year's Group's financial statements which is at variance with that which would have been applied if the Group had been able to fully comply with IFRS.

The Group adopted the exchange rate of 1:1 between the US$ and ZWL$ for the period 1 October 2018 to 22 February 2019 and thereafter adopted the interbank exchange rates.

Because of the significance of the above matter, the consolidated financial statements have not in all material respects been properly prepared in accordance with the disclosure requirements of, and, in the manner required by the Companies Act [Chapter 24:03]

The board therefore, advises users to exercise caution in the interpretation of these financial statements.

By Order of the Board

James Muchando
Company Secretary

28 Simon Mazorodze Road
Southerton
Harare

25 February 2020

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors of TSL are responsible for the preparation and integrity of the financial statements and other information included in this audited annual report. The principal accounting policies of the Group are consistent with those applied in the previous year and conform to the International Financial Reporting Standards (IFRS) with the exception of IAS 21- "The Effects of Changes in Foreign Exchange Rates" as described under note 2.3. Suitable accounting polices have been used and consistently applied and reasonable and prudent judgements and estimates have been made.

To fulfil their responsibility, the Directors ensure that the Group maintains systems of internal control which are designed to provide reasonable assurance that the records accurately reflect the transactions of the Group to provide protection against serious misuse or loss of Group assets.

The external auditors are responsible for independently auditing and reporting on these financial statements in accordance with International Standards of Auditing. Regular meetings are held between management, internal and external auditors to review matters relating to internal financial controls, auditing and financial reporting. Internal auditors also meet periodically with the Finance and Risk Committee of the Board of Directors to discuss these matters. The auditors have unrestricted access to the Finance and Risk Committee.

The financial statements were prepared in terms of IAS 29 - "Financial Reporting in Hyper-inflationary Economies" as described in note 2.1. The financial statements include the historical Statement of Profit or Loss, Statement of Other Comprehensive Income and Statement of Financial Position on note 34. These have been included for information purposes only.

The reporting period was characterised by multiple exchange rates and therefore the Board advises users to exercise caution in the interpretation of the financial statements.

The financial statements for the year ended 31 October 2019 which appear on pages 18 to 72 have been approved by the Board of Directors on 25 February 2020 and are signed on its behalf by:

A.S. Mandiwanza
Chairman

P. Devenish
Chief Executive Officer

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Angwa City
Cnr Julius Nyerere Way
Kwame Nkrumah Avenue
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Harare

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Email: admin@zw.ey.com
www.ey.com

Building a better working world

Independent Auditor's Report

To the Shareholders of TSL Limited

Report on the Audit of the Inflation adjusted consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of TSL Limited and its subsidiaries (the Group), set out on pages 18 to 67, which comprise the inflation adjusted consolidated statement of financial position as at 31 October 2019, and the inflation adjusted consolidated statement of comprehensive income, inflation adjusted consolidated statement of changes in equity and inflation adjusted consolidated statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

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

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards IAS 21 - The Effects of Changes in Foreign Exchange Rates in Prior Period and Inappropriate Application of IAS 8

As explained in note 4 to the inflation adjusted consolidated financial statements, the Group applied the United States Dollar (US$) as its functional currency for the period 1 November 2018 to 22 February 2019 and the Zimbabwe Dollar (ZWL) for the period 23 February 2019 to 31 October 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The inflation adjusted consolidated financial statements are presented in ZWL.

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

These events triggered the need for the Group to assess whether there was a change in functional currency (from US$ to RTGS$/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal ZWL1: US$1 exchange rate and this occurred effective 1 October 2018.

Accordingly, the consolidated financial statements of the Group included balances and transactions denominated in US$ that were not converted to ZWL at a ZWL: US$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors provided more information on their approach in Note 4.1.1 to the inflation adjusted consolidated financial statements.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter.

The Directors' approach in the current year, was to prospectively apply the change in functional currency from US$ to ZWL from 23 February which is incorrect. The correct approach would have been a retrospective restatement as a prior period error in terms of International Financial Reporting Standards – IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors.

Therefore, the Directors have not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.

Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied from 1 October 2018 to 31 October 2019 it is noted that its application was based on inappropriate numbers as a result of the non-compliance with IAS 21 / IAS 8 as described above.

As a result of these matters:

- All corresponding numbers remain misstated on the Statements of Financial Position, Cash Flows, Profit or Loss and Changes in Equity.
- As opening balances enter into the determination of cash flows and performance our current year opinion is modified in respect of the impact of this matter on the Statement of Cash Flows, Statement of Profit or Loss and Statement of Changes in Equity.

Our conclusion on the current period's inflation adjusted consolidated financial statements is also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

In addition to the impacts on the corresponding numbers, current year performance and cash-flows the matter continues to impact the balances on the Statement of Financial Position as many of these still comprise amounts from opening balances. Whilst this matter might not affect all accounts in the statement of financial position the specific accounts and the portions affected by this matter have not been identified / quantified here. This is due to the further matters requiring modification (which have been discussed below) and which result in virtually all amounts being incorrectly stated.

Exchange rates used after the date of change in functional currency (Non-compliance with IAS 21)

As at year end 31 October 2019 the Directors translated foreign denominated transactions using the interbank rate. In addition, the Directors translated all foreign currency transactions from 23 February 2019 to 31 October 2019 using these rates.

The exchange rates used for the translation do not meet the definition of a spot exchange rate as per IAS 21 as the rates were not accessible for immediate delivery. The IFRS interpretations Committee concluded in their September 2018 paper that the closing rate is the rate to which an entity would have access at the end of the reporting period through a legal exchange mechanism.

We therefore believe that the exchange rates for transactions and balances between the US$ and the RTGS$/ZWL used by the Group did not meet the criteria for appropriate exchange rates in terms of IFRS as defined above. Had the correct rate been used most balances and amounts would have been materially different.

Valuation of investment properties and freehold land and buildings

The Group's investment properties and freehold land and buildings are carried at ZWL$240 416 246 and ZWL$150 559 907 respectively as at 31 October 2019. These properties were revalued as at that date in line with group policy. The Directors' approach is detailed on Notes 12 and 13 to the financial statements. We were unable to obtain sufficient appropriate audit evidence about the fair value of the properties, as market evidence to support the inputs used in the valuation was not available due to the short period since the change in functional currency. Consequently, we were unable to quantify the impact to the financial statements.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Inflation adjusted consolidated Financial Statements*** section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement and review of operations, Corporate Governance report, Report of Directors, the Statement of Directors' Responsibility, the Company statement of financial position, and the historical consolidated statements of financial position, cashflows and performance; but does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates and we could not obtain sufficient appropriate evidence regarding the valuation of properties. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Inflation Adjusted Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Fungai Kuipa (PAAB Practising Certificate Number 335).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

27 February 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 October 2019

	Notes	2019 ZWL$	2018 ZWL$ Restated
Revenue			
Sale of goods	11	130,602,352	127,202,579
Rendering of services	11	324,329,164	154,149,652
Total revenue		**454,931,516**	**281,352,231**
Cost of sales		(43,064,635)	(83,048,749)
Gross profit		**411,866,881**	**198,303,482**
Other operating income	5.1	19,434,037	11,775,213
Other operating expenses	5.2	(103,179,898)	(55,856,912)
Staff costs	6.1	(110,614,702)	(85,823,551)
Depreciation and amortisation	6.2	(22,987,586)	(19,055,974)
Operating profit		**194,518,732**	**49,342,258**
Fair value adjustments	6.3	26,135,578	(602,896)
Net exchange gains	6.5	51,649,738	-
Net monetary loss		(87,187,391)	-
Impairment of held-for-sale investment	6.4	-	(425,980)
Profit on disposal of held-for-sale investment	10	12,526,865	-
Profit on disposal of available-for-sale investment	9.2	-	41,387,083
Finance costs	5.3	(6,257,058)	(7,087,775)
Finance income	5.4	28,573	52,848
Profit before tax		**191,415,037**	**82,665,538**
Income tax expense	7	(67,277,910)	(12,926,562)
Profit for the year		**124,137,127**	**69,738,976**
Attributable to:			
Equity holders of the parent		113,791,233	66,351,837
Non-controlling interests		10,345,894	3,387,139
		124,137,127	**69,738,976**
Earnings per share:	8		
- Basic earnings for the year attributable to ordinary equity holders of the parent		0.319	0.186
- Diluted earnings for the year attributable to ordinary equity holders of the parent		0.319	0.186
- Headline earnings per share		0.392	0.065
- Diluted headline earnings per share		0.392	0.065

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 October 2019

	Notes	2019 ZWL$	2018 ZWL$ Restated
Profit for the year		**124,137,127**	**69,738,976**
Other comprehensive income			
Other comprehensive income to be reclassified to profit in subsequent periods:			
Recycling of available-for-sale investment reserve	9.2	-	(16,671,388)
Foreign currency translation reserve		16,620,525	-
Deferred tax	7	-	166,714
		16,620,525	**(16,504,674)**
Other comprehensive income not to be reclassified to profit in subsequent periods:			
Revaluation of property	12	29,853,096	5,159,526
Deferred tax	7	(11,464,287)	(1,328,579)
		18,388,809	**3,830,947**
Other comprehensive income for the year, net of tax		**35,009,334**	**(12,673,727)**
Total comprehensive income for the year, net of tax		**159,146,461**	**57,065,249**
Attributable to:			
Equity holders of the parent		148,771,847	53,213,526
Non-controlling interests		10,374,614	3,851,723
		159,146,461	**57,065,249**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 October 2019

	Notes	2019 ZWL$	2018 ZWL$ Restated
Assets			
Non-current assets			
Property, plant and equipment	12	266,247,362	214,527,616
Investment properties	13	240,416,246	207,318,766
Intangible assets	15	5,695,177	5,354,916
		512,358,785	**427,201,298**
Current assets			
Biological assets	14	4,021,344	9,068,370
Inventories	17	76,084,321	50,092,443
Trade and other receivables	18	88,034,060	62,147,298
Inventory prepayments	18	48,673,617	14,136,175
Held-for-trading investments	9.1	4,780,668	19,762,428
Cash and short-term deposits	19	63,904,045	18,487,891
		285,498,055	**173,694,605**
Held-for-sale investment	10	-	10,793,974
		285,498,055	**184,488,579**
Total assets		**797,856,840**	**611,689,877**
Equity and liabilities			
Equity			
Issued capital	20	19,290,666	19,290,666
Share premium	20	15,659,323	15,659,323
Non-distributable reserves	20.1	35,379,651	399,037
Retained earnings		507,667,204	412,172,459
Equity attributable to owners of the parent		**577,996,844**	**447,521,485**
Non-controlling interest		31,416,160	21,161,919
Total equity		**609,413,004**	**468,683,404**
Non-current liabilities			
Interest-bearing loans and borrowings	21	826,802	9,521,457
Deferred tax liabilities	7	78,529,559	37,161,827
		79,356,361	**46,683,284**
Current liabilities			
Trade and other payables	22	57,686,382	30,226,674
Interest-bearing loans and borrowings	21	17,379,838	51,983,657
Bank overdrafts	19	5,223,087	1,520,258
Provisions	22.1	3,280,121	3,556,039
Income tax payable		25,518,047	9,036,561
		109,087,475	**96,323,189**
Total liabilities		**188,443,836**	**143,006,473**
Total equity and liabilities		**797,856,840**	**611,689,877**

For and on behalf of the board:

A Mandiwanza
Chairman
25 February 2020

P Devenish
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 October 2019

	Attributable to the equity holders of the parent						
	Issued capital ZWL$	Share premium ZWL$	Non-distributable reserves ZWL$	Retained earnings ZWL$	Total ZWL$	Non-controlling interest ZWL$	Total Equity ZWL$
As at 1 November 2018	**19,290,666**	**15,659,323**	**399,037**	**412,172,459**	**447,521,485**	**21,161,919**	**468,683,404**
Effect of adoption of IFRS 9	-	-	-	(5,358,926)	(5,358,926)	(120,373)	(5,479,299)
Restated opening balance	**19,290,666**	**15,659,323**	**399,037**	**406,813,533**	**442,162,559**	**21,041,546**	**463,204,105**
Profit for the year	-	-		113,791,233	113,791,233	10,345,894	124,137,127
Other comprehensive income	-	-	34,980,614	-	34,980,614	28,720	35,009,334
Total comprehensive income	-	-	34,980,614	113,791,233	148,771,847	10,374,614	159,146,461
Dividends (Note 23)	-	-	-	(12,937,562)	(12,937,562)	-	(12,937,562)
At 31 October 2019	**19,290,666**	**15,659,323**	**35,379,651**	**507,667,204**	**577,996,844**	**31,416,160**	**609,413,004**
As at 1 November 2017	**19,290,666**	**15,659,323**	**253,591,510**	**140,682,795**	**429,224,294**	**17,310,196**	**446,534,490**
Profit for the year	-	-	-	66,351,837	66,351,837	3,387,139	69,738,976
Other comprehensive income	-	-	(13,138,311)	-	(13,138,311)	464,584	(12,673,727)
Total comprehensive income	-	-	(13,138,311)	66,351,837	53,213,526	3,851,723	57,065,249
Dividends (Note 23)	-	-	-	(34,916,335)	(34,916,335)	-	(34,916,335)
Elimination of revaluation reserve	-	-	(240,054,162)	240,054,162	-	-	-
At 31 October 2018	**19,290,666**	**15,659,323**	**399,037**	**412,172,459**	**447,521,485**	**21,161,919**	**468,683,404**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 October 2019

	Notes	2019 ZWL$	2018 ZWL$ Restated
Operating activities			
Profit before tax		191,415,037	82,665,538
Adjustments to reconcile profit before tax to net cash flows	26.1	(83,404,484)	(13,575,080)
Working capital adjustments:			
Increase in trade and other receivables and prepayments		(14,983,614)	(11,677,780)
Increase in inventories and biological assets		(28,336,168)	(28,926,079)
Increase in trade and other payables		26,907,867	11,431,685
		91,598,638	**39,918,284**
Interest received		28,573	52,848
Interest paid	26.2	(6,257,058)	(7,087,775)
Income tax paid		(29,218,125)	(15,181,690)
Net cash generated from operating activities		**56,152,028**	**17,701,667**
Investing activities			
Purchase of property, plant and equipment and investment property	26.4	(47,376,302)	(33,510,113)
Proceeds from sale of property, plant and equipment		3,098,869	1,487,668
Purchase of intangible assets		(410,783)	(1,009,974)
Proceeds on disposal of held-for-sale investment	10	17,522,224	78,953,763
Purchase of held-for-trading investments	9.2	-	(21,608,000)
Net cash (used in)/ generated from investing activities		**(27,165,992)**	**24,313,344**
Financing activities			
New loan amount received	26.3	40,194,167	39,974,800
Loan amount repaid during the year	26.3	(14,529,316)	(41,415,497)
Ordinary dividend paid		(12,937,562)	(9,021,124)
Special dividend paid		-	(25,895,211)
Net cash generated/(used) in financing activities		**12,727,289**	**(36,357,032)**
Net increase in cash and cash equivalents		41,713,325	5,657,979
Cash and cash equivalents at the beginning of the period		16,967,633	11,309,654
Cash and cash equivalents at the end of the period	19	**58,680,958**	**16,967,633**
Represented by:			
Cash and bank balances		63,904,045	18,487,891
Bank overdraft		(5,223,087)	(1,520,258)
		58,680,958	**16,967,633**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2019

1. Corporate information

The consolidated financial statements of TSL Limited and its subsidiaries (collectively, the Group) for the year ended 31 October 2019 were authorised for issue in accordance with a resolution of the directors on 25 February 2020. TSL Limited (the Company or the parent) is a limited company incorporated and domiciled in Zimbabwe and whose shares are publicly traded. The registered office is located at 28 Simon Mazorodze road, Southerton, Harare.

The principal activities of the Group are described in Note 11.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the international Accounting Standards Board (IASB) with the exception to IAS 21 "Effects of Changes in Exchange Rates" on accounting for change in functional currency. The accounting policies are applied consistently throughout the Group. The consolidated financial statements are presented in Zimbabwean dollars (ZWL$) and all values are rounded to the nearest dollar except where otherwise stated.

The consolidated financial statements are initially prepared under the historical cost convention and restated for the changes in the general purchasing power of the functional currency for the purposes of fair presentation in accordance with IAS 29 (Financial Reporting in Hyper-inflationary Economies). This historical cost information has been restated for changes in the general purchasing power of the Zimbabwe dollar and as a result are stated in terms of the measuring unit current at the end of the reporting period. Accordingly, the inflation adjusted consolidated financial statements represent the primary financial statements of the Group. The historical cost financial statements have been provided by way of supplementary information.

2.2 Inflation adjustment

The Public Accountants and Auditors Board (PAAB) in their circular 01/19 communicated that the factors and characteristics to apply IAS 29, Financial Reporting in Hyper-Inflationary Economies had been met in Zimbabwe. The pronouncement requires that entities reporting in Zimbabwe apply the requirements of IAS 29 with effect from 1 July 2019.

IAS 29 requires that the financial statements prepared in the currency of a hyper-inflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for the previous period be stated in the same terms. The restatement has been calculated by means of conversion factors derived from the consumer price index. The Group used the following inflation adjustment factors derived from the monthly Consumer Price Indices as published by the Reserve Bank of Zimbabwe:

Prior Year	Nov 18	Dec 19	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sept 19	Oct 19
5.402	4.947	4.537	4.096	4.029	3.860	3.658	3.250	2.334	1.928	1.633	1.387	1.000

The main procedures applied for the above-mentioned restatements are as follows:

- Monetary assets and liabilities that were carried at amounts current at the balance sheet date were not restated because they were already expressed in terms of the monetary unit current at the balance sheet date. Monetary items are money held and items to be recovered or paid in money.
- Non-monetary assets and liabilities that were not carried at amounts current at the balance sheet date and components of shareholders' equity were restated by applying the relevant monthly conversion factors.
- Comparative financial information was converted at a rate of 1:1 (US$ to ZWL$). An adjusting factor of 5.402 based on the Consumer Price Index (CPI) was used to hyper-inflate the amounts. As required by IAS 29, the revaluation reserve from prior year was eliminated through retained earnings.
- All items of the consolidated statement of profit and loss and other comprehensive income were restated by applying the relevant monthly, yearly average or year-end factors.

A net monetary loss has been recognised following the restatements resulting in reduction of current year profit. The net monetary loss reduces effect of non-monetary items as disclosed on Note 26.1

IAS 29 requires that the restated amount of a non-monetary item be reduced, in accordance with the appropriate IFRSs, when it exceeds its recoverable amount. Accordingly, the Group assesses that the restated values of inventory are not above what it expects to realise from the sale of the inventory in the ordinary course of business. The restated carrying amount of Property, Plant and Equipment is tested for impairment in accordance with the requirements of IAS 36, Impairment of assets.

2.3 Statement of compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), promulgated by the International Accounting Standards Board (IASB) with the exception of IAS 21 "Effects of Changes in Exchange Rates" on accounting for change in functional currency due to inability of the Group to comply with both IAS 21 requirements and the laws and regulations stemming from Statutory Instrument 33 ("SI 33"). The consolidated financial statements also comply with the Zimbabwe Companies Act (24:03) and the Zimbabwe Stock Exchange (ZSE) listing requirements. The principal accounting policies applied in the preparation of these consolidated annual financial statements are, except where stated, consistent with those applied in the previous annual financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its associates and its subsidiaries as at 31 October 2019. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Specifically, the Group controls an investee if and only if the Group has:

i. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
ii. Exposure, or rights, to variable returns from its involvement with the investee, and
iii. The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

i) The contractual arrangement with the other vote holders of the investee
ii) Rights arising from other contractual arrangements
iii) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non- controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to bring their accounting policies into line with the Group's accounting policies. All intra-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary it:

a) De-recognises the assets (including goodwill) and liabilities of the subsidiary
b) De-recognises the carrying amount of any non-controlling interests
c) De-recognises the cumulative translation differences recorded in equity
d) Recognises the fair value of the consideration received
e) Recognises the fair value of any investment retained
f) Recognises any surplus or deficit in profit or loss
g) Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.6 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.7 Foreign currency translation

The Group's consolidated financial statements are presented in Zimbabwean dollars (ZWL$), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is re-classified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into ZWL$ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

The Group did not fully comply with the requirements of IAS 21, effects of changes in foreign exchange rates on the introduction of Zimbabwe dollar as detailed on note 4.1.1.

2.8 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.9 Non-current assets held-for-sale and discontinued operations

The Group classifies non-current assets and disposal Groups as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal Groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal Group), excluding finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset or disposal Group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held-for-sale.

Assets and liabilities classified as held-for-sale are presented separately as current items in the statement of financial position.

A disposal Group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held-for-sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to re-sale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually. The Group's intangible assets are amortised over their useful lives as follows:

- Patents — 3 years
- Accounting software — 5 years

2.11 Revenue and other income recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The Group recognises revenue from the following major sources;

i) Sale of goods

The Group generates revenue from the sale of agricultural inputs and commodities. Revenue is recognised at a point in time when the Group transfers control of goods to its customer at the point of sale.

ii) Rendering of services

The Group renders tobacco auctioning services and total logistics solutions. Revenue from rendering of services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

iii) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the consolidated statement of profit or loss.

iv) Dividend income

Revenue is recognised when the Group's right to receive the payment is established.

v) Rental income

Rental income receivable from operating leases except for contingent rental income which is recognised when it arises, is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Incentive for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of profit or loss when the right to receive them arises.

vii) Customer balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables include amounts that have been billed in accordance with customer contract terms and amounts that the Group has an unconditional right to, with only passage of time before the amounts can be billed in accordance with the customer contract terms.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Right of return assets
Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Cost to obtain a contract
The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions because the amortisation period of the asset that the Group otherwise would have used is one year or less.

2.12 Taxes

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

i) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.
Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Valued added tax
Revenues, expenses and assets are recognised net of the amount of value added tax, except

a) Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

b) Receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.13 Property, plant and equipment
Plant, equipment and motor vehicles are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant, equipment and motor vehicles and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant, equipment and motor vehicles are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. The carrying amount of those parts of plant, equipment and motor vehicles that are replaced is de-recognised. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. There are no reclassifications of revaluation gains to retained earnings on depreciation or disposal

Bearer plant are initially measured at cost and revalued subsequent to the date of initial recognition. The bearer plants comprise of mature banana plantations. Immature crops, including the cost incurred for procurement of new seeds and maintenance of nurseries, are carried at cost less any recognized impairment losses under capital work-in-progress. Cost includes the cost of land preparation, new planting, fertilizing, maintenance of newly planted bushes for a period of one year until maturity. On maturity (i.e.; when the bearer plants are ready for their intended use), these costs are classified under bearer plants. Depreciation of bearer plants commence when they are ready for their intended use. Depreciation on bearer plants is recognised so as to write off its cost less residual values over useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of the bearer plants has been determined to be 5-30 years.

Hessian wraps are held for leasing to third parties. Hessian wraps are measured at cost and depreciated over their useful life. The estimated useful life of hessian wraps is estimated at the end of each reporting period. Hessian wraps that are not returned after hiring are de-recognised and the loss recognised in profit and loss. It is estimated that between 10%-20% of the hessian wraps may not be returned, and a provision is made in the computation of depreciation of the hessian wraps. Any damaged hessian wraps are impaired, and the impairment loss recognised in profit and loss.

Any revaluation surplus is credited to the other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated statement of profit or loss, in which case the increase is recognised in the consolidated statement of profit or loss. A revaluation deficit is recognised in the consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in other comprehensive income.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation on all assets is recognised on a straight-line basis so as to write off their cost less residual values over useful lives which are estimated as follows:

Buildings	40 - 50 years
Plant and equipment	3 - 25 years
Vehicles	3 - 5 years
Bearer plants	5- 30 years
Hessian wraps	4 years

No depreciation is charged on freehold land and capital work in progress.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is de-recognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the consolidated statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Contingent rents are recognised as revenue in the period in which they are earned.

2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 Investment properties

Investment property comprises completed property and property under construction or re-development that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating as intended by management. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss in the year in which they arise.

Investment property is de-recognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.17 Fair value measurement

The Group measures financial instruments such as available-for-sale financial assets and non-financial assets such as investment properties, biological assets and land and buildings, at fair value at each reporting date.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Property, plant and equipment under revaluation model Note 12
- Investment properties Note 13
- Available-for-sale financial instruments Note 9.2
- Biological assets Note 14

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs at acquisition of the financial asset.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, financial assets at amortised cost, and financial assets held at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Purchased or originated credit impaired (POCI) assets are financial assets that were credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income subsequently recognised based on a credit adjusted EIR. ECLs were only recognised or released to the extent that there was a subsequent change in the expected credit losses.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are de-recognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of profit or loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.19 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises all costs necessary to bring the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs incurred in the marketing, selling or distribution, where applicable.

Merchandise, raw materials and consumable stores are valued at cost on a weighted average cost basis. Manufactured finished products and products in process are valued at raw material cost, plus labour and a portion of manufacturing overhead expenses, where appropriate.

Inventories are de-recognised when they are sold, and the carrying amount is recognised as an expense in the period in which the related revenue is recognised.

Write downs to net realisable value and inventory losses are expensed in the period in which they occur. Obsolete and slow-moving inventories are identified and written down to their estimated economic or realisable value.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is accounted for as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.20 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually (as at 31 October) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or Group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.21 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.22 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.23 Pensions and other post-employment benefits
The Group operates defined contribution pension plans, which require contributions to be made to separately administered funds.

Retirement benefits
Retirement benefits are provided for eligible Group employees through various independently administered defined contribution schemes, including the National Social Security Authority.

Defined contribution plans
Contributions to these funds are recognised as an expense in the period to which employees' service relate.

2.24 Biological assets
The Group's biological assets relate to growing crops which comprise maize, tobacco, soya beans and banana fruits. The Group recognises a biological asset or agricultural produce when, and only when it controls the assets as a result of past events, it is probable that future economic benefits associated with the asset will flow to the entity and the fair value or cost of the asset can be measured reliably.
A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell.

Agricultural produce harvested from the Group's biological assets are measured at fair value less costs to sell at the point of harvest.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell shall be included in profit or loss for the period in which it arises.

2.25 Operating Segment Information
The Group identifies segments as components of the Group that engage in business activities from which revenues are earned and expenses incurred (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The chief operating decision-maker has been identified as the Group Chief Executive Officer. The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment information has been reconciled to the consolidated financial statements to take account of inter-segment transactions and transactions and balances that are not allocated to reporting segments.

3. New and amended standards and interpretations

The Group applied International Financial Reporting Standards 15 (IFRS 15) and IFRS 9 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption as provided in the transitional provisions. There has not been any significant change in the timing and measurement of revenue from the different revenue lines in the Group as a result of the adoption of the new standard. The Group's products and service offering do not comprise service type warranties that are sold separately or that provide a service in addition to assurance that the related product complies with agreed-upon specifications.

The Group does not have contracts that contain any options for the customer to acquire additional goods or services for free or at a discount (for example, sales incentives, customer award credits (or points), contract renewal options, or other discounts on future goods or services) that provide a material right to the customer that it would not receive without entering into the contract. Refer to Note 11 for disclosures regarding disaggregation of revenue.

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement bringing together

all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group applied IFRS 9 prospectively, with an initial application date of 1 November 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings and other components of equity.

The Group adopted IFRS 9, "Financial instruments" from 1 November 2018 which resulted in changes in accounting policies. IFRS 9 replaced the provisions of IAS 39, Financial Instruments; Recognition and measurement, that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

The impact on classification and measurement of the classes of financial assets of the Group, as at I November 2018 on adoption of IFRS 9 is outlined below;

	Classification and Measurement category		Carrying amount		IFRS 9 Adjustment
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Financial assets					-
Cash and short-term deposits	Loans and receivables - amortised cost	Financial assets at amortised cost	63,863,986	63,863,986	-
Trade receivables	Loans and receivables - amortised cost	Financial assets at amortised cost	4,903,324	3,593,836	5,479,299
Held for trading investments	Financial assets at fair value through profit or loss (FVTPL)	FVTPL	4,780,671	4,780,671	-

a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 November 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have an impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39.

b) Impairment of financial assets

The Group revised its impairment methodology which was based previously on IA39 Incurred credit loss model to expected loss model (ECL) under IFRS 9. The expected credit loss allowances for financial assets are based on assumptions about exposure at default, probability of default and loss given default. The Group uses judgement in making these assumptions and in selecting the inputs to the ECL calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group opted to apply regression analysis as a statistical method based on observation of the following forward-looking information:

- Reduction of Interest rates which will increase capacity of debtors to repay loans
- Decrease in projected inflation to 2% will improve customer buying power and increase ability to pay
- Anticipated GDP growth rate of 3% generally results in increased sales and increase in provision for credit sales

Upon adoption of IFRS 9 the Group recognised additional impairment on the Group's Trade receivables of ZWL$5,479,299 resulting in a corresponding decrease in retained earnings as at 1 November 2018.

c) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

The Group does not have any hedge instruments. Consequently, the application of the IFRS 9 hedge accounting requirements has had no other impact on the results and financial position of the Group for the current and/or prior years.

3.1 Standards and interpretations issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below.

This listing is of those standards and interpretations issued that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

a. IFRS 16 - Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17, that is, Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. These changes are likely to have a significant impact on the Group, given the Group's leasing arrangements.

Transition

The Group plans to apply the modified retrospective transition and has assessed the impact on 2019 financials under this approach.

For the purpose of this assessment, the Group has elected to use the following practical expedients:

- Not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, the provisions of IFRS 16 has been applied on arrangements previously identified as containing a lease under IAS 17. The impact assessment at this stage has considered the application of this practical expedient
- The Group shall apply a recognition exemption for leases for which the lease term ends within 12 months of the date of initial application and do not have renewal or extension options,
- Certain leases of short-term value shall be excluded. Examples of short-term leases that have been excluded are rentals for printing equipment.
- The Group intends to apply the initial recognition exemption separately to the lease asset and the lease liability. On initial recognition, the lease transaction affects neither accounting nor taxable profit, there is no deferred tax accounting throughout the entire lease term.

In summary, the impact of IFRS 16 adoption is expected to be as follows;

Impact on the statement of financial position [increase/(decrease)] as at 31 October 2019:

Assets	ZWL$
Property, plant and equipment (right-of-use assets)	5,373,998
Liabilities	
Lease liabilities	5,480,224
Deferred tax liabilities	-
Net impact on equity	**(106,226)**

Impact on the statement of profit or loss [increase/(decrease)] for 2019:

Assets	ZWL$
Depreciation expense (included in administrative expenses)	1,353,264
Operating lease expense (included in administrative expenses	(3,161,991)
Operating profit	(1,808,727)
Finance costs	1,689,968
Income tax expense	435,167
Profit for the year	**1,254,801**

Due to the adoption of IFRS 16, the Group's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17.

The Group will adopt the requirements of IFRS16 for the reporting period starting 1 November 2019.

b. IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they will have no impact on the consolidated financial statements of the Group.

c. Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

d. Amendments to IFRS 3: Definition of a Business
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.
Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

e. Amendments to IAS 1 and IAS 8: Definition of Material
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

f. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The directors have made a preliminary assessment of the application of this interpretation and do not envision any material impact on the consolidated financial statements of the Group. The amendment is effective 1 January 2019. The Group will apply the interpretation from its effective date.

g. Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate, the amendments will not have an impact on its consolidated financial statements.

h. Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

i. IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

j. IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

k. IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

l. The Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 Business Combinations and for those applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

The Group is still assessing the impact of the proposed amendments.

4. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

4.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

4.1.1 Determination of the functional currency

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period.

Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. Finally, in February 2019 there was a Monetary Policy Statement which introduced the RTGS Dollar (ZWL$) and the interbank foreign exchange market.

The macroeconomic developments, fiscal and monetary policy changes led to the reassessment of whether the US$ still met the primary and secondary indicators of the functional currency of the Group, in accordance with the provisions of IAS 21, with effect from 1 October 2018.

The Directors, based on their interpretation of the IFRS had considered the MPS of 20 February 2019, and the subsequent emergence of an interbank exchange rate to be an adjusting event in terms of IAS 10 "Events after the reporting period". However, this could not be effected because at law there was no local currency in Zimbabwe until 22 February 2019. The RTGS was also legally not recognised as a currency prior to the currency changes announced on 22 February 2019.

The Directors, in compliance with Statutory Instrument 41 of 2019, which prescribed that where IFRS is not aligned to local laws, then local laws take precedence, therefore resolved not to effect the change in functional currency as at and for the year ended 31 October 2018.

4.1.2 Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

4.1.3 Classification of investment property

Investment properties consist of land and buildings that are let out to clients for purpose of earning rentals. In some circumstances the leasing arrangement involves provision of ancillary services. These come in the form of handling and administration. Where these ancillary services are considered to be significant, the assets are classified as property, plant and equipment.

The ancillary services significance is determined based on value of service to the client and significance to the Group in comparison to total revenue derived from the lease arrangement.

4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4.2.1 Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The fair values of the properties were based on valuations performed by an accredited independent valuer. A professional valuer determined the fair values of investment properties based on comparable market prices adjusted for specific market factors such as nature, location and condition of the property. For investment properties where there is no comparable market prices, the directors used a valuation methodology based on a capitalisation model.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties, land and buildings are further explained in Note 13 and Note 12 respectively.

4.2.2 Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out on property, plant and equipment policy above and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value. The valuation methods adopted in this process involves significant judgment and estimation.

4.2.3 Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Refer to note 12 for the carrying amount of property, plant and equipment and note 15 for the carrying amount of intangible assets and related impairment disclosures.

4.2.4 Allowance for expected credit losses of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for Groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 29.

4.2.5 Fair valuation of biological assets
Biological assets comprise of growing crops. At initial recognition, biological assets are valued at fair value. Fair value of the biological assets is determined by reference to the average theoretical life span of crops and the prevailing market prices. The crops are evaluated in terms of their respective life span at the reporting date. On that basis, an indicative value is established using the prevailing local and international market prices for the respective products. A discount factor of 9% per annum has been used. This discount factor has been derived from the weighted average cost of capital (WACC) using the Gordon Growth Model. Fair value movements of the biological assets are recognized in profit or loss. The key assumptions used to determine the fair value are explained on Note 16.5.

4.2.6 Share-based payments
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the fair value of equity-settled transactions with employees at the grant date, the Group using Black Scholes model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 25.

4.2.7 Inflation adjustment
In restating the historical accounting records for inflation accounting, the following assumptions were made:

- October 2018 was taken as the base year for the indexation factor.
- Property, plant and equipment additions and disposal are indexed at the month's index irrespective of the date of purchase.
- Inflation index value of non-monetary assets approximates fair values where formal revaluations have not been done.
- The Consumer Price Index (CPI) as determined by Zimbabwe National Statistics Agency was applied as the relevant index factor for the purpose of indexation to comply with IAS 29.

5 Other operating income /expenses and adjustments

5.1 Other operating income	2019 ZWL$	2018 ZWL$
Sundry income	18,129,107	11,739,662
Net gain on disposal of property, plant and equipment	1,304,930	35,551
	19,434,037	**11,775,213**

Sundry income mainly consists of disposal of scrap materials, commissions and rental income.

5.2 Other operating expenses	2019 ZWL$	2018 ZWL$
Motor vehicles expenses	8,367,199	6,056,177
Repairs and maintenance	12,386,959	6,950,089
Sales and marketing	3,309,108	2,405,219
Direct overheads	32,231,100	1,980,492
General expenses	16,842,436	16,882,179
Administration expenses	30,043,096	21,582,756
Total other operating expenses	**103,179,898**	**55,856,912**

5.3 Finance costs	2019 ZWL$	2018 ZWL$
Interest on debts and borrowings	6,257,058	7,087,775
Total	**6,257,058**	**7,087,775**

5.4 Finance income Interest received comprises:	2019 ZWL$	2018 ZWL$
Investments with banks during the year	28,573	52,848
	28,573	**52,848**

6 Expenses and adjustments

6.1 Staff costs	2019 ZWL$	2018 ZWL$
Wages and salaries	107,440,414	83,012,928
Social security costs	542,398	810,711
Pension costs (Note 24)	2,631,890	1,999,912
Total employee benefits expense	**110,614,702**	**85,823,551**

6.2 Depreciation and amortisation (included in the consolidated statement of profit or loss)	2019 ZWL$	2018 ZWL$
Depreciation (Note 12)	22,917,064	18,988,088
Amortisation (Note 15)	70,522	67,887
Total	**22,987,586**	**19,055,974**

6.3 Fair value adjustments	2019 ZWL$	2018 ZWL$
Fair value gain/(loss) on investment property (Note 13)	32,298,830	(1,653,839)
Fair value (loss)/gain on biological assets (Note 14)	(7,285,569)	3,292,816
Fair value gain/(loss) on financial assets held-for-trading (Note 9.1)	1,122,317	(2,241,873)
	26,135,578	**(602,896)**

6.4 Impairments	2019 ZWL$	2018 ZWL$
Impairment of held-for-sale investment	-	(425,980)
	-	**(425,980)**

6 Expenses and adjustments *(continued...)*

6.5 Exchange gains and losses	2019 ZWL$	2018 ZWL$
Exchange gains	181,851,349	-
Exchange losses	(130,201,611)	-
Net exchange gains	**51,649,738**	**-**

Exchange gains and losses are driven by fluctuations in foreign denominated monetary assets and liabilities. The main monetary assets and liabilities affecting the Group during the year are trade and other receivables as well as trade and other payables. The change in functional currency to ZWL$ during the year resulted in foreign balances being converted at spot rate.

7 Income tax

The major components of income tax expense for the years ended 31 October 2019 and 2018 are:

	2019 ZWL$	2018 ZWL$
Current income tax:		
Current income tax charge	35,550,758	17,515,757
Withholding tax on interest income	-	125,914
Capital gains tax	1,823,707	805,789
Deferred tax:		
Relating to origination and reversal of temporary differences	29,903,445	(5,520,898)
Income tax expense reported in the consolidated statement of profit or loss	**67,277,910**	**12,926,562**
Consolidated statement of other comprehensive income		
Deferred tax related to items credited directly to other comprehensive income:		
Deferred tax credit on revaluation of properties	11,464,287	1,328,579
	11,464,287	1,328,579
Deferred tax on recycling of Nampak investment	-	(166,714)
other comprehensive income	**11,464,287**	**1,161,865**

A reconciliation between tax expense and the product of accounting profit multiplied by TSL Limited's domestic tax rate for the years ended 31 October 2019 and 2018 is as follows:

	2019 ZWL$	2018 ZWL$
Accounting profit before income tax	191,415,037	82,665,538
	191,415,037	**82,665,538**
At TSL's statutory income tax rate of 25.75% (2018: 25.75%)	49,289,372	21,286,374
Withholding tax on interest income	-	125,914
Capital gains tax	1,823,707	809,667
Different tax rate	-	(10,657,171)
Non-deductible administration fees excess	-	1,617,040
Other non-deductible expenses for tax purposes	16,164,831	(255,262)
At the effective income tax rate of 35.79% (2018: 15.64%)	**67,277,910**	**12,926,562**

Other non-deductible expenses for tax purposes comprise accounting expenses which are not allowable for tax deduction under the Income Tax Act of Zimbabwe, significant amounts include Intermediated Money Transfer Tax (IMTT), depreciation and unrealised losses. There are no income tax consequences attached to the payment of dividends in either 2019 or 2018 by the Group to its shareholders.

7 Income tax *(continued...)*

Deferred tax

	2019 ZWL$	2018 ZWL$
Deferred tax relates to the following:		
Consolidated statement of financial position		
Property, plant and equipment	55,320,036	30,913,528
Investment properties	22,619,670	8,919,312
Biological assets	731,352	-
Exchange gain/(loss)	1,938,449	(35,178)
Prepayments	-	201,523
Provisions	(1,872,267)	(1,715,465)
Assessed losses	(207,681)	(1,121,893)
Net deferred tax liabilities	**78,529,559**	**37,161,827**
Deferred tax reconciliation net		
Opening balance	37,161,827	41,520,860
Deferred tax (credit)/charge-consolidated statement of profit or loss	29,903,445	(5,520,898)
Deferred tax charge- statement of other comprehensive income	11,464,287	1,161,865
Closing balance	**78,529,559**	**37,161,827**

8 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2019 ZWL$	2018 ZWL$
Net profit attributable to ordinary equity holders of the parent for basic earnings	**113,791,233**	**66,351,837**
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**113,791,233**	**66,351,837**
Number of ordinary shares at the beginning of the year	**357,102,445**	**357,102,445**
Weighted average number of ordinary shares at the end of the year	**357,102,445**	**357,102,445**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

8 Earnings per share *(continued...)*

Headline earnings per share

Headline earnings per share are calculated by dividing headline earnings by the average weighted number of shares in issue.

	2019 ZWL$	2018 ZWL$
Determination of headline earnings		
Basic earnings	113,791,233	66,351,837
Adjustments for headline earnings	48,650,647	(45,948,140)
Tax effect	(22,607,734)	2,807,962
Headline earnings	**139,834,146**	**23,211,659**
Earnings per share:		
- Basic, profit for the year attributable to ordinary equity holders of the parent	0.319	0.186
- Diluted profit for the year attributable to ordinary equity holders of the parent	0.319	0.186
- Headline earnings per share	0.392	0.065
- Diluted headline earnings per share	0.392	0.065

9 Financial Assets

9.1 Held-for-trading investments

The Group holds shares in Delta, Econet and Starafrica (all listed on the Zimbabwe Stock Exchange) as a way of value preservation. The fair value of these investments is based on the prevailing Zimbabwe Stock Exchange quoted prices as at 31 October 2019.

	2019 ZWL$	2018 ZWL$
Opening balance	**19,762,428**	-
Additions	-	21,608,000
Conversions	-	396,301
Fair value adjustment (note 6.3)	1,122,317	(2,241,873)
Inflation effect	(16,104,077)	-
Closing balance	**4,780,668**	**19,762,428**

Refer to Note 16.4 for fair value disclosures.

Conversions in the prior year consists of the Starafrica Corporation Limited (a company listed on the Zimbabwe Stock Exchange) debt which was converted into equity.

9.2 Available-for-sale investment

The Group disposed of its 16.53% stake in Nampak Zimbabwe Limited as at 30 April 2018 for a consideration of ZWL$79,231,555.

	2019 ZWL$	2018 ZWL$
Opening balance	-	**54,238,068**
Disposals	-	(78,953,763)
Profit on disposal	-	41,387,083
Recycling of available-for-sale investment reserve	-	(16,671,388)
Closing balance	-	-

10 Held-for-sale investment

During the year, the Group disposed of its 30% interest in Cut Rag Processors (Private) Limited, which is involved in the manufacture of cut rag. The Group had classified this investment as held-for-sale with effect from 1 November 2014.

The fair value of this investment was also adjusted during the year in accordance with the valuation performed by Corporate Excellence Financial Advisory Services, an independent professional valuer.

10 Held-for-sale investment *(continued...)*

	2019 ZWL$	2018 ZWL$
Opening balance	10,793,974	11,219,954
Impairment recognised	-	(425,980)
Fair value adjustment	2,997,216	-
Inflation effect	(8,795,831)	-
Disposal	(4,995,359)	-
Fair value at 31 October	**-**	**10,793,974**
Profit on disposal of held-for-sale investment		
Carrying amount of investment	4,995,359	-
Proceeds on disposal	17,522,224	-
Profit on disposal	12,526,865	-

Refer note 16.3 for fair value disclosures relating to the investment held-for-sale.
The fair value less costs of disposal was determined using the valuation technique disclosed under note 16.3.

11 Segment information

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

a) The **Logistics cluster** offers end-to-end logistics services which include general and specialised warehousing and storage facilities, inland terminal and port services, transport, vehicle rental, distribution, customs clearing and freight forwarding, material handling.

b) The **Agriculture cluster** is involved in the auctioning, packaging, production and retailing of agricultural commodities. The trading arm of the business focuses on the importation, formulation, supply and distribution of crop and livestock chemicals, other agricultural inputs and hardware.

c) The **Real estate cluster** is involved in the rental and development of industrial properties to both third parties and Group companies.

d) The **Services cluster** provides strategic direction, coordination of Group activities and shared services in finance and treasury, human resources, procurement and information technology to Group companies.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Executive Management Committee is the Chief Operating Decision Maker. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

11 Segment information *(continued...)*

Year ended 31 October 2019

Revenue	Logistics 2019 ZWL$	Agriculture 2019 ZWL$	Real Estate 2019 ZWL$	Services 2019 ZWL$	*Eliminations 2019 ZWL$	Consolidated 2019 ZWL$
Sale of goods	11,326,558	122,676,603	-	-	(3,400,809)	130,602,352
Rendering of services	179,668,745	142,734,339	34,292,570	10,128,328	(42,494,818)	324,329,164
Total Revenue	**190,995,303**	**265,410,942**	**34,292,570**	**10,128,328**	**(45,895,627)**	**454,931,516**
Results						
Depreciation, amortisation and impairment	8,940,546	12,783,319	30,989	1,232,732	-	**22,987,586**
Fair value adjustments	-	(7,285,569)	32,298,830	1,122,317	-	**26,135,578**
Segment profit/(loss)	71,826,241	126,920,654	24,213,668	(28,441,831)	-	**194,518,732**
Operating assets	112,509,330	251,789,078	368,669,137	54,413,450	-	**787,380,995**
Operating liabilities	28,634,484	20,324,950	1,086,288	10,920,781	-	**60,966,503**
Other disclosures						
Held-for-trading investments	-	-	-	4,780,668	-	**4,780,668**
Capital expenditure	20,924,811	22,102,959	3,386,683	961,849	-	**47,376,302**

Inter-segment revenues, if any are eliminated on consolidation. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Year ended 31 October 2018

Revenue	Logistics 2018 ZWL$	Agriculture 2018 ZWL$	Real Estate 2018 ZWL$	Services 2018 ZWL$	*Eliminations 2018 ZWL$	Consolidated 2018 ZWL$
Sale of goods	9,051,990	120,069,108	-	62,474	(1,980,993)	127,202,579
Rendering of services	82,732,393	69,426,084	21,018,015	17,074,215	(36,101,055)	154,149,652
Total revenue	**91,784,383**	**189,495,192**	**21,018,015**	**17,136,689**	**(38,082,048)**	**281,352,231**
Results						
Depreciation, amortisation and impairment	5,328,063	11,086,265	1,600,191	1,041,455	-	**19,055,974**
Fair value adjustments	-	3,292,827	(1,653,839)	(2,667,864)	-	**(1,028,876)**
Segment profit	7,638,774	39,244,266	10,311,625	(7,852,407)	-	**49,342,258**
Operating assets	75,571,268	172,511,336	310,626,922	17,069,033	-	**575,778,559**
Operating liabilities	11,047,252	21,272,336	1,039,739	423,386	-	**33,782,713**
Other disclosures						
Held-for-sale investments	-	-	-	10,793,974	-	**10,793,974**
Available-for-sale investments	-	-	-	19,762,428	-	**19,762,428**
Capital expenditure	11,803,662	12,528,567	6,721,417	2,456,467	-	**33,510,113**

*The Group owns properties for storage and warehouse purposes that are leased to other Group companies and the head office offers management services to Group companies at terms and conditions similar to third parties.

Adjustments and eliminations

Finance income and expenses are not allocated to individual segments as the underlying instruments are managed on a Group basis. Capital expenditure consists of additions of property, plant and equipment, including assets from the acquisition of subsidiaries.

11 Segment information *(continued...)*

	2019 ZWL$	2018 ZWL$
Reconciliation of profit		
Segment profit	194,518,732	49,342,258
Fair value adjustments and impairments	26,135,578	(602,896)
Profit on disposal of held-for-sale investment	12,526,865	-
Profit on disposal of available-for-sale investment	-	41,387,083
Net exchange gains	51,649,738	-
Net monetary loss	(87,187,391)	-
Impairment of held-for-sale investment	-	(425,980)
Finance income	28,573	52,848
Finance costs	(6,257,058)	(7,087,775)
Taxation	(67,277,910)	(12,926,562)
Group profit	**124,137,127**	**69,738,976**
Reconciliation of assets		
Segment operating assets	787,380,995	575,778,559
Held for trading investments	4,780,668	19,762,428
Held-for-sale investment	-	10,793,974
Intangible assets	5,695,177	5,354,916
Group operating assets	**797,856,840**	**611,689,877**
Reconciliation of liabilities		
Segment operating liabilities	60,966,503	33,782,713
Deferred tax liabilities	78,529,559	37,161,827
Current tax payable	25,518,047	9,036,561
Interest bearing loans and borrowings	23,429,727	63,025,372
Group operating liabilities	**188,443,836**	**143,006,473**

Geographical information

The Group operates principally in Zimbabwe. There are no operations which occur outside Zimbabwe.

All the revenue information is based on the location of the customers. The Group does not generate revenue from a single customer that exceed 10% of its total revenue.

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

for the year ended 31 October 2019

12 Property, plant and equipment

Cost / valuation	Freehold land and buildings ZWL$	Plant and equipment ZWL$	Motor Vehicles ZWL$	Capital work in Progress ZWL$	Bearer Plants ZWL$	Hessian Wraps ZWL$	Total ZWL$
As at 01 November 2018	**121,482,239**	**73,925,009**	**30,872,580**	**5,021,559**	**3,550,556**	**36,633,020**	**271,484,963**
Additions	-	14,646,035	11,071,411	13,545,415	286,629	7,028,162	46,577,652
Reclassifications	-	-	-	(1,290,322)	1,290,322	-	-
Revaluation	29,853,096	-	-	-	-	-	29,853,096
Transfers*	(381,213)	-	-	-	-	-	(381,213)
Disposals	(64,811)	(1,061,863)	(4,925,351)	-	-	-	(6,052,025)
As at 31 October 2019	**150,889,311**	**87,509,181**	**37,018,640**	**17,276,652**	**5,127,507**	**43,661,182**	**341,482,473**
Accumulated depreciation							
As at 01 November 2018	**-**	**30,230,560**	**15,420,644**	**-**	**710,109**	**10,596,034**	**56,957,347**
Depreciation	381,578	9,192,677	5,928,190	-	802,033	6,612,586	22,917,064
Disposals	(365)	(636,731)	(3,620,991)	-	-	-	(4,258,087)
Transfers*	(381,213)	-	-	-	-	-	(381,213)
As at 31 October 2019	**-**	**38,786,506**	**17,727,843**	**-**	**1,512,142**	**17,208,620**	**75,235,111**
Net book value							
As at 31 October 2019	**150,889,311**	**48,722,675**	**19,290,797**	**17,276,652**	**3,615,365**	**26,452,562**	**266,247,362**
Cost / valuation							
As at 01 November 2017	**118,178,247**	**66,313,634**	**25,785,523**	**10,827,358**	**3,550,556**	**29,491,468**	**254,146,786**
Additions	153,039	8,688,181	10,159,753	7,244,358	-	7,141,552	33,386,883
Revaluation	5,159,526	-	-	-	-	-	5,159,526
Transfer to investment properties	-	-	-	(12,995,219)	-	-	(12,995,219)
Transfers*	(2,008,573)	-	-	-	-	-	(2,008,573)
Disposals	-	(1,076,806)	(5,072,696)	(54,938)	-	-	(6,204,440)
As at 31 October 2018	**121,482,239**	**73,925,009**	**30,872,580**	**5,021,559**	**3,550,556**	**36,633,020**	**271,484,963**
Accumulated depreciation							
As at 01 November 2017	**-**	**24,018,356**	**16,194,856**	**-**	**-**	**4,516,947**	**44,730,159**
Depreciation	2,008,573	6,618,237	3,572,082	-	710,109	6,079,087	18,988,088
Disposals	-	(406,033)	(4,346,294)	-	-	-	(4,752,327)
Transfers*	(2,008,573)	-	-	-	-	-	(2,008,573)
As at 31 October 2018	-	30,230,560	15,420,644	-	710,109	10,596,034	56,957,347
Net book value							
As at 31 October 2018	**121,482,239**	**43,694,449**	**15,451,936**	**5,021,559**	**2,840,447**	**26,036,986**	**214,527,616**

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

There were no contractual commitments for the acquisition of property, plant and equipment as at 31 October 2019 (2018: nil). As at 31 October 2019 plant and equipment of an initial cost of ZWL$10,8million (2018 : ZWL$9.18million) were fully depreciated but still in use.

12 Property, plant and equipment *(continued...)*

Bearer plants
Bearer plants comprise of 43 hectares of banana plantations, 18 hectares have an estimated life of 5 years while 25 hectares planted in 2018 has an estimated life of 10 years. The bearer plants are included in property, plant and equipment in compliance with IAS 41 and IAS 16 requirements. The banana plantation meet the definition of a bearer plant. Management opted for the revaluation model to value the banana plantation. The asset is then amortised over the useful life of the plantation. In the current year, there were no revaluation adjustments on the bearer plants as the cost approximated fair value.

Capital work in progress
Included in property, plant and equipment at 31 October 2019 is an amount of ZWL$17,28million (2018: ZWL$3,73million) relating to expenditure for property and plant in the course of construction.

Revaluation of property, plant and equipment
The Group's land and buildings consists of industrial and commercial properties in Zimbabwe.

Property valuations rely on historical market evidence for calculation of inputs. Such market evidence does not exist at present to calculate ZWL$ values. The Group's independent property valuers adopted the approach of converting US$ valuation inputs at the interbank foreign exchange rate of 15.7 at 31 October 2019. The valuers' concerns with this approach were that it ignored market dynamics of demand and supply. The approach did not take into consideration the fact that different property sub-sectors would respond differently to the new currency and that a conversion at the closing interbank rate would likely overstate property values.

Given the above concerns, the Directors have elected to use a much more conservative basis to value the Group's real estate portfolio. The Directors used the actual US$ rental yield achieved during the year of 5% to determine the ZWL$ value of the underlying property portfolio. The implied conversion rate
adopted was ZW$1:US$7 instead of the closing exchange rate of ZW$1:US$15.7.

Carrying values of property, plant and equipment that would have been recognised under the cost model:

	Freehold land and buildings ZWL$	Bearer plants ZWL$	Total ZWL$
At 31 October 2019	53,256,933	3,615,012	**56,871,945**
At 31 October 2018	53,638,511	2,840,447	**56,478,958**

13 Investment properties

Fair value	Freehold investment properties ZWL$
At 01 November 2018	**207,318,766**
Additions (subsequent expenditure)	798,650
Net gain from fair value adjustment	32,298,830
At 31 October 2019	**240,416,246**
At 01 November 2017	**195,854,156**
Additions (subsequent expenditure)	123,230
Transfer from property, plant and equipment	12,995,219
Net loss from fair value adjustment	(1,653,839)
At 31 October 2018	**207,318,766**

As at 31 October 2019 ZWL$308,072,210 (2018:ZWL$165,301,200) of investment property was pledged as security for Group loan facilities. Refer to Note 21 for details of loan facilities.

13 Investment properties *(continued...)*

Fair valuation of investment properties

The Group's land and buildings consists of industrial and commercial properties in Zimbabwe. Property valuations rely on historical market evidence for calculation of inputs. Such market evidence does not exist at present to calculate ZWL$ values. The Group's independent property valuers adopted the approach of converting US$ valuation inputs at the interbank foreign exchange rate of 15.7 at 31 October 2019. The valuers concern with this approach was that it ignored market dynamics of demand and supply. The approach did not take into consideration the fact that different property sub-sectors would respond differently to the new currency.

Given the above concerns, the Directors have elected to use a much more conservative basis to value the Group's real estate portfolio. The Directors used the actual US$ rental yield achieved in the year of 5% to determine the ZWL$ value of the underlying property portfolio.

The current use of the investment properties has been evaluated as the highest and best use for the investment properties.

	2019 ZWL$	2018 ZWL$
Rental income derived from investment properties	34,292,570	11,252,943
Operating expenses (including repair and maintenance) on property generating rental income	(25,188,869)	(3,024,421)
Net profit arising from investment properties carried at fair value	9,103,701	8,228,522

The Group has no restrictions on the realisability of its investment property except for those pledged as security. There are no contractual obligations to either purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Fair value disclosures for investment properties have been provided in Note 16.1.

14 Biological assets

	2019 ZWL$	2018 ZWL$
Opening balance	9,068,370	2,697,916
Additions	15,172,705	15,989,812
Disposals	(12,934,162)	(12,912,174)
Fair value adjustment-crops	(7,285,569)	3,292,816
Closing balance	**4,021,344**	**9,068,370**
Current (due for sale/disposal within 12 months)	4,021,344	9,068,370

The Group's biological current assets comprise of 90 hectares of tobacco (2018: 141 hectares), and 43 hectares of bananas (2018: 43 hectares). At initial recognition, biological assets are valued based on IAS41. The tobacco and maize have a short life cycle of less than one year. Fair value of the biological assets is determined by reference to the average theoretical life span of crops and the prevailing market prices. Fair value adjustments recognised in biological assets of ZWL$7,285,569 have been recorded through profit or loss. Changes in commodity prices risk is managed by regularly reviewing the local and foreign market prices. None of the biological assets have been pledged as security.

15 Intangible assets

Cost	Goodwill	Computer Software	Total
As at 01 November 2017	**4,413,434**	**1,008,969**	**5,422,803**
Acquisition of computer software	-	-	-
As at 31 October 2018	**4,413,434**	**1,008,969**	**5,422,803**
Additions during the year	-	410,783	410,783
As at 31 October 2019	**4,413,434**	**1,419,752**	**5,833,586**
Amortisation and Impairment			
As at 01 November 2017	-	-	-
Amortisation (Note 6.2)	-	67,887	67,887
As at 31 October 2018	**-**	**67,887**	**67,887**
Amortisation (Note 6.2)	-	70,522	70,522
As at 31 October 2019	**-**	**138,409**	**138,409**
Net book value			
As at 31 October 2019	**4,413,834**	**1,281,343**	**5,695,177**
As at 31 October 2018	**4,413,834**	**941,082**	**5,354,916**

The goodwill relates to the acquisition of Guftainer (Private) Limited and Key Logistics (Private) Limited by Bak Logistics (Private) Limited, a subsidiary of TSL Limited during the 2014 and 2015 financial years. It also includes acquisition of Chimayo Investments (Private) Limited which was acquired during 2015 financial year. During the year the Group acquired new warehouse management software package (WMS). The software has an estimated useful life of 5 years and is amortised at a rate of 20% per annum.

There were no contractual commitments for the purchase or development of intangible assets as at 31 October 2019 (2018: nil).

Impairment testing of goodwill and intangible assets with indefinite lives
The goodwill has been allocated to the Logistics cash generating unit (CGU). The Group performed its annual impairment test in October 2019 and 2018. The recoverable amount of the Logistics CGU as at 31 October 2019, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. It was concluded that the value in use exceeds the carrying amounts of the Logistics CGU.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions
The calculation of value in use is most sensitive to the gross margins, discount rates and growth rates.

Gross margins
The gross margins used in the calculation is based on the forecasts of the CGU for the next 6 years (2018: 6 years). The gross margins lie between 20%-29% (2018: 20%-29%).

Discount rates
The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of debt of 15% per annum (2018: 9% per annum). The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Growth rate estimates
The growth rate is based on the CGU's financial forecast of 5% (2018: 5%) per annum for Logistics. A reasonable possible change in the above key assumptions would not result in impairment of the Logistics goodwill.

16 Fair values

The carrying value of financial assets and liabilities in the consolidated statement of financial position approximate their fair value.

16.1 Investment properties fair value disclosures
The following table shows an analysis of the fair values of investment property recognised in the statement of financial position by level of the fair value hierarchy;

		(Level 1)	(Level 2)	(Level 3)	Total gain/(loss) recorded in the income statement
		ZWL$	ZWL$	ZWL$	ZWL$
Land	31 October 2019	-	9,515,191	-	-
Buildings		-	-	230,901,055	32,298,830
Land	31 October 2018	-	15,144,058	-	-
Buildings		-	-	192,174,708	(1,653,839)

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within level 2 and level 3 of the fair value hierarchy amount to ZWL$32,298,830 (2018: -ZWL$1,653,839) and are presented in the consolidated statement of profit or loss in line item 'Fair value adjustments'

Valuation techniques used to determine fair values
The table below presents the following for each class of the investment property
- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy (in this case Level 2 and 3) within which the fair value measurements are categorised in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same buildings and;
- Level 2 and level 3 fair value measurement, quantitative information about the significant unobservable inputs used in the fair value measurement

Class of property	Fair value at 31 October 2019	Fair value at 31 October 2018	Valuation technique	Key inputs	Range Weighted
Industrial buildings	230,901,055	192,174,708	Income capitalisation	Rental per square meter	ZWL$21.94-ZWL$62.68 (2018: ZWL$15.67-ZWL$47.01)
				Occupancy rate	66.7%-100% (2018: 66.7%-100%)
				Capitalisation rate	10.75%-11.5% (2018: 11%-12.5%)
Land	9,515,191	15,144,058	Market Comparable	Comparable properties transacted prices per square meter	-

16 Fair values *(continued...)*

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

An increase or decrease in the occupancy rate and rental per square meter used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's portfolios of investment property will result in an increase or decrease in fair value of investment property. An increase in the capitalisation rate will result in a decrease in fair value whilst a decrease in the capitalisation rate will result in an increase in fair value.

Sensitivity analysis	% Change	Effect on other comprehensive income 2019 ZWL$
Industrial buildings	5%	11,545,053
Industrial buildings	-5%	(11,545,053)
Land	5%	475,760
Land	-5%	(475,760)

16.2 Property, plant and equipment fair value disclosures

Fair value hierarchy:		Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$
Land	31 October 2019	-	7,498,684	-
Buildings	31 October 2019	-	-	258,748,678
Land	31 October 2018	-	6,043,131	-
Buildings	31 October 2018	-	-	208,484,485

There have been no transfers between levels during the period.

Description of valuation techniques used and key inputs to valuation on property plant and equipment:

Class of property	Fair value at 31 October 2019	Fair value at 31 October 2018	Valuation technique	Key inputs	Range Weighted
Commercial buildings	-	-	Income capitalisation	Rental per square meter	ZWL$28 - ZWL$35 (2018:ZWL$15.67 - ZWL$47.01)
				Capitalisation rate	2.6%-8% (2018:2.6%-8%)
Industrial buildings	258,748,678	208,484,485	Income capitalisation	Rental per square meter	ZWL$28-ZWL$35 (2018:ZWL$15.67-ZWL$47.01)
				Capitalisation rate	10.75%-11.50% (2018:11%-13%)
Land	7,498,684	6,043,131	Income capitalisation	Comparable properties transacted prices per square meter	-

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

An increase or decrease in all the rental per square meter used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's land and buildings will result in an increase or decrease in fair value of land and buildings. An increase in the capitalisation rate will result in a decrease in fair value whilst a decrease in the capitalisation rate will result in an increase in fair value.

16 Fair values *(continued...)*

16.3 Held-for-sale investments

Fair value hierarchy:		Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Total profit recorded in the income statement ZWL$
Held-for-sale investments	31 October 2019	-	-	-	12,526,865
Held-for-sale investments	31 October 2018	-	-	10,793,974	-

There have been no transfers between levels during the period.

Loss recorded in profit or loss for fair value measurements categorised within level 3 of the fair value hierarchy amount to ZWL$1,122,317 (2018: ZWL$ nil) and are presented in the consolidated statement of profit or loss in the line items 'Fair value adjustments and impairments'. The investment was assessed for impairment based on a valuation performed by Corporate Excellence Financial Advisory Services as at 31 October 2019.

Description of valuation techniques used and key inputs to valuation of investment held-for-sale:

Class of financial asset	Fair value at 31 October 2019	Fair value at 31 October 2018	Valuation technique	Key unobservable inputs	Range Weighted
Investment held-for-sale	-	10,793,974	Liquidation/ break-up approach	Net asset value per share	ZWL$ nil (2018:ZWL$ 1,357)
				Liquidation discount rate	0%-40% (2018:0%-40%)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

An increase or decrease in the net asset value per share used will result in an increase or decrease in fair value of held-for-sale investment. An increase or decrease in liquidation discount rate used will result in a decrease or increase in fair value of the held-for-sale investment.

16.4 Held-for-trading investments fair value disclosures

Fair value hierarchy:		Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Total profit recorded in the income statement ZWL$
Held-for-trading investment	31 October 2019	4,780,668	-	-	1,122,317
Held-for-trading investment	31 October 2018	19,762,428	-	-	(2,241,873)

There have been no transfers between levels during the period.

The Group holds shares in Delta, Econet and Starafrica. The fair value of the quoted equities was based on the market value as at 31 October 2019 as quoted by the Zimbabwe stock exchange.

16 Fair values *(continued...)*

16.5 Biological assets and bearer plants fair value hierarchy

Fair value hierarchy:		Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Total (loss)/profit recorded in the income statement ZWL$
Crops	31 October 2019	-	-	4,021,344	(7,285,569)
Banana plantation	31 October 2019	-	-	3,615,365	
Crops	31 October 2018	-	-	9,068,370	3,292,816
Banana plantation	31 October 2018	-	-	2,840,447	-

Description of valuation techniques used and key inputs to valuation of Biological assets:

Type	Fair value at 31 October 2019	Fair value at 31 October 2018	Valuation technique	Key unobservable inputs	Range Weighted
Crops- Comprising of wheat, tobacco, maize and banana fruit	4,021,344	9,068,370	Discounted cash flow technique	Price per ton- tobacco	ZWL$ 28,000-ZWL$ 35,000 (2018: ZWL$ 2,500-ZWL$ 3,600)
				Price per ton - bananas	ZWL$ 900-ZWL$ 3,000 (2018: ZWL$ 400-ZWL$ 500)
				Price per ton - maize	ZWL$ 630- ZWL$ 4,500(2018: ZWL$ 300-ZWL$ 400)
				Price per ton - wheat	ZWL$ 485- ZWL$ 630(2018: ZWL$ 485-ZWL$ 500)
				Discounting factor	9% (2018:9%)
				Expected yield	90%-100% (2018: 90%-100%)
Banana plantations	3,615,365	2,840,447	Discounted cash flow technique	Forecast life span	5 years (2018:5 years)
				Discounting factor	9% (2018:9%)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

Significant increase/(decreases) in price per ton in isolation would result in a significantly higher or lower fair value measurement. Significant increase/(decreases) in expected yield in isolation would result in a significantly higher or lower fair value measurement. Significant increase/(decreases) in forecast lifespan in isolation would result in a significantly higher or lower fair value measurement.

17 Inventories

	2019 ZWL$	2018 ZWL$
Merchandise	8,273,505	33,287,453
Raw materials (at cost)	12,644,451	14,467,823
Work in progress (at cost)	200,849	98,030
Consumables	16,742,652	2,239,137
Finished goods (at cost or net realisable value)	38,222,864	-
Total inventories at the lower of cost and net realisable value	**76,084,321**	**50,092,443**

During 2019, ZWL$ 105,753 (2018: ZWL$522,071), was recognised as an allowance/expense for obsolete inventories carried at net realisable value. This is recognised in cost of sales. Inventory with cost of ZWL$20,671,025 (2018: ZWL$40,289,877) was sold during the year.

18 Trade and other receivables

	2019 ZWL$	2018 ZWL$
Trade receivables	33,500,563	26,487,756
Other receivables	54,318,025	34,495,562
Amounts due from former associate company	215,472	1,163,980
	88,034,060	**62,147,298**

Trade receivables are non-interest bearing and are generally on terms of 30 days. Other receivables are non-interest bearing and are generally on terms of 30 to 60 days. Included in other receivables are prepayments, staff debtors and refunds due for Value Added Tax. The receivable from TSL Classic, a former associate of the Group is at an interest rate of 6% per annum.

Inventory Prepayments
The Group had ZWL$48,673,617 (2018: ZWL$14,136,175) in prepayments for stocks at year end. These prepayments are in Agricura and Propak Hessian. The amount is recognised as prepaid inventory at completion of the contract. The contract is complete at the point where the order and the payment will have been sent to the supplier and the supplier has acknowledged such receipt. The full payment including all other expenses applicable for capitalisation is classified as prepaid inventory.

As at 31 October 2019, trade receivables of an initial value of ZWL$729,857 (2018: ZWL$2,023,578) were impaired. See below for the movements in the provision for impairment of trade receivables.

	Impaired ZWL$
At 1 November 2017	**5,388,781**
Charge for the year	2,023,578
At 31 October 2018	**7,412,359**
Effect of IFRS 9 adoption	5,479,299
As at 1 November under IFRS 9	**12,891,658**
Charge for the year	729,857
At 31 October 2019	**13,621,515**

As at 31 October, the ageing analysis of trade receivables is as follows:

		Neither past	Past due but not impaired			
	Total ZWL$	due nor impaired ZWL$	30-60 days ZWL$	61-90 days ZWL$	91-120 days ZWL$	› 120 days ZWL$
2019	**33,500,563**	18,691,307	5,635,933	2,919,667	1,893,815	4,359,841
2018	**26,487,756**	15,296,767	3,707,425	2,815,787	3,262,495	1,405,282

See Note 29 on credit risk of trade receivables which discusses how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired. The allowance for credit losses, which includes the allowance for

18 Trade and other receivables *(continued...)*

trade and other receivables losses represents management's estimate of probable losses inherent in the Group's trading activities. The allowance for credit losses for trade and other receivables represents the estimated probable credit losses. Cash recovered on previously written down amounts are recorded as income in these accounts.

The Group performs periodic and systematic detailed reviews of its credit portfolio to identify credit risks and to assess the overall collectability of those positions. The allowances on certain homogeneous trade receivables which are generally identified with reference to nature of product or business model, is based on aggregated trade receivables balance. Loss forecast models are utilised in determining the credit losses, and these include, but not limited to, historical loss experience, estimated defaults or foreclosures based on trade receivables trend, delinquencies, economic conditions and credit scores.

These models are reviewed regularly to ensure the decisions are based on more recent information that is reflective of current environment.

19 Cash and short-term deposits

	2019 ZWL$	2018 ZWL$
Cash at banks and on hand	63,904,045	18,487,891

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 October 2019, the Group had undrawn available loan facilities of ZWL$19,6million (2018: ZWL$63,2million). The Group has pledged some of its properties in order to fulfil collateral requirements (Note 29).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 October:

	2019 ZWL$	2018 ZWL$
Cash at banks and on hand	63,904,045	18,487,891
Bank overdrafts	(5,223,087)	(1,520,258)
Cash and cash equivalents	**58,680,958**	**16,967,633**

20 Issued capital and reserves

	2019 Number	2018 Number
Authorised shares		
Ordinary shares of $0.01 each	600,000,000	600,000,000
Ordinary shares issued and fully paid		
01 November 2017	357,102,445	357,102,445
Issued during the year	-	-
At 31 October 2018	**357,102,445**	**357,102,445**
01 November 2018	**357,102,445**	**357,102,445**
Issued during the year	-	-
At 31 October 2019	**357,102,445**	**357,102,445**
Issued Share Capital	ZWL$	ZWL$
At 1 November	19,290,666	19,290,666
At 31 October	**19,290,666**	**19,290,666**
Share premium		
At 1 November	15,659,323	15,659,323
At 31 October	**15,659,323**	**15,659,323**
Unissued shares		
At 31 October 2018	242,897,555	242,897,555
Movement during the year	-	-
At 31 October 2019	**242,897,555**	**242,897,555**

20 Issued capital and reserves *(continued...)*

The unissued shares, other than those under option are under the control of the directors for an indefinite period of time and are subject to the limitation of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange. The Group had 4 629 328 (2018: 4 629 328) treasury shares which are included in the issued share capital.

20.1 Non distributable reserves

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land, buildings and bearer plants and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Functional currency conversion reserve

This arose as a result of change in functional currency from the Zimbabwe dollar to the United States dollar. It represents the residual equity in existence as at the date of the changeover and has been designated as a non-distributable reserve.

Fair value through OCI

The asset revaluation reserve is used to record fluctuations in the fair value of assets financial assets and bearer plants.

Below is the movement in non-distributable reserves:

	Fair value reserve of at FVOCI ZWL$	Asset revaluation reserve ZWL$	Foreign currency translation reserve ZWL$	Total ZWL$
As at 01 November 2018	**-**	**399,037**	**-**	**399,037**
Other comprehensive income	-	18,360,089	16,620,525	34,980,614
As at 31 October 2019	**-**	**18,759,126**	**16,620,525**	**35,379,651**
As at 01 November 2017	**16,504,666**	**237,086,844**	**-**	**253,591,510**
Other comprehensive income	(16,504,666)	3,366,355	-	(13,138,311)
Elimination of revaluation - IAS 29	-	(240,054,162)	-	(240,054,162)
As at 31 October 2018	**-**	**399,037**	**-**	**399,037**

21 Interest-bearing loans and borrowings

	Interest rate %	Maturity	2019 ZWL$	2018 ZWL$
21.1 Current				
Local interest-bearing loans and borrowings	5%-40% (2018 : 8%-10%)	2020	17,379,838	51,983,657
Total current interest-bearing loans and borrowings			17,379,838	51,983,657
21.2 Non-current				
Local interest-bearing loans and borrowings	5%-40% (2018 : 7%-10%)	2021 - 2023	826,802	9,521,457
Total non-current interest-bearing loans and borrowings			**826,802**	**9,521,457**

Secured loans

There is a negative pledge of assets in respect of overdrafts and bank borrowings. The Group has pledged part of its investment property with a carrying amount of ZWL$308 million (2018: ZWL$176 million) in order to fulfil the collateral requirements for the borrowings in place. The counterparties have an obligation to return the securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

22 Trade and other payables

	2019 ZWL$	2018 ZWL$
Trade payables	30,964,628	6,229,176
Other payables	26,721,754	23,997,498
	57,686,382	**30,226,674**

Terms and conditions of the above financial liabilities:

a) Trade payables are non-interest bearing and are normally settled on 30 to 60-day terms.

b) Other payables are non-interest bearing and have an average term of six months. Other payables mainly consist of deposits from customers and accruals of statutory payments.

22.1 Provisions

	Shrinkage ZWL$	Provision for Leave Pay ZWL$	Gratuity gift ZWL$	Royalties ZWL$	Sundry Provisions ZWL$	Total ZWL$
At 01 November 2018	**240,870**	**1,052,094**	**1,004,345**	**1,205,148**	**53,582**	**3,556,039**
Utilised	-	(1,225,687)	(1,953,058)	-	-	**(3,178,745)**
Arising during the year	-	801,468	1,334,459	712,659	54,241	**2,902,827**
At 31 October 2019	**240,870**	**627,875**	**385,746**	**1,917,807**	**107,823**	**3,280,121**

	Shrinkage ZWL$	Provision for Leave Pay ZWL$	Gratuity gift ZWL$	Royalties ZWL$	Sundry Provisions ZWL$	Total ZWL$
At 01 November 2017	**235,479**	564,255	902,890	571,645	162,562	**2,436,831**
Utilised	-	(552,241)	(32,034)	(67,028)	(119,568)	**(770,871)**
Arising during the year	5,391	1,040,080	133,489	700,531	10,588	1,890,079
At 31 October 2018	**240,870**	**1,052,094**	**1,004,345**	**1,205,148**	**53,582**	**3,556,039**

Shrinkage
Shrinkage provision for customer goods in our warehouses is provided on the basis of potential pilferage and loss due to unforeseen events. The provision is based on the estimated loss based on the value of the goods so kept. The timings of the cash out-flows are by their nature uncertain.

Provision for leave pay
Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment. The timings of the cash out-flows are by their nature uncertain.

Gratuity gift
Gratuity gift for employees is provided on the basis of estimated amounts to purchase gifts for retiring and performing employees. The timings of the cash out-flows are by their nature uncertain.

Royalties
Royalties are provided on the basis of revenue generated by Avis Rent a Car franchise to the international firm.

Sundry provisions
Sundry provisions mainly relate to provisions for commissions and insurance which are mainly Short-term. The timing of the cash out-flows are by their nature uncertain.

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

for the year ended 31 October 2019

23 Cash dividends on ordinary shares declared and paid:

	2019 ZWL$	2018 ZWL$
Declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend for 2018: ZWL$ 3.78 (2017: 2,43) per share	-	9,021,124
Special dividend (ZWL$ 7.24 per share)	-	25,895,212
Interim dividend 2019 (ZWL$0.84 per share)	12,937,562	-
	12,937,562	34,916,336
Proposed dividends on ordinary shares:		
Final cash dividend for 2019	26,468,999	-
ZWL$ 0.09 per share (2018: ZWL$ 3.78 per share)	39,406,561	34,916,336

Proposed dividend on ordinary shares are subject to approval at the Annual General Meeting on 17 June 2020 and are not recognised as a liability as at 31 October.

24 Pensions

All eligible employees are members of the following Group schemes:

24.1 Defined Contribution Plans

	2019 ZWL$	2018 ZWL$
National social security contributions	542,398	810,711
Pension contributions	1,842,323	1,452,311
Group life assurance cover	789,567	547,601
Total	**3,174,288**	**2,810,623**

National Social Security Authority Scheme
This is a defined contribution scheme established under the National Social Security Authority Act (1989). Contributions by employers are 3% per month of pensionable monthly emoluments up to a maximum of ZWL$ 700.

The TSL Scheme and The Chemco Scheme
All eligible employees are members of these schemes.

25 Share-based payment plans

The Group has an Executive share appreciation rights scheme (ESARS) under which options to subscribe for the Group's shares have been granted to executive directors and senior management of the parent at the discretion of the Board. These options are granted to employees with more than 24 months' service. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if the beneficiary remains employed within the Group at least three years after the grant date (service condition) and the market value of the shares on that date exceeds the exercise price (market condition).

The fair value of the share options is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions on which the share options were granted. However, the above market condition is only considered in determining the number of instruments that will ultimately vest.

The share options can be exercised up to seven years after the three-year vesting period and therefore, the contractual term of each option granted is ten years. This scheme was introduced in the current year. The Group accounts for the ESARS as an equity-settled plan.

The expense recognised for employee services received during the year was ZWL$364,446 (2018: ZWL$nil).

25 Share-based payment plans *(continued...)*

	2019 Number	WAEP	2018 Number	WAEP
Outstanding at 1 November	-	-	-	-
Granted during the year	11,605,000	0.50	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 October	**11,605,000**	**0.50**	**-**	**-**
Exercisable at 31 October	-	-	-	-

	2019	2018
Weighted average fair values at the measurement date	0.03	-
Dividend yield (%)	4%	0%
Expected volatility (%)	66%	0%
Risk-free interest rate (%)	15%	0%
Expected life of ESARS (years)	3	-
Weighted average share price	0.03	-

26 Cash flow information

26.1 Adjustments to reconcile profit before tax to net cash flows:

	2019 ZWL$	2018 ZWL$
Depreciation, amortisation and impairment of property, plant and equipment, (Note 6.2)	22,987,586	19,055,974
Movement in provisions (Note 22.1)	275,918	1,119,208
Provisions for bad debts (Note 18)	729,857	2,023,578
Provision for obsolete and slow moving inventory (Note 17)	105,753	(522,071)
Fair value adjustments and impairments (Note 6.3, 6.4)	(26,135,578)	1,028,876
Unrealised net exchange gains (Note 6.5)	(51,649,738)	-
Gain on disposal of held-for-sale investments (Note 10)	(12,526,865)	-
Gain on disposal of available-for-sale investment (Note 9.2)	-	(41,387,083)
Gain on disposal of property, plant and equipment (Note 5.1)	(1,304,930)	(35,551)
Finance income (Note 5.3)	(28,573)	(52,848)
Finance costs (Note 5.4)	6,257,058	7,087,775
Monetary adjustment	87,187,391	-
Other non-cash items	109,302,636	(1,892,938)
Total non-cash adjustments	**(83,404,484)**	**(13,575,080)**

Other non-cash items are other items not listed above that do not affect the movement of cash, they include inter alia foreign currency translations and other fair value adjustments.

26.2 Finance costs

	2019 ZWL$	2018 ZWL$
Interest on debts and borrowings	6,257,058	7,087,775
Total finance costs	**6,257,058**	**7,087,775**

26.3 Movement in loans and borrowings

	2019	2018
Opening balance	**61,505,114**	**62,945,811**
New loan amount received	40,194,167	39,974,800
Loan amount repaid during the year	(14,529,316)	(41,415,497)
Inflation effect	(68,963,325)	-
Net movement	**(43,298,474)**	**(1,440,697)**
Loans and borrowings balance	**18,206,640**	**61,505,114**

26.4 Capital expenditure

	2019	2018
Property, plant and equipment (Note 12)		
Expanding operations	13,193,919	21,867,696
Maintaining operations	33,383,733	11,519,187
	46,577,652	**33,386,883**
Investment property (Note 13)	798,650	123,230
Net capital expenditure to maintain operating capacity	**47,376,302**	**33,510,113**

27 Related party disclosures

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

	Financial year	Country of incorpo-ration	% equity interest	Sales to related parties (ZWL$)	Purchases from related parties (ZWL$)	Amounts owed by related parties (ZWL$)	Amounts owed to related parties (ZWL$)
Agricor (Private) Limited*	2019	Zimbabwe	67.48	3,885,238	1,696,719	5,605,435	16,958,998
Agricor (Private) Limited*	2018	Zimbabwe	67.48	947,273	194,472	1,359,053	22,065,511
Bak Storage (Private) Limited	2019	Zimbabwe	100.00	4,144,179	858,705	9,581,498	4,669,510
Bak Storage (Private) Limited	2018	Zimbabwe	100.00		1,803,280	29,066,094	18,235,749
Car Rental Services (Private) Limited	2019	Zimbabwe	100.00	1,100,004	617,907	1,891,185	847,402
Car Rental Services (Private) Limited	2018	Zimbabwe	100.00	164,769	1,877,735	1,709,370	2,810,648
Chemco Holdings Limited	2019	Zimbabwe	100.00	-	-	-	1,046,488
Chemco Holdings Limited	2018	Zimbabwe	100.00	-	-	-	-
Chimayo Investments (Private) Limited	2019	Zimbabwe	100.00	-	3,734,479	412,999	2,659,446
Chimayo Investments (Private) Limited	2018	Zimbabwe	100.00	-	6,348,614	2,361,846	11,399,468
H.G.P .Vorstermans (Private) Limited	2019	Zimbabwe	100.00	6,440,897	547,478	7,386,062	10,807,498
H.G.P .Vorstermans (Private) Limited	2018	Zimbabwe	100.00	5,603,580	476,306	22,096,152	45,606,520
Bak Logistics (Private) Limited	2019	Zimbabwe	99.90	1,617,943	17,624,701	32,435,102	22,181,256
Bak Logistics (Private) Limited	2018	Zimbabwe	99.90	4,364,542	1,892,262	74,837,062	74,143,292
Propak (Private) Limited	2019	Zimbabwe	100.00	1,356,880	162,302	781,494	659,688
Propak (Private) Limited	2018	Zimbabwe	100.00		210,993	2,810,428	4,674,975
Propak Hessian (Private) Limited	2019	Zimbabwe	100.00	1,127,096	4,483,272	7,559,349	1,097,389
Propak Hessian (Private) Limited	2018	Zimbabwe	100.00	2,366,901	7,114,872	23,556,695	6,479,620
TSL Limited	2019	Zimbabwe	100.00	-	-	32,040,870	16,176,743
TSL Limited	2018	Zimbabwe	100.00	-	-	31,041,080	13,326,480
Ridwyn (Private) Limited	2019	Zimbabwe	100.00	-	-	-	7,067
Ridwyn (Private) Limited	2018	Zimbabwe	100.00	-	-	-	38,176
Tobacco Sales Administration services (Private) Limited	2019	Zimbabwe	100.00	9,360,520	58,258	8,086,710	25,578,654
Tobacco Sales Administration services (Private) Limited	2018	Zimbabwe	100.00	14,145,346	2,451,149	37,097,653	63,009,878
Tobacco Sales Floor Limited	2019	Zimbabwe	100.00	-	13,536,069	11,834,676	5,823,895
Tobacco Sales Floor Limited	2018	Zimbabwe	100.00	-	10,415,017	23,444,858	2,631,757
Tobacco Warehouse and Export Company (1946) Limited	2019	Zimbabwe	99.90%	5,062,395	696,499	5,057,319	3,144,699
Tobacco Warehouse and Export Company (1946) Limited	2018	Zimbabwe	99.90%	7,087,352	975,099	14,447,702	10,062,658
Tobacco Producers Floor (Private) Limited	2019	Zimbabwe	100.00	11,009,684	943,923	8,160,511	1,141,881
Tobacco Producers Floor (Private) Limited	2018	Zimbabwe	100.00	1,969,635	2,171,024	22,653,244	3,374,087
Southerton Properties (Private) Limited	2019	Zimbabwe	100.00	553,876	287,056	787,756	977,914
Southerton Properties (Private) Limited	2018	Zimbabwe	100.00	1,273,914	660,229	3,260,120	2,847,205
TSL (Mauritius) Limited	2019	Mauritius	100.00	-	-	-	447,891
TSL (Mauritius) Limited	2018	Mauritius	100.00	-	-	6,747,467	-
TSL Properties Limited	2019	Zimbabwe	100.00	236,916	648,259	12,648,610	30,043,156
TSL Properties Limited	2018	Zimbabwe	100.00	158,734	1,490,995	56,401,592	72,184,391
Total	**2019**			**45,895,627**	**45,895,627**	**144,269,575**	**144,269,575**
Total	**2018**			**38,082,047**	**38,082,047**	**352,890,415**	**352,890,415**

* Agricor (Private) Limited is a subsidiary of Chemco Holdings Limited. TSL Limited has an effective shareholding of 67.5% (2018: 67.5%).

27 Related party disclosures *(continued...)*

The ultimate parent
The Company is the ultimate parent based and listed in Zimbabwe.

Compensation of key management personnel of the Group

	2019 ZWL$	2018 ZWL$
Short-term employee benefits	6,205,974	5,641,795
Directors emoluments	1,484,096	849,735

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Non-executive directors do not receive pension entitlements from the Group. Key management include executive directors and divisional management as outlined on pages 5 and 6 of this annual report.

28 Commitments and contingencies

Finance Lease commitments
The Group does not have finance lease commitments

Operating lease commitments-Group as lessor
The Group has entered into leases on its property portfolio. The commercial property leases typically have lease terms of between one and five years and includes clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 31 October are as follows:

	2019 ZWL$	2018 ZWL$
Within one year	6,169,987	21,363,932
After one year but not more than five years	109,207	25,850,358
More than five years	-	34,406,829
	6,279,195	**81,621,119**

Capital commitments
At 31 October 2019, the Group had authorised but not contracted for capital commitments of ZWL$12,255,204 (2018: ZWL$ 117,763,600) relating to acquisition and construction of buildings and equipment.

29 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loans, trade and other receivables, and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.
The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance and Audit committee and the Risk and Compliance Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Risk and Compliance committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits with banks.

29 Financial risk management objectives and policies *(continued...)*

The sensitivity analysis in the following sections relate to the position as at 31 October in 2019 and 2018.The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analysis, the sensitivity of the relevant consolidated statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as 31 October 2019 and 2018.

Currency risk

Currency risk is the risk that the Group fails to secure foreign currency to import stocks. The Group continuously liaises with banks to utilise foreign currency generated in Group exports.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group manages its interest rate risk by having a portfolio of fixed and variable rate loans and borrowings. Approved Short-term investments and funding instruments are at varying interest rates and mature within a year. To manage this, the Group's policy is to adopt a non-speculative approach to manage interest rate risk whilst maximising profit. The Group 's exposure is limited as interest bearing financial assets and financial liabilities have fixed market related interest rates to maturity.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relate primarily to foreign liabilities or liabilities denominated in foreign currency. An increase in the exchange rate will result into an increase in liabilities. The Group`s exposure to foreign currency is minimal since foreign obligations are mostly settled in advance.

The Group is exposed to risk of foreign currency to the extend monetary balances.

Exposures to exchange rate fluctuations and foreign loans are limited by the Group treasury policy and are monitored by a Finance and Risk committee. The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date denominated in the United States Dollars are as follows:

	2019 US$	2019 ZWL$
Cash balances	1,701,903	26,668,813
Accounts payables	990,082	15,514,586
Accounts receivables	1,090,844	17,093,522

Foreign currency sensitivity

The tables below demonstrate the sensitivity to a reasonably possible change in the ZWL$ and USD exchange rates with all other components held constant.

	Change in USD rate	Effect on profit before tax ZWL$	Effect on current assets ZWL$
2019	+5%	-	18,914,142
	-5%	-	(18,914,142)
2018	+5%	(31,936)	(31,936)
	-5%	31,936	31,936

Positive changes relate to increase in profit or increase in equity and negative changes relate to decrease in profit or equity.

29 Financial risk management objectives and policies *(continued...)*

Exchange rates applied
At 31 October :

	2019		2018	
	Income statement	Statement of financial position	Income statement	Statement of financial position
Average rate to the ZWL$				
United States Dollars	8.21	15.67	1	1

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables
Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 October 2019	Trade receivables					
		Days past Due				
	Current ZWL$	<30 days ZWL$	30-60 Days ZWL$	61- 90 Days ZWL$	>91 Days ZWL$	TOTAL ZWL$
Expected loss ratio	0%	10%	5%	3%	100%	-
Total gross carrying amount	22,507,596	5,313,883	3,423,283	3,116,711	342,302	34,703,775
Expected Credit Loss	61,937	545,312	154,328	99,333	342,302	1,203,212

31 October 2018	Trade receivables					
		Days past Due				
	Current ZWL$	<30 days ZWL$	30-60 Days ZWL$	61- 90 Days ZWL$	>91 Days ZWL$	TOTAL ZWL$
Expected loss ratio	0%	0%	45%	100%	100%	-
Total gross carrying amount	1,384,690	2,654,330	1,575,456	651,204	9,795	6,275,475
Expected Credit Loss	-		711,152	651,204	9,795	1,372,151

The provision increased significantly under IFRS 9 as compared to IAS 39. The Group utilised the simplified approach to calculate the expected credit loss which includes fully providing for any receivable above the definition of default. The Group also incorporates forward looking information. The Group defines the definition of default as debtors that are above 90 days past due.

Significant increase in credit risk
The Group monitors all financial assets and 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

29 Financial risk management objectives and policies *(continued...)*

risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares 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, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. 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.

Write off policy

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

Bank and cash deposit balances

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Finance and Risk Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group's maximum exposure to credit risk is the carrying amount of the bank and cash deposit balances in the statement of financial position at 31 October 2019 and 2018.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group's policy is to generally borrow on a short-term basis and that total borrowings are limited by clauses in the memorandum and articles of association of the Group companies. The Board also monitors the Group's exposure to interest rates on a quarterly basis.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31 October 2019:

Liabilities	Less than 3 months ZWL$	3 to 12 years ZWL$	1 to 5 years ZWL$	Total ZWL$
Interest-bearing loans and borrowings	10,238,959	7,421,432	1,198,863	18,859,254
Trade and other payables	45,921,714	-	-	45,921,714
	56,160,673	**7,421,432**	**1,198,863**	**64,780,968**

Year ended 31 October 2018:

Liabilities	Less than 3 months ZWL$	3 to 12 years ZWL$	1 to 5 years ZWL$	Total ZWL$
Interest-bearing loans and borrowings	283,847	7,619,534	3,815,632	11,719,013
Trade and other payables	5,595,460	-	-	5,595,460
	5,879,307	**7,619,534**	**3,815,632**	**17,314,473**

Capital management

Capital includes equity attributable to the equity holders of the parent.

29 Financial risk management objectives and policies *(continued...)*

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 October 2019 and 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 150%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes retained earnings, equity and other reserves.

	2019 ZWL$	2018 ZWL$
Interest-bearing loans and borrowings (Note 21)	18,206,640	61,505,114
Trade and other payables (Note 22)	57,686,382	30,226,674
Less: cash and short-term deposits (Note 19)	(58,680,958)	(18,487,291)
Net debt	17,212,064	73,244,497
Equity	609,413,004	468,683,404
Total capital	**609,413,004**	**468,683,404**
Capital and net debt	**626,625,068**	**541,927,901**
Gearing ratio	3%	13%

Collateral
There is a pledge of assets in respect of overdrafts and bank borrowings. The counterparties have an obligation to return the securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

30 Summarised Statement of Profit or Loss for the year ended 31 October 2019

Financial information of the subsidiary that had a material non-controlling interest 2019 Agricor (pvt) Ltd
Principal place of business : Harare, Zimbabwe
Proportion of Ownership interests held by non-controlling interests: 32.52%

	2019 ZWL$	2018 ZWL$
Revenue	32,892,741	69,642,999
Profit	11,897,905	10,397,608
Total comprehensive income	55,798,533	11,974,635
Profit attributable to non-controlling interest	3,869,199	3,381,302
Other comprehensive income attributable to non-controlling interest	14,276,484	512,849
Summarised Statement of Financial Position as at 31 October		
Current assets	50,442,501	60,825,283
Non-current assets	64,869,728	25,270,664
Current liabilities	34,366,706	31,322,136
Non-current liabilities	2,570,943	1,535,643
Accumulated non-controlling interest	31,416,160	21,161,919

31 Events after the reporting period

The minister of finance in presenting the 2020 fiscal budget, announced the reduction of the corporate tax rate from the current 25.75% to 24.72 effective 1 January 2020. This is was announced on 14 November 2019 and it is a non-adjusting event. The potential impact to the financial statements for the year ended 31 October 2019 is a reduction in the tax expense and deferred tax liability.

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

for the year ended 31 October 2019

32 Contingent liabilities

The Group recognises that in its normal course of operations it is possible that differences in interpretation of tax laws and regulations may arise. The resolution of such differences may result in an obligation to the Group.

33 Company statement of financial position

as at 31 October:		2019	2018
Assets		ZWL$	ZWL$
Non-current assets	**Notes**		
Investment in subsidiaries	27	42,890,324	42,890,324
		42,890,324	**42,890,324**
Current assets			
Prepayments		7,244,211	1,511,934
Financial assets held-for-trading		4,780,668	19,762,428
Amounts due from former associate	18	215,472	1,163,980
Amounts due from subsidiaries	33a	32,040,870	31,041,080
Cash and short-term deposits	33b	14,601,768	66,266
		58,882,989	**53,545,688**
Investment held-for-sale	10	-	10,793,974
Total assets		**101,773,313**	**107,229,986**
Equity and liabilities			
Equity			
Issued capital and share premium	20	34,949,989	34,949,989
Non-distributable reserves		8,376,455	8,376,455
Retained earnings /(accumulated loss)		24,208,016	(2,076,372)
Total equity		**67,534,460**	**41,250,072**
Non-current liabilities			
Interest bearing loans and borrowings	33c	826,802	9,521,457
Current liabilities			
Short-term loans and borrowings	33c	16,990,493	42,989,824
Amounts due to subsidiaries	33a	16,176,743	13,326,480
Accounts payables		244,815	142,153
		33,412,051	**56,458,457**
Total equity and liabilities		**101,773,313**	**107,229,986**

A Mandiwanza
Chairman
25 February 2020

P Devenish
Chief Executive Officer

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

for the year ended 31 October 2019

33 Company statement of financial position *(continued...)*

33a Amounts due from / to subsidiaries

	2019 ZWL$	2018 ZWL$
Due from subsidiaries		
Agricura	9,892,282	4,096,239
Bak Logistics	-	9,981,394
TSL Properties	17,080,662	2,433,061
TSAS	3,333,477	14,530,386
Bak Storage	23,988	-
HGPV	1,145,505	-
TW & E	564,956	-
	32,040,870	**31,041,080**
Due to subsidiaries		
Propak Hessian	360,777	1,077,407
Bak Logistics	2,500,678	-
TSF	8,640,192	7,672,245
Avis	184,016	981,927
Chimayo	337,217	2,361,846
TPF	230,624	108,040
Premier	3,857,491	1,125,015
Sotherton Properties	10,748	-
Propak Properties	55,000	-
	16,176,743	**13,326,480**

33b Cash and short-term deposits

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

33c Short-term loans and borrowings

	Interest rate %	Maturity	2019 ZWL$	2018 ZWL$
Current				
Local interest bearing loans and borrowings	5%-40% (2018 : 9%-12%)	< 1 year	16,990,493	42,989,824
Non-current				
Local interest bearing	5%-40% (2018 : 11%-16%)	>1 year	826,802	9,521,457

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

for the year ended 31 October 2019

34 Historical cost

34.1 Consolidated Statement of Profit or Loss

	2019 ZWL$	2018 ZWL$ Restated
Revenue		
Sale of goods	64,290,561	23,547,312
Rendering of services	141,519,679	28,535,663
Total revenue	**205,810,240**	**52,082,975**
Cost of sales	(15,442,695)	(15,373,704)
Gross profit	**190,367,545**	**36,709,271**
Other operating income	4,899,450	2,179,788
Other operating expenses	(45,433,128)	(10,340,043)
Staff costs	(54,361,493)	(15,887,366)
Depreciation and amortisation	(4,887,509)	(3,527,578)
Operating profit	**90,584,865**	**9,134,072**
Fair value adjustments	211,720,567	(111,606)
Net exchange gains	20,984,295	-
Impairment of held-for-sale investment	-	(78,856)
Profit on disposal of held-for-sale investment	12,526,865	-
Profit on disposal of available-for-sale investment	-	7,661,437
Finance costs	(2,718,812)	(1,312,065)
Finance income	17,378	9,783
Profit before tax	**333,115,158**	**15,302,765**
Income tax expense	(46,535,230)	(2,392,922)
Profit for the year	**286,579,928**	**12,909,843**
Attributable to:		
Equity holders of the parent	282,812,420	12,282,828
Non-controlling interests	3,767,508	627,015
	286,579,928	**12,909,843**
Earnings per share:		
- Basic, earnings for the year attributable to ordinary equity holders of the parent	0.792	0.034
- Diluted, earnings for the year attributable to ordinary equity holders of the parent	0.792	0.034
- Headline earnings per share	0.241	0.012
- Diluted headline earnings per share	0.241	0.012

34 Historical cost *(continued...)*

34.2 Consolidated Statement of Comprehensive income

	2019 ZWL$	2018 ZWL$ Restated
Profit for the year	**286,579,928**	**12,909,843**
Other comprehensive income		
Other comprehensive income to be reclassified to profit in subsequent periods:		
Recycling of available-for-sale investment reserve	-	(3,086,151)
Foreign currency translation reserve	16,620,525	-
Deferred tax	-	30,862
	16,620,525	**(3,055,289)**
Other comprehensive income not to be reclassified to profit in subsequent periods:		
Revaluation of property	128,449,905	955,114
Deferred tax	(29,191,507)	(245,942)
	99,258,398	**709,172**
Other comprehensive income for the year, net of tax	**115,878,923**	**(2,346,117)**
Total comprehensive income for the year, net of tax	**402,458,851**	**10,563,726**
Attributable to:		
Equity holders of the parent	391,607,309	9,850,708
Non-controlling interests	10,851,542	713,018
	402,458,851	**10,563,726**

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

for the year ended 31 October 2019

34 Historical cost *(continued...)*

34.3 Consolidated Statement of Financial Position

	2019 ZWL$	2018 ZWL$ Restated
Assets		
Non-current assets		
Property, plant and equipment	186,644,905	39,712,628
Investment properties	240,416,246	38,378,150
Intangible assets	1,184,022	991,284
	428,245,173	**79,082,062**
Current assets		
Biological assets	4,021,344	1,678,706
Inventories	43,877,949	9,272,944
Trade and other receivables	68,568,076	11,504,498
Inventory prepayments	15,844,588	2,616,841
Held-for-trading investments	4,780,668	3,658,354
Cash and short-term deposits	63,904,045	3,422,416
	200,996,670	**32,153,759**
Held-for-sale investment	-	1,998,144
	200,996,670	**34,151,903**
Total assets	**629,241,843**	**113,233,965**
Equity and liabilities		
Equity		
Issued capital	3,571,023	3,571,023
Share premium	2,898,801	2,898,801
Non distributable reserves	153,306,773	44,511,884
Retained earnings	308,100,048	31,861,958
Equity attributable to owners of the parent	**467,876,645**	**82,843,666**
Non- controlling interest	14,746,682	3,917,423
Total equity	**482,623,327**	**86,761,089**
Non-current liabilities		
Interest-bearing loans and borrowings	826,802	1,762,580
Deferred tax liabilities	48,468,907	6,879,272
	49,295,709	**8,641,852**
Current liabilities		
Trade and other payables	45,921,714	5,595,460
Interest-bearing loans and borrowings	17,379,838	9,623,039
Bank overdrafts	5,223,087	281,425
Provisions	3,280,121	658,282
Income tax payable	25,518,047	1,672,818
	97,322,807	**17,831,024**
Total liabilities	**146,618,516**	**26,472,876**
Total equity and liabilities	**629,241,843**	**113,233,965**

SHAREHOLDER ANALYSIS

for the year ended 31 October 2019

At 31 October 2019

ANALYSIS BY VOLUME

	NUMBER OF HOLDERS	%	SHARES HELD	%
VOLUME				
1-5000	978	71.96	931,815	0.26
5001-10000	92	6.77	681,228	0.19
10001-25000	137	10.08	2,190,494	0.61
25001-50000	69	5.08	2,489,466	0.70
50001-100001	31	2.28	2,099,586	0.59
100001 and over	52	3.83	348,709,856	97.65
TOTALS	**1,359**	**100.00**	**357,102,445**	**100.00**

ANALYSIS BY INDUSTRY

INDUSTRY				
Local Companies	228	16.78	214,910,940	60.18
Pension Funds	62	4.56	41,710,379	11.68
Insurance Companies	06	0.44	53,733,534	15.05
Foreign Companies	01	0.07	27,333,218	7.65
Local Individual Resident	899	66.15	4,029,683	1.13
Foreign Individual Resident	02	0.15	97,105	0.03
Local Nominee	57	4.19	9,451,209	2.65
Charitable and Trusts	13	0.96	441,296	0.12
Other Investments & Trusts	30	2.21	198,003	0.06
New Non-Resident	34	2.50	134,249	0.04
Fund Managers	08	0.59	94,305	0.03
Deceased Estates	17	1.25	4,955,524	1.39
Banks	02	0.15	13,000	0.00
TOTAL	**1,359**	**100.00**	**357,102,445**	**100.00**

SHAREHOLDER ANALYSIS *(continued...)*

for the year ended 31 October 2019

At 31 October 2018

ANALYSIS BY VOLUME

	NUMBER OF HOLDERS	%	SHARES HELD	%
VOLUME				
1-5000	985	72.48	971,229	0.27
5001-10000	94	6.92	697,578	0.20
10001-25000	147	10.82	2,378,505	0.67
25001-50000	78	5.74	2,876,682	0.81
50001-100001	38	2.80	2,722,756	0.76
100001 and over	86	6.33	347,455,695	97.30
TOTALS	**1,428**	**100.00**	**357,102,445**	**100.00**

ANALYSIS BY INDUSTRY

INDUSTRY				
Local Companies	234	16.39	215,519,402	60.35
Pension Funds	104	7.28	47,955,957	13.43
Insurance Companies	08	0.56	53,194,106	14.90
Foreign Companies	01	0.07	27,333,218	7.65
Local Individual Resident	906	63.45	8,926,040	2.50
Foreign Individual Resident	02	0.14	97,105	0.03
Foreign Nominee	04	0.28	1,180,531	0.33
Local Nominee	70	4.90	1,867,098	0.52
Charitable and Trusts	12	0.84	333,771	0.09
Other Investments & Trusts	31	2.17	333,642	0.09
New Non-Resident	31	2.17	112,651	0.03
Fund Managers	08	0.56	94,305	0.03
Deceased Estates	15	1.05	141,619	0.04
Banks	02	0.14	13,000	0.00
TOTAL	**1,428**	**100.00**	**357,102,445**	**100.00**

SHAREHOLDER ANALYSIS *(continued...)*

for the year ended 31 October 2019

Top ten shareholders of the company as at 31 October :

	2019		2018	
	No. of Shares	**%**	**No. of Shares**	**%**
Closefin Investments (Pvt) Ltd	101,347,798	28.38	101,347,798	28.38
Ramsway Investments (Pvt) Ltd	89,065,759	24.94	89,065,759	24.94
Old Mutual Life Assurance Company	53,540,188	14.99	52,491,160	14.70
Pellston Investments Ltd NNR	27,333,218	7.65	27,333,218	7.65
Mining Industry Pension Fund	18,206,859	5.10	18,206,859	5.10
National Social Security Authority (NPS)	10,484,706	2.94	10,484,706	2.94
Stanbic Nominees (Pvt) Ltd	7,958,137	2.23	8,285,745	2.32
Gentlemark Investments (Pvt) Ltd	7,326,085	2.05	7,326,085	2.05
National Social Security Authority (wcif)	4,986,509	1.40	4,999,477	1.40
TSL Limited	4,629,329	1.30	4,629,329	1.30
	324,878,588	**90.98**	**324,170,136**	**90.78**

ANALYSIS BY DOMICILE		**2019**			**2018**	
	No. of Holders	**Shares Held**	**%**	**No of Holders**	**Shares Held**	**%**
Zimbabwe	1039	326,831,239	91.52	1119	326,524,447	91.44
Mauritius	2	27,333,240	7.65	3	27,775,635	7.78
Warrant not presentable	288	2,748,432	0.77	278	2,630,952	0.74
Turkey	1	96,000	0.03	1	96,000	0.03
South Africa	13	50,053	0.01	13	33,640	0.01
Namibia	1	13,000	0.00	1	13,000	0.00
Zambia	1	12,480	0.00	1	12,480	0.00
Australia	1	10,000	0.00	1	10,000	0.00
United Kingdom	9	5,566	0.00	7	3,856	0.00
Israel	2	2,210	0.00	2	2,210	0.00
USA	2	225	0.00	2	225	0.00
Total	**1,359**	**357,102,445**	**100.00**	**1,428**	**357,102,445**	**100.00**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty-Second Annual General Meeting of the shareholders of TSL Limited ('the Company") will be held virtually at **https://eagm.creg.co.zw/eagmzim/Login.aspx** on Wednesday, 15 July 2020 at 1200 hours for the purpose of transacting the following business:

SPECIAL BUSINESS

1. To approve the convening of an annual general meeting and any other meetings and remote voting of resolutions of shareholders through an electronic virtual platform as permissible under Section 170 (10) of the Companies and Other Business Entities Act [Chapter 24:31] in light of COVID 19 restrictions imposed by Statutory Instrument ("SI") 76 of 2020.

2. Adoption and substitution of a new Memorandum and Articles of Association for the Company, compliant with the requirements of the Companies and Other Business Entity Act [Chapter 24:31] and the new Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019 (SI 134 of 2019).

ORDINARY BUSINESS

3. Financial Statements and Statutory Reports
To receive, consider and adopt the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 October 2019. The full annual report will be available on the company website: www.tsl.co.zw

4. Dividend
To confirm the payment of an interim dividend of 0.80 ZWL cents per share in July 2019 and a second interim dividend of 7.28 ZWL cents per share in November 2019 giving a total dividend of 8.08 ZWL cents per share for the financial year ended 31 October 2019.

5. Directorate

5.1 To re-elect the following Director, Mr Morgan Nzwere, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election: -

Mr Nzwere is a chartered accountant and Group Chief Executive Officer of Seed Co Limited. He holds a Master's in Business Leadership from the University of South Africa and has also attended the Strategy Master Academy at the University of Cape Town's Business School. He attended the Advanced Management Programme 181 at Harvard Business School in Boston. Mr Nzwere has been involved in the seed industry since 1998 having joined the company as Chief Financial Officer. He has previously held senior corporate positions with entities in the Mining, Manufacturing, Retail, Banking and Real Estate industries. He sits on the Board of FBC Bank. He represents Old Mutual Life Assurance Company.

5.2 To re-elect the following Director, Mr Bekithemba Ndebele, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election: -

Mr Ndebele is a chartered accountant and Group Chief Executive Officer of Truworths Limited. Mr Ndebele has more than 30 years manufacturing and industrial experience in textile and steel industries. He chairs the board of Imara Capital Zimbabwe and sits on several other boards. Mr Ndebele is an independent director.

5.3 To re-elect the following Director, Mr Edson Muvingi, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, o¬ffers himself for re-election: -

Mr Muvingi has more than 21 years' experience in the property sector specializing in development, projects and management. He is the holder of a MSc in Infrastructure Planning and Management, MBA and a BSc in Urban and Regional Planning. He is a member of the South African Council of Shopping Centres (SACSCs), REIZ, EAC (Zimbabwe and Namibia) and the Royal Institute of Chartered Surveyors (Arbitration and Commercial Mediation). Mr Muvingi is currently the Managing Director of Zimre Property Investments Limited and Chairman of the FLIMAS Board of Trustees. He represents Ramsway (Private) Limited

5.4 To note the retirement of Mr Patrick Devenish who retired from the Board with effect from 30 May 2020;

5.5 To note the appointment of Mr Derek Nii-Odoi Odoteye as Group Chief Executive Officer of the Company with effect from 1 February 2020; and

5.6 To note the appointment of Mrs Patience Shiri as Group Chief Finance Officer of the Company, and as an Executive Director of the Board, with effect from 1 May 2020.

6. Directors Remuneration
To fix the budget for fees payable to Directors for the year ending 31 October 2020 and to confirm the actual amount paid for the year ended 31 October 2019.
(Note: In terms of Section 3 of Practice Note 4 issued by the Zimbabwe Stock Exchange (ZSE) on 17 January 2020, the TSL Limited Directors' Remuneration Report shall be available for inspection by shareholders at the registered office of the Company.)

NOTICE OF ANNUAL GENERAL MEETING *(continued...)*

7. External Auditors

To approve the remuneration of the auditors for the previous year and to re-appoint Messrs Ernst & Young Chartered Accountants (Zimbabwe) as auditors for the current year.

(Note: In terms of the new requirements of the Companies and Other Business Entities Act [Chapter 24:31], and good corporate governance practices, Ernst and Young, who have audited the Company for the past 21 years, are due for rotation. However, it has not been practically possible to implement the requirements for the year ending 31 October 2020 due to the uncertainties and restrictions presented by COVID 19. The Directors will therefore conclude the process to rotate the auditors at the AGM to be held in 2021.)

SPECIAL BUSINESS

8. As a special resolution: Share Buy Back

"That the Company be authorised in advance, in terms of section 129 of the Companies and Other Business Entities Act [Chapter 24:31] and the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019, to purchase its own shares, upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine, which terms and conditions are specified as follows:-

i) This Authority shall:
a) Expire on the date of the Company's next Annual General Meeting;
b) Be a renewable mandate; and
c) Be subject to the requirements of the regulations of the Zimbabwe Stock Exchange.
ii) Acquisition shall be limited to the following class and aggregate maximum number of shares:
a) Class of shares: Ordinary;
b) Aggregate maximum number of shares to be purchased: 10% (ten percent) of the total number of Ordinary shares in the financial year of the repurchase.
iii) The maximum and minimum prices respectively, at which Ordinary shares may be acquired will be the weighted average of the market price at which such Ordinary shares are traded on the Zimbabwe Stock Exchange as determined over the five (5) business days immediately preceding the date of purchase of such Ordinary shares by the Company".

Background notes to resolution 8

In terms of this resolution, the Directors are seeking authority to allow use of the Company's available cash resources to purchase its own shares in the market in terms of the new Companies Act and regulations of the Zimbabwe Stock Exchange for treasury purposes.

The Directors will only exercise the authority if they believe that to do so will be in the best interests of Shareholders generally. In exercising this authority, the Directors will duly take into account following such repurchase, the ability of the Company to be able to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company the adequacy or ordinary capital and reserves as well as working capital.

9. Any Other Business

To transact any other business as may be transacted at an Annual General Meeting.

Appointment of Proxy

Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. Proxy forms should be forwarded to reach the office of the Transfer Secretaries, or the Group Company Secretary at least forty-eight (48) hours before the commencement of the meeting. A proxy form is enclosed in the Annual Report for the convenience of any shareholder who may not be able to attend.

Meeting details:

Members are hereby advised to use the dedicated Corpserve helpline on +263 242 750 711, +263 772 289 768 or +263 779 145 849 for assistance with the online eAGM processes.

BY ORDER OF THE BOARD

James Muchando
Group Company Secretary
24 June 2020

REGISTERED HEAD OFFICE
28 Simon Mazorodze Road,
Southerton,
Harare, Zimbabwe

Shareholder's Diary

Sixty Second Annual General Meeting	July 2020
Financial year end	31 October 2019
Interim reports	
6 months to 30 April 2020	
Interim dividend declaration	
12 months to 31 October 2020 and final dividend declaration	
Annual report published	June 2020

Notes


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