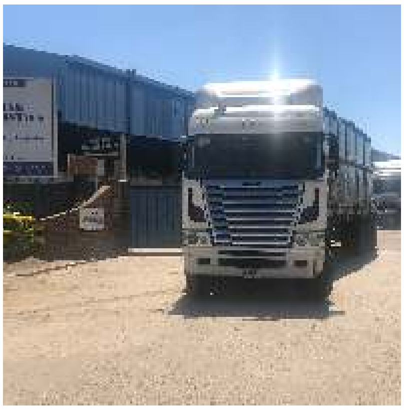
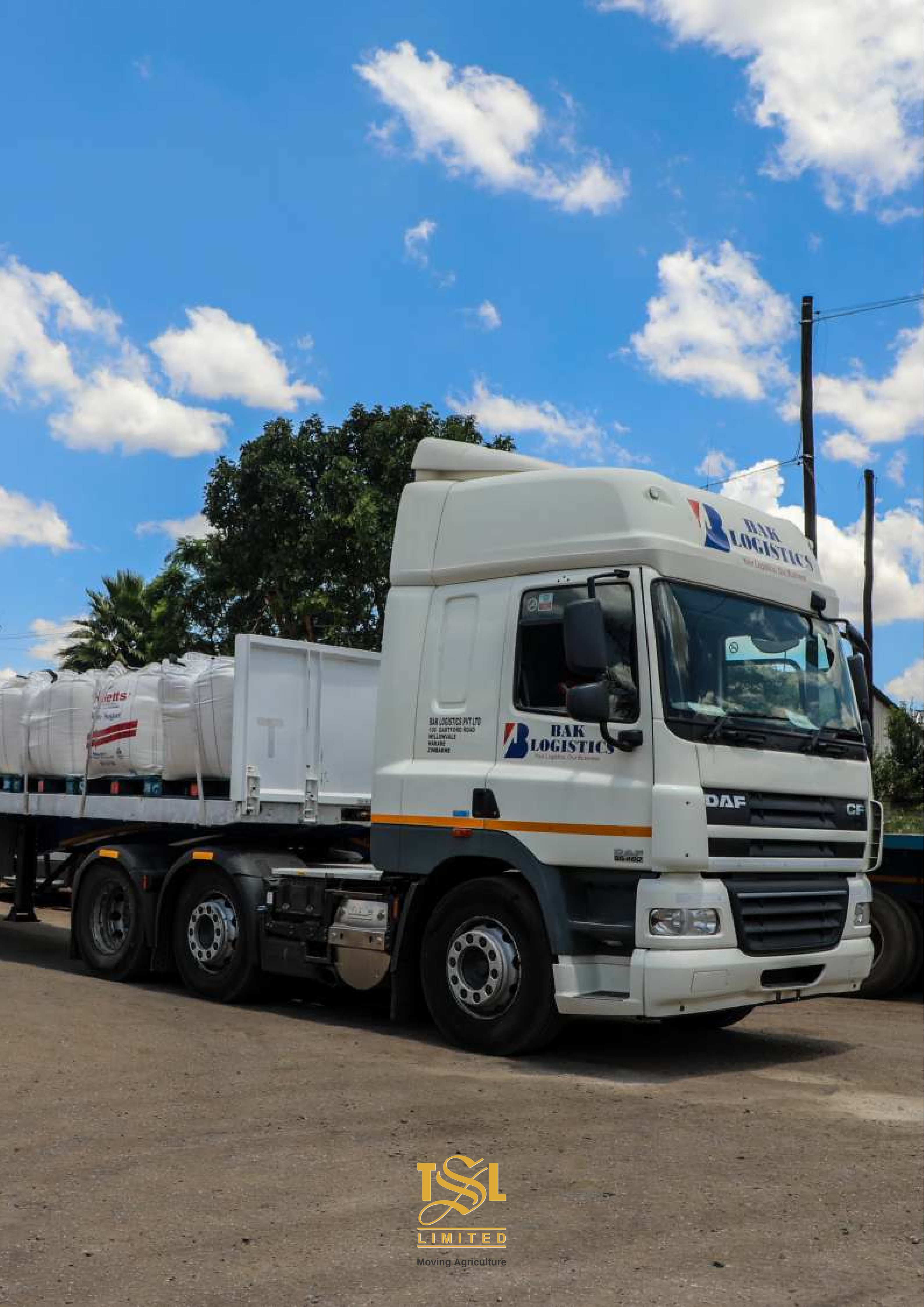
TSL LIMITED



Annual Report 2020



TSL LIMITED

Moving Agriculture

CONTENTS

FINANCIAL HIGHLIGHTS

		2020	2019	% Change
Revenue	ZWL	2,191,534,074	2,599,023,751	-16%
Operating Profit	ZWL	696,234,132	1,111,285,516	-37%
Profit before tax	ZWL	653,948,828	1,093,554,106	-40%
Profit after tax attributable to equity holders of the parent	ZWL	377,955,055	650,089,314	-42%
Total comprehensive income attributable to equity holders of the parent	ZWL	593,227,789	849,933,560	-30%
Basic earnings per share	ZWL	105.84	182.05	-42%
Diluted earnings per share	ZWL	105.84	182.05	-42%
Headline earnings per share	ZWL	208.09	223.95	-7%
Diluted headline earnings per share	ZWL	208.09	223.95	-7%
Net asset value per share	ZWL	11.38	9.25	23%
Financial gearing ratio	%	2.16%	2%	7%
Current ratio		1.7	2.6	-35%
Dividend per share	ZWL	0.2800	0.5675	-51%
Shares in issue at year end	000's	357,102	357,102	0%

COMPANY PROFILE, VISION AND MISSION STATEMENT

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.

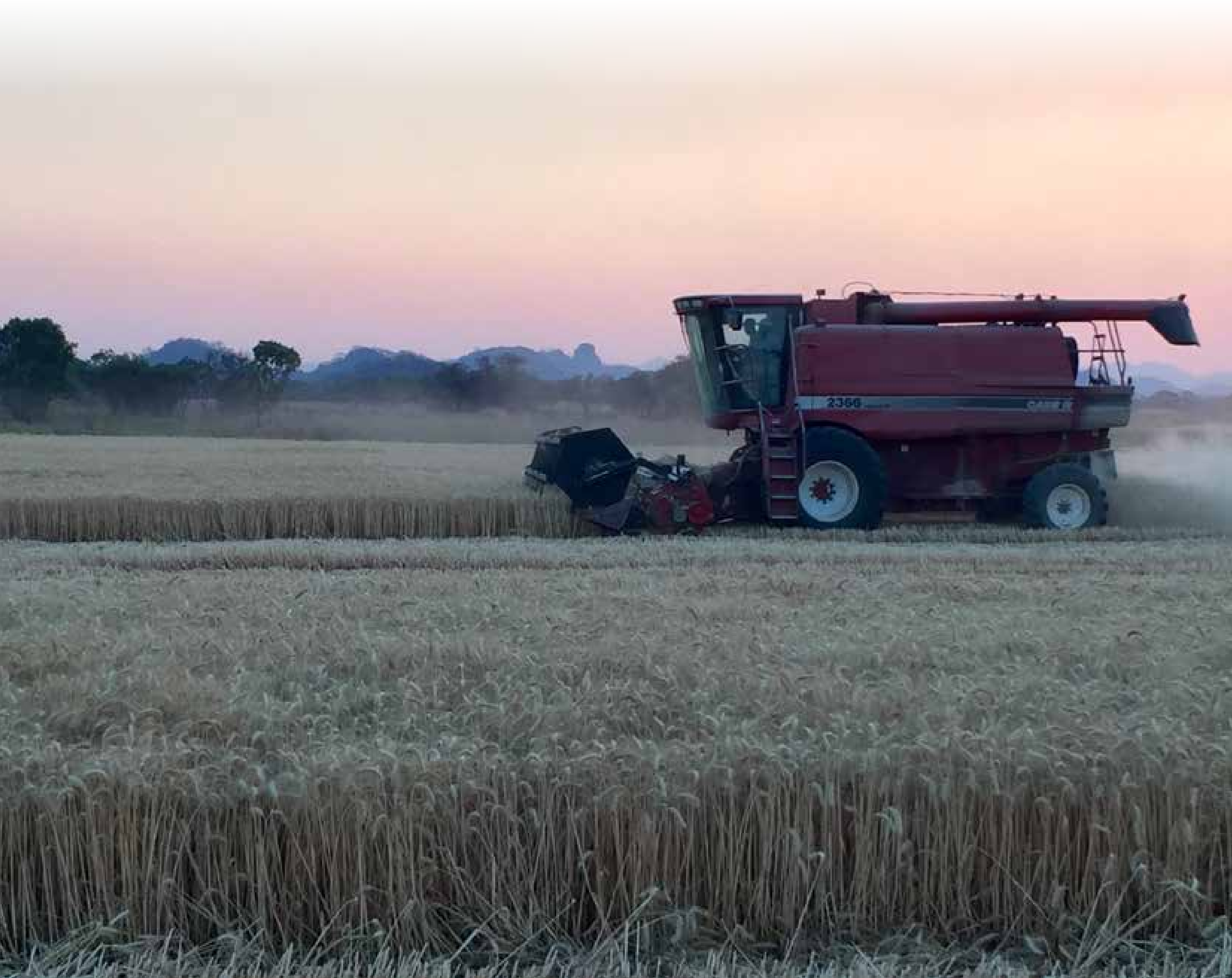
The Company was founded in 1957 and through the energetic pursuit and implementation of a diversification strategy has grown to become a significant player in the provision of agricultural inputs (fertiliser, chemicals and packaging), a commodity exchange platform and end-to-end logistics solutions to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

WHO ARE WE?
An Intelligent and Integral 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 Property (Private) Limited	Property owning	*80%
	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%
	TSL Properties 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	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%

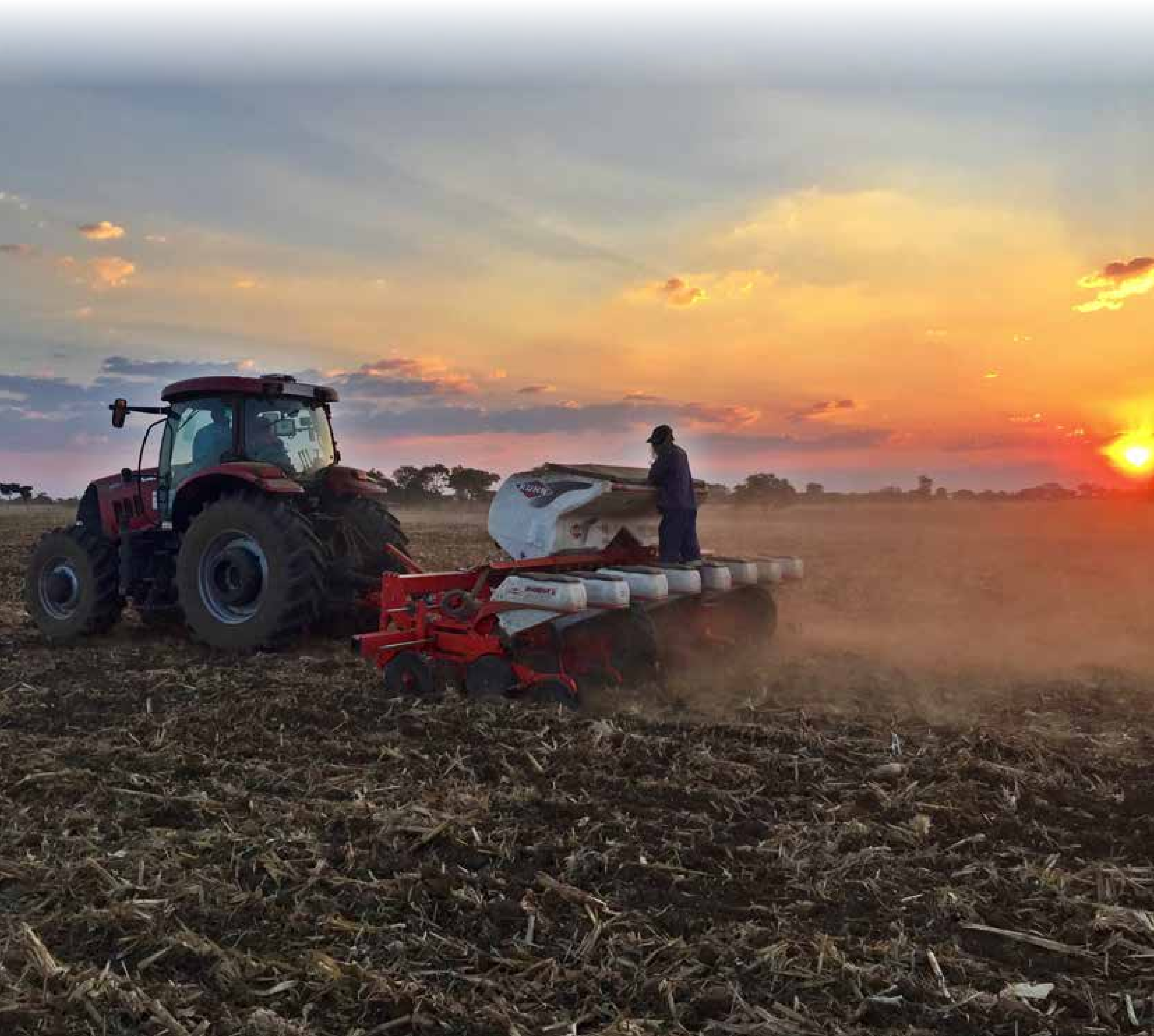
* The Group partnered with Old Mutual Life Assurance Company in the construction of a 10 000 square metre world class warehouse through a subscription for 20 % of the business.

DIRECTORATE AND ADMINISTRATION

BOARD OF DIRECTORS		
	A S Mandiwanza	Chairman
	D Odoteye	Executive Director
	P Shiri	Executive Director
	P Mujaya	Executive Director
	B Ndebele	Independent Non Executive
	B Zamchiya	Independent Non Executive
	Dr D Garwe	Independent Non Executive
	W Matsaira	Non Executive
	P Shah	Non Executive
	H Rudland	Non Executive
	M Nzwere	Non Executive
	J Gracie	Non Executive
	E Muvingi	Non Executive
MANAGEMENT	D Odoteye	Chief Executive Officer
	P Shiri	Chief Finance Officer
	P Mujaya	Head - Agricluster
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 Stanbic Bank of Zimbabwe	
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
REAL ESTATE	TSL Properties Limited Group	P Chagonda
LOGISTICS	Head of cluster	G Argyros
	Bak Logistics (Private) Limited	G Argyros
	Premier Forklift Services (Division)	P Svikiro
	Key Logistics (Division)	C Gurr
	Car Rental Services (Private) Limited – Avis	B Sande (Mrs.)
AGRICULTURE	Head of cluster	P Mujaya
	Agricura (Private) Limited	C Muchenje
	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.)



CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

REVIEW OF THE ECONOMIC ENVIRONMENT

The economic environment was volatile and unpredictable, characterised by limited availability of foreign currency, unstable exchange rates and fuel shortages. Rising inflation continued to erode disposable incomes and reduce consumer spending power. The rapidly changing regulatory environment further complicated business operations.

The monetary authorities introduced a foreign currency auction system in June 2020 in response to the persistent foreign currency shortages and the volatile exchange rate. This has brought a measure of stability in the exchange rate and has improved the availability of foreign currency on a more transparent system. Since its introduction, the auction system has seen a movement in the exchange rate from a fixed 1 US Dollar : 25 ZWL to 1 USD to 81.3 ZWL as of 31 October 2020.

The country largely experienced a very dry start to the summer season. Initial forecasts of a severe drought were subsequently averted as rains were received midway through January 2020. The 2019/20 drought left vast segments of the population food insecure and negatively affected yields for most crops. Dam levels across most parts of the Country remained low and significantly impacted both winter and summer cropping programmes. National tobacco volumes at 183 million kgs were 29% below prior year volume of 258 million kgs, whilst pricing was 23% firmer.

The World Health Organisation declared COVID-19 a global pandemic on 11 March 2020. A National lockdown was subsequently enforced. All the Group's business units qualify as essential services and continued to operate at varying capacities. Auction floors were negatively impacted as regulators prevented decentralisation of auction floors and travel bans resulted in a complete shutdown of the car hire business. The Global COVID-19 pandemic increased health and safety risks and consequently the cost to business of keeping staff and business partners safe whilst operating at reduced capacities. Supply chains were significantly disrupted and will be for the foreseeable future. The disruptive effects of the COVID-19 pandemic are expected to continue beyond the 2020 calendar year.

PERFORMANCE OVERVIEW

The Group has remained resilient. Preservation of shareholder value is a key priority and the Group's financial position has been strengthened. Gearing remains deliberately low in inflation adjusted terms, at under 5%. The Group has continued to generate positive cash flows which have largely been utilised to fund operations, dividends to shareholders, and reduce the Group's gearing during the period. The Group continues to invest in productive capital assets which enhance efficiencies in the business. Local currency liquidity through financial institutions remained constrained during the period. However, the Group deliberately and quickly converted cash generated from operations into investments that preserve shareholder value. Stock levels in both Agricura and Propak are adequate for the coming season.

Inflation adjusted revenue for the year decreased by 16% from prior year on the back of reduced volumes. The Group generated a significant portion of its revenue in foreign currency which is converted to ZWL using the official exchange rate which for the better part of the year remained fixed at 1:25 until the introduction of the interbank auction system in June 2020. The official exchange rate did not increase in line with inflation during the year. Local suppliers charged their products and services in line with the parallel exchange rate which was ahead of the official rates. Cost containment measures implemented in the period resulted in reduction of operating expenses by 22% from prior year. The cost of borrowings significantly increased in the year from an average of 30% to 50%.

Property valuations

The Directors have elected to use a much more conservative basis to value the Group's real estate portfolio as explained in Note 13. The Directors used the actual US$ rental yield achieved in the year of 7.8% (up from 5% in prior year) 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.

Agricultural Operations

Tobacco related services

Independent auction volumes at Tobacco Sales Floor at 6.69 million kgs were 69% below prior year owing to the smaller tobacco crop and auction floors not receiving the requisite approvals to decentralise. TSF still holds the largest market share in this segment and has the highest seasonal average price. Contracted volumes handled for tobacco merchants at 8.46 million kgs are 42% below the same period last year. Work is being undertaken with industry players to ensure a smoother tobacco marketing season in 2021.

Volumes at Propak Hessian were down 24% due to the decline in national tobacco crop and reduced volumes through the independent auction market. The foreign exchange auction market eased the sourcing of currency for importation of hessian.

Agricultural trading

Agricura recorded volume growth across major product lines, largely attributable to product availability and more attractive pricing on locally manufactured products. The drought impacted the uptake of agro chemicals in general, however, Agricura has seen an increase in market share.

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

The business has invested in enhancing its manufacturing capabilities in partnership with international players. This has allowed for a strategic shift in the current year from over-reliance on imported finished product to more locally produced chemicals under license. Volumes in these product lines are growing steadily with the business being able to better meet demand for animal health remedies in the current period. The business will continue to invest in upgrading its plant and machinery to widen the range of products that are locally manufactured.

The company has also been producing hand sanitizers and disinfectants for the market as part of its social responsibility in the fight against COVID-19.

Agricultural commodity production

The farming operation recorded satisfactory yields across its major summer crops - tobacco, maize, soya and chillies which were largely grown under irrigation. Tobacco yields were satisfactory with pricing marginally below prior year. The lower than expected rainfall resulted in rationing of water and consequently the yields on the banana plantation were reduced and the winter wheat programme scaled back.

Logistics Operations

End to end logistics services

Tobacco handling volumes were 9% behind prior year due to the later start of the tobacco selling season and delays in tobacco processing. The distribution division recorded significant growth in volumes as new customers were secured. Volumes in the ports business decreased by 51% due to generally slower movement of both imports and exports owing to the Covid-19 pandemic. Handling volumes at Premier Forklifts were 23% below prior year due to the delayed start of tobacco processing. Meanwhile, forklift sales were also depressed as most customers held back on capital projects under lockdown. Volumes in the freight forwarding and customs clearing business were depressed as imports by the customer base remained subdued.

Vehicle rental

Avis' rental days were 54% below prior year as the business was significantly affected by the ban on both local and international travel during the year as a result of the global pandemic.

Real Estate Operations

Voids increased to 12% due to the lower tobacco crop. Construction of a 10,000 square metre world class warehouse is progressing well, although delays have been encountered in the steel supply chain. The warehouse is scheduled for completion and occupation in April 2021.

OUTLOOK

The afore-mentioned economic pressures are expected to persist in the next financial year. With the introduction of the foreign currency auction system, the availability of foreign currency for restocking and capital investments is expected to continue to improve. A more stable exchange rate will minimize business disruptions.

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, invest in our manufacturing plants, market presence, developing our technology platforms and leveraging on our local and international partnerships. The Group is exploring opportunities to expand its operations locally and regionally; organically and through strategic acquisitions. In the coming year, the Group will also undertake a pilot project with its partners and Government in the introduction of a commodities exchange for primary agricultural produce. This is expected to have a materially positive impact on the agricultural sector in the years to come.

Impact of COVID-19

The increase in infections in the country has significantly disrupted business operations. Though Group entities continued to operate as essential services during the lockdown period, supply chains have been disrupted to varying degrees. The full impact of the pandemic on the Group's future financial performance remains uncertain.

Focus remains on ensuring safety of staff and stakeholders with measures being implemented to curb transmissions of the Covid-19. The Group has implemented various contingency plans to mitigate associated risks and ensure disruptions of operations are minimized.

DIVIDEND

At their meeting held on 27 January 2021, the Directors declared a final dividend of ZWL$ 0.28 per share payable in respect of all the ordinary shares of the Company. This dividend is in respect of the financial year ending 31 October 2020 and will be payable in full to all the shareholders of the Company registered at close of business on the 20th April 2021.The payment of this dividend will take place on or about the 30th April 2021. The shares of the Company will be traded cum -dividend up to the market day of 13th April 2021 and ex-dividend as from the 14th April 2021. The Company share register will be closed for the period 14 to 17 April 2021.

A S Mandiwanza
(Chairman)
27 January 2021

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 ten non –executive members 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 quarterly 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.

ATTENDANCE FOR MEETINGS
(From 1 November 2019 to 31 October 2020)

	No. of Meetings Attended	Number of Eligible Meetings
Mandiwanza	5	5
Odoteye	5	5
Matsaira	4	5
Rudland	5	5
Shah	4	5
Ndebele	5	5
Nzwere	5	5
Mujaya	5	5
Garwe	5	5
Gracie	5	5
Muvingi	5	5
Zamchiya	5	5
Shiri	2	2

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 regulation and internal governance requirements. The committee meets at least three times per annum together with the TSL executive management, external and internal auditors.

ATTENDANCE FOR MEETINGS
(From 1 November 2019 to 31 October 2020)

	No. of Meetings Attended	Number of Eligible Meetings
Ndebele	3	3
Shah	3	3
Nzwere	3	3

RISK AND COMPLIANCE COMMITTEE

TSL Limited has a Risk and Compliance Committee consisting of three non-executive directors. The Chairman of this committee is an independent non -executive director. The Committee meets at least three times per annum together with the TSL executive management and internal auditors. The Committee has written terms of reference which have been approved by the Board of Directors.

ATTENDANCE FOR MEETINGS
(From 1 November 2019 to 31 October 2020)

	No. of Meetings Attended	Number of Eligible Meetings
Zamchiya	3	3
Shah	3	3
Gracie	3	3

REMUNERATION COMMITTEE

The Remuneration Committee comprises of five non-executive directors, the Group Chief Executive Officer and the Group Chief Finance Officer. The Committee meets regularly to determine the remuneration paid to executives within the Group.

ATTENDANCE FOR MEETINGS
(From 1 November 2019 to 31 October 2020)

	No. of Meetings Attended	Number of Eligible Meetings
Mandiwanza	3	3
Matsaira	3	3
Nzwere	3	3
Ndebele	3	3
Garwe	3	3

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.

ATTENDANCE FOR MEETINGS
(From 1 November 2019 to 31 October 2020)

	No. of Meetings Attended	Number of Eligible Meetings
Matsaira	2	2
Rudland	2	2
Shah	2	2
Muvingi	2	2

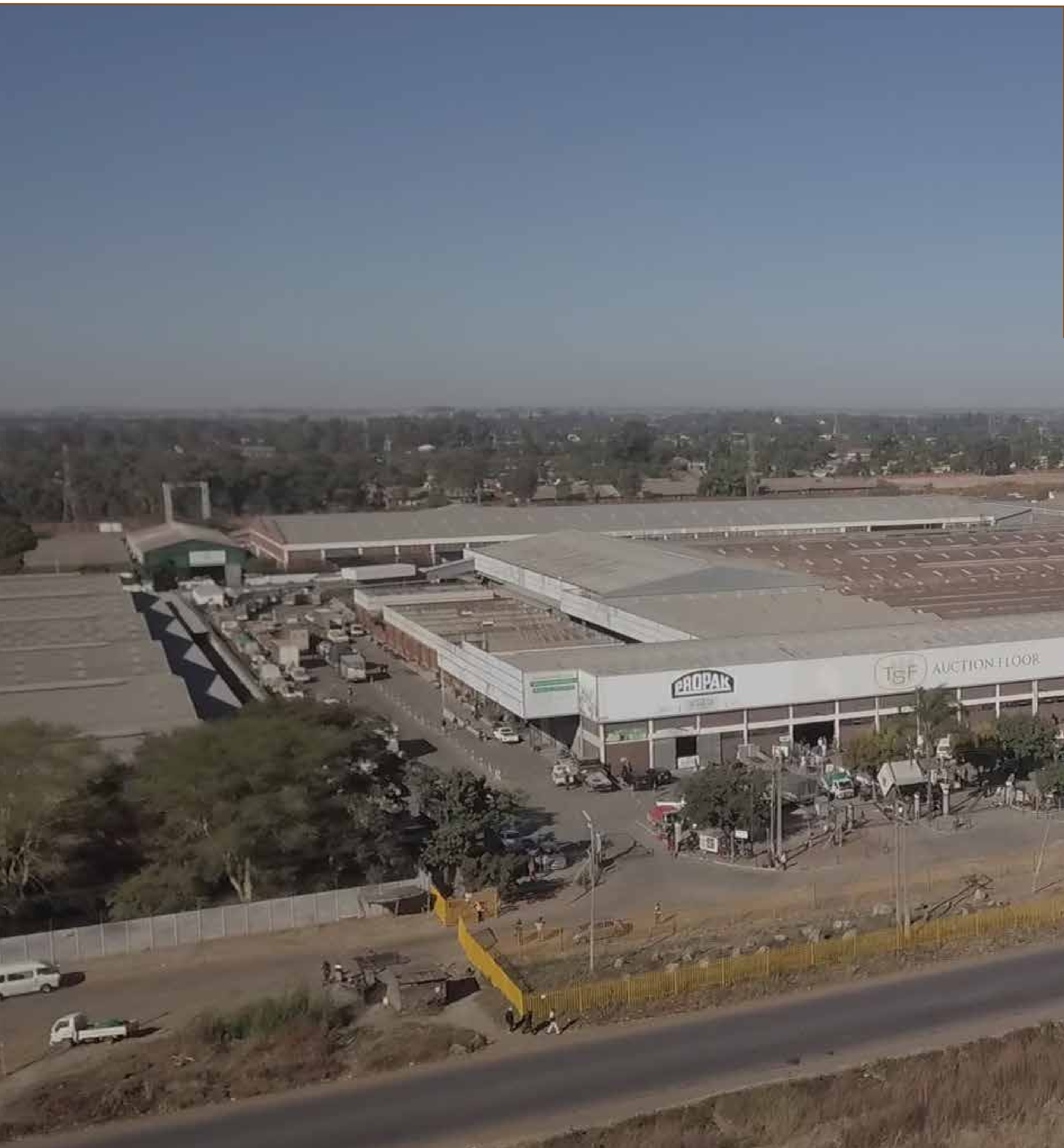
NOMINATIONS COMMITTEE

This is an adhoc 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.

CORPORATE GOVERNANCE *(continued...)*

INTERNAL CONTROL

The Board of Directors acknowledges its responsibility for maintaining and monitoring an effective system of financial controls. There is comprehensive management reporting disciplines in place which include 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.



REPORT OF DIRECTORS

The Directors have the pleasure of presenting their report together with the audited financial statements for the year ended 31 October 2020.

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 final dividend of ZWL 0.28 (2019: ZWL 0.56) per share for the year ended 31 October 2020 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 10,328,432 (2019: ZWL 8,478,640) which had been budgeted at ZWL 16,151,794 Members will be asked to fix the budget for the remuneration of Directors for the ensuing year amounting to ZWL 16,347,155.

GOING CONCERN STATEMENT

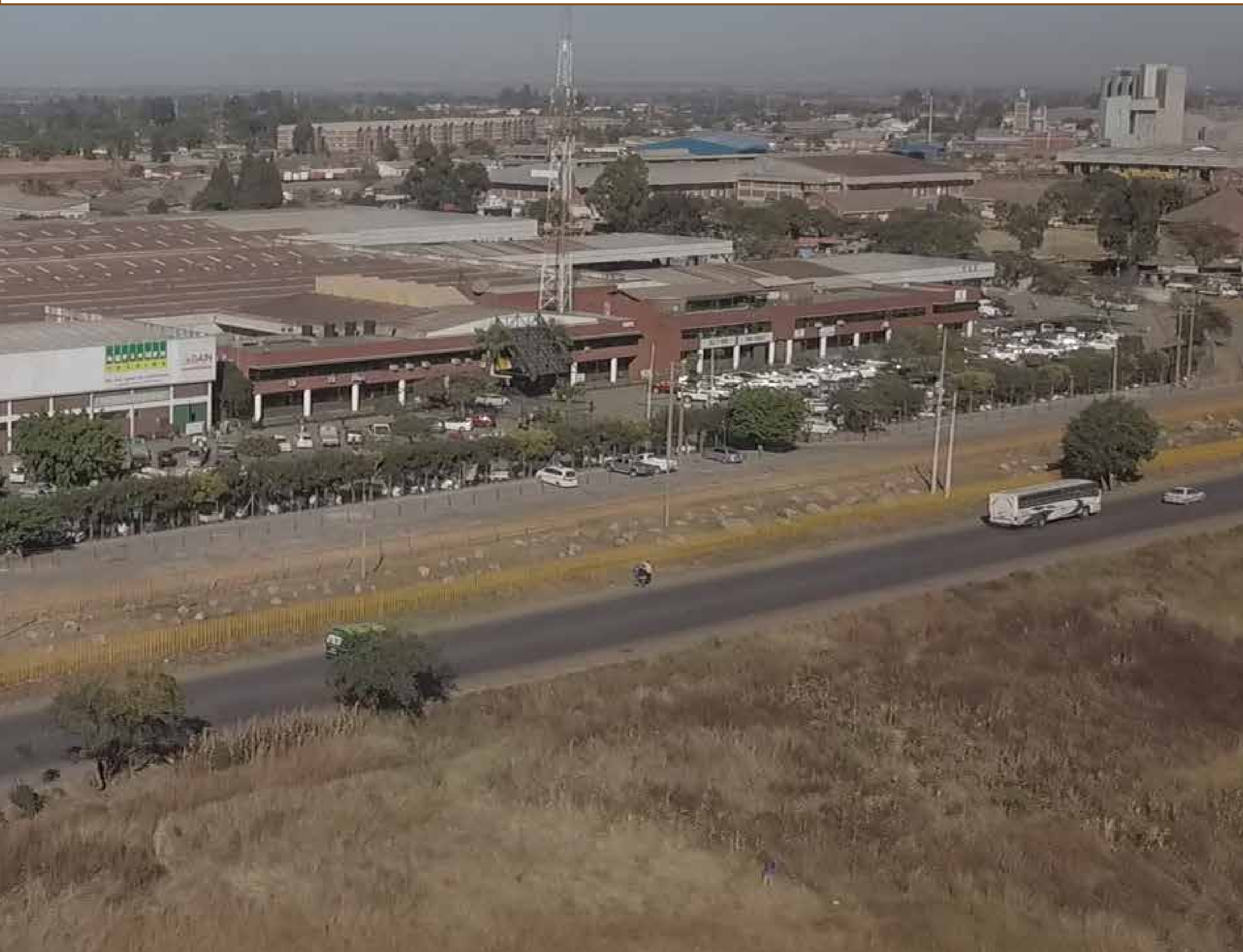
The Directors have assessed the ability of the Group to continue operating as a going concern, including the impact of Covid-19 and believe that the preparation of these financial statements on a going concern basis is still appropriate.

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 22 February 2019.

James Muchando
Company Secretary
28 Simon Mazorodze Road
Southerton
Harare

27 January 2021



STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors of TSL are responsible for the maintenance of adequate accounting records, the preparation, integrity and fair presentation of the Group's inflation adjusted consolidated 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 except for the adoption of IFRS 16 - "Leases" in the current as described under note 3. The financial statements conform to International Financial Reporting Standards (IFRS) except for non compliance with IAS 21-"effects of changes in Foreign Exchange Rates" and IAS 29-"Financial Reporting in Hyperinflationary Economies". Had the Group applied the requirements of IAS 21 and IAS 29, many elements of the consolidated financial statements would have been materially impacted. Suitable accounting policies, reasonable and prudent judgements have been used and consistently applied.

To fulfil their responsibilities, 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 on Auditing. Regular meetings are held between management and internal and external auditors to review matters relating to internal financial controls, auditing and financial reporting. Our auditors also meet periodically with the Audit Committee of the Board of Directors to discuss these matters. The auditors have unrestricted access to the Audit Committee.

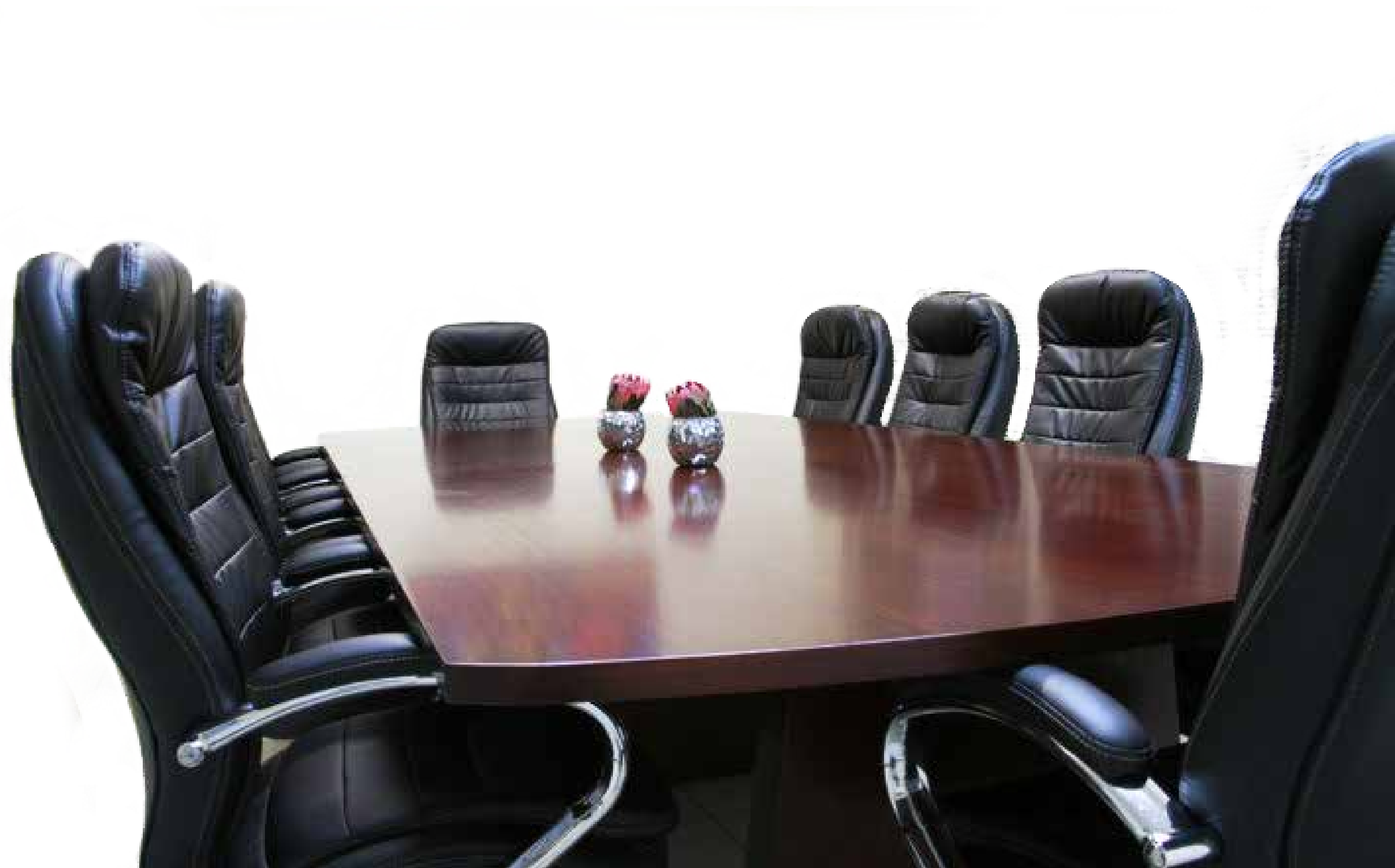
The financial statements were prepared in terms of IAS29- "Financial Reporting in Hyper-inflationary Economies" as described in note 2.1. The financial statements include the Historical Statement of Profit or Loss, Statement of Other Comprehensive income and Statement of Financial Position, on note 35. 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 inflation adjusted financial statements for the year ended 31 October 2020, which appear on pages 19-70 have been approved by the Board of Directors on 27 January 2021 and are signed on its behalf by:

A.S. Mandiwanza
Chairman

D Odoteye
Chief Executive Officer



EY
Building a better working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 24 2750905-14 or 2750979-83
Fax: +263 24 2750707 or 2773842
Email: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of TSL Limited

Report on the Audit of the Consolidated Inflation adjusted Financial Statements

Adverse Opinion

We have audited the accompanying consolidated inflation adjusted financial statements of TSL Limited and its subsidiaries ("the Group"), as set out on pages 19 to 70, which comprise the consolidated inflation adjusted statement of financial position as at 31 October 2020 and the consolidated inflation adjusted statement of profit or loss and other comprehensive income, the consolidated inflation adjusted statement of changes in equity and the consolidated inflation adjusted statement of cash flows for the year then ended, and notes to the consolidated inflation adjusted 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 consolidated inflation adjusted financial statements do not present fairly the financial position of the Group as at 31 October 2020, 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* and IAS 8 - *Accounting Polices, Changes in Accounting Estimates and Errors.*

Historical functional currency date of application

As explained in note 2.3 to the consolidated inflation adjusted financial statements, the Group changed its functional and reporting currency from United States Dollar (USD) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

We however believe that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019.

Our audit report for the year ended 31 October 2019 was therefore modified as management prospectively applied the change in functional currency from USD to ZWL from 23 February 2019, which we disagreed with. 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.

Building a better working world

Independent Auditor's Report (Continued)

TSL Limited

The matter continues to impact the following amounts on the consolidated inflation adjusted statement of financial position which still comprise of material amounts from opening balances: ZWL659 040 545 included in Property, plant and equipment of ZWL 1 885 762 775. The impact on the inflation adjusted consolidated statements of profit or loss and other comprehensive income, changes in equity and cashflows has not been discussed here due to further matters below which result in virtually all amounts on these statements being materially impacted.

Exchange rates used in current year:

In the current year, the Group translated foreign denominated transactions and balances to ZWL using the interbank exchange rates for the period 1 November 2019 to 23 June 2020, prior to introduction of the Foreign Exchange Auction Trading System. This includes the period between March and June 2020 when the exchange rate was fixed at USD1: ZWL25. As in the prior year, we concluded that the interbank exchange rates did not meet the definition of a spot exchange rate as per IAS 21, as they were not available for immediate delivery. Consequently, ZWL 233 744 575 included in Property, Plant and Equipment of ZWL 1 885 762 775 (2019: ZWL 1 521 071 179) is materially impacted. Further, inventory of ZWL 464 456 032 (2019: ZWL 434 669 726) is impacted as it constitutes a material portion from opening balances.

The impact on the consolidated inflation adjusted statements of profit or loss and other comprehensive income, changes in equity and cashflows has not been discussed here due to further matters below which result in virtually all amounts on these statements being materially impacted.

The impact can however not be quantified due to the lack of records on appropriate rates and impracticability given the volume of transactions. Our opinion was also modified in respect of this matter in the prior year.

Valuation of investment properties, freehold land and buildings

The Group's investment properties and freehold land and buildings are carried at ZWL1 892 519 890 (2019: ZWL 1 373 498 013) and ZWL 1 064 612 428 (2019: ZWL 862 030 634) respectively as at 31 October 2020. The implicit investment method was applied for Industrial and commercial properties and key inputs into the calculations include rentals per square metre and capitalisation rates. Residential properties and vacant stands were valued in terms of the market comparable approach. In both cases, the valuation was performed based on USD denominated inputs and converted to ZWL as the presentation currency using the closing weighted average auction rate. Management further applied a discount factor to the resultant value based on actual rental yields as described on Notes 12, 13 and 17.

We have concerns over the appropriateness of using a foreign currency for the valuation and then applying a conversion rate to a USD valuation to calculate ZWL property values as this may not be an accurate reflection of the current market dynamics where there is a disparity between exchange rates. With respect to the implicit investment approach, the USD estimated rentals may not be an appropriate proxy for the ZWL amounts in which rentals are settled. While historical USD amounts based on similar transactions have been used as a starting point in determining comparable values on the market comparable approach, it is noted that market participants take into account different risk factors in determining an appropriate value in ZWL terms which are not necessarily limited to the exchange rate.

Consequently, property values may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts. Our prior year audit report was also modified due to this matter.

Application of IAS29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current period's financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers been used, ZWL821 150 346 included in Property, plant and equipment of ZWL1 885 762 775, Inventories stated at ZWL464 456 032 and Deferred tax liabilities stated at ZWL383 550 186 on the consolidated inflation adjusted Statement of Financial Position and virtually all elements on the consolidated inflation adjusted statement of profit or loss would have been materially different other than Finance Costs and Finance Income which are not impacted.

Overall Consequential Impacts

As no restatements have been recorded in current year per IAS8 to correct the above matters, our audit report on the consolidated inflation adjusted financial statements for the year ended 31 October 2020 is further modified for the following reasons;

- All corresponding numbers remain misstated on the consolidated inflation adjusted Statement of Financial Position (except for interest bearing loans and borrowings, and bank overdraft), consolidated inflation adjusted Statements of Cash Flows, Profit or Loss and Changes in Equity. This also impacts comparability of the current period's figures,

- As opening balances enter into the determination of cash flows and performance, our audit report is modified in respect of the impact of these matters on the consolidated inflation adjusted Statement of Cash Flows, consolidated inflation adjusted Statement of Profit or Loss and consolidated inflation adjusted Statement of Changes in Equity.

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

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the *Auditor's Responsibilities for the Audit of the consolidated Inflation adjusted annual financial statements section* of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (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 key audit matters to communicate in our report.

Independent Auditor's Report (Continued)

TSL Limited

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 of Directors and the Statement of Director's Responsibility Statement but does not include the consolidated inflation adjusted financial statements and our auditor's report thereon. Our opinion on the consolidated inflation adjusted 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 consolidated inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated inflation adjusted 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*, IAS29 - *Financial Reporting in Hyperinflationary Economies*, IAS 8 - *Accounting Polices, Changes in Accounting Estimates and Errors:* and inappropriate valuation of properties. We have concluded that the other information is materially misstated for the same reasons.

Responsibilities of the Directors for the consolidated Inflation adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), 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 consolidated inflation adjusted 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 consolidated inflation adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated inflation adjusted 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 based on these consolidated inflation adjusted 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 enough 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 consolidated inflation adjusted 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 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, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report (Continued)

TSL Limited

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of consolidated inflation adjusted 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 matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated inflation adjusted 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 and Other Business Entities Act (Chapter 24:31).

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

28 January 2021

CONSOLIDATED INFLATION ADJUSTED STATEMENT OF PROFIT OR LOSS

for the year ended 31 October 2020

	Notes	2020 ZWL	2019 ZWL
Revenue			
Sale of goods	11	891,922,557	746,131,237
Rendering of services	11	1,299,611,517	1,852,892,514
Total revenue		**2,191,534,074**	**2,599,023,751**
Cost of sales		(339,745,587)	(246,028,260)
Gross profit		1,851,788,487	2,352,995,491
Other operating income	5.1	137,443,527	111,026,653
Other operating expenses	5.2	(434,749,769)	(588,736,899)
Expected Credit losses	19	(25,485,838)	(729,857)
Staff costs	6.1	(641,873,588)	(631,941,793)
Depreciation and amortisation	6.2	(190,888,687)	(131,328,079)
Operating profit		**696,234,132**	**1,111,285,516**
Fair value adjustments	6.3	333,662,103	149,312,557
Net exchange gains	6.4	173,412,680	295,074,953
Net monetary loss		(468,160,883)	(498,101,565)
Profit on disposal of available for sale investment	10	-	71,565,980
Finance costs	6.5	(81,389,238)	(35,746,573)
Finance income	6.6	190,034	163,238
Profit before tax		**653,948,828**	**1,093,554,106**
Income tax expense	7	(275,563,928)	(384,358,700)
Profit for the year		**378,384,900**	**709,195,406**
Attributable to :			
Equity holders of the parent		377,955,055	650,089,314
Non-controlling interests		429,845	59,106,092
		378,384,900	**709,195,406**
Earnings per share :	8		
- Basic, earnings for the year attributable to ordinary equity holders of the parent		105.8	182
- Diluted, earnings for the year attributable to		105.8	182
- Headline earnings per share		208.1	224
- Diluted headline earnings per share		208.1	224

CONSOLIDATED INFLATION ADJUSTED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 October 2020

	Notes	2020 ZWL	2019 ZWL
Profit for the year		**378,384,900**	**709,195,406**
Other comprehensive income			
Other comprehensive income to be reclassified to profit in subsequent periods:			
Foreign currency translation reserve		66,023,252	94,953,059
		66,023,252	**94,953,059**
Other comprehensive income not to be reclassified to profit in subsequent periods:			
Revaluation of property	12	210,870,661	170,550,737
Deferred tax	7	(52,127,227)	(65,495,472)
		158,743,434	**105,055,265**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		224,766,686	200,008,324
Total comprehensive income for the year, net of tax		**603,151,586**	**909,203,730**
Attributable to :			
Equity holders of the parent		593,227,789	849,933,560
Non-controlling interests		9,923,797	59,270,170
		603,151,586	**909,203,730**

CONSOLIDATED INFLATION ADJUSTED STATEMENT OF FINANCIAL POSITION

as at 31 October 2020

	Notes	2020 ZWL	2019 ZWL
Assets			
Non-current assets			
Property, plant and equipment	12	1,885,762,775	1,521,071,179
Investment properties	13	1,892,519,890	1,373,498,013
Right of Use Asset	16	209,106,936	-
Intangible assets	15	33,625,004	32,536,547
		4,021,014,605	**2,927,105,739**
Current assets			
Biological assets	14	23,592,750	22,973,938
Inventories	18	464,456,031	434,669,726
Trade and other receivables	19	329,565,877	502,938,585
Inventory prepayments	19.1	157,536,796	278,072,374
Financial asset held at fair value through profit and loss	9	27,348,335	27,311,956
Cash and short term deposits	20	338,322,712	365,083,809
		1,340,822,501	1,631,050,388
Total assets		**5,361,837,106**	**4,558,156,127**
Equity and liabilities			
Equity			
Issued share capital	21	110,207,575	110,207,575
Share premium	21	89,461,712	89,461,712
Non distributable reserves	21.1	422,208,402	202,123,946
Retained earnings		3,319,925,894	2,900,302,736
Equity attributable to owners of the parent		**3,941,803,583**	**3,302,095,969**
Non- controlling interest		193,837,357	179,480,523
Total equity		**4,135,640,940**	**3,481,576,492**
Non-current liabilities			
Interest-bearing loans and borrowings	22.2	722,801	4,723,520
Lease Liability	16	47,151,779	-
Deferred tax liabilities	7	383,550,186	448,639,371
		431,424,766	453,362,891
Current liabilities			
Trade and other payables	23	200,837,808	329,562,300
Interest-bearing loans and borrowings	22.1	146,229,121	99,291,014
Bank overdrafts	20	34,867,686	29,839,496
Provisions	23.1	23,663,103	18,739,331
Lease Liability	16	30,597,627	-
Income tax payable		358,576,055	145,784,603
		794,771,400	623,216,744
Total liabilities		**1,226,196,166**	**1,076,579,635**
Total equity and liabilities		**5,361,837,106**	**4,558,156,127**

For and on behalf of the board:

A S Mandiwanza
Chairman
27 January 2021

D.Odoteye
Chief Executive Officer

CONSOLIDATED INFLATION ADJUSTED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 October 2020

	Notes	Issued capital ZWL	Share premium ZWL	Non-distributable reserves ZWL	Retained earnings ZWL	Total ZWL	Non-controlling interest ZWL	Total Equity ZWL
		Attributable to the equity holders of the parent						
As at 1 November 2019		110,207,575	89,461,712	202,123,946	2,900,302,736	3,302,095,969	179,480,523	3,481,576,492
Profit for the year		-	-		377,955,055	377,955,055	429,845	378,384,900
Transfer between reserves				2,082,080	(2,082,080)	-		-
Other comprehensive income		-	-	215,272,734	-	215,272,734	9,493,952	224,766,686
Total comprehensive income		-	-	217,354,814	375,872,975	593,227,789	9,923,797	603,151,586
Ordinary dividend paid to equity holders of the parent	24	-	-	-	(128,725,677)	(128,725,677)	-	(128,725,677)
Employee share option expense	26	-	-	2,729,642		2,729,642	-	2,729,642
Disposal of 20% in subsidiary	31.2	-	-	-	172,475,860	172,475,860	4,433,037	176,908,897
At 31 October 2020		**110,207,575**	**89,461,712**	**422,208,402**	**3,319,925,894**	**3,941,803,583**	**193,837,357**	**4,135,640,940**
As at 1 November 2018		110,207,575	89,461,712	2,279,698	2,354,741,258	2,556,690,244	120,898,043	2,677,588,287
Effect of adoption of IFRS 9 (Financial instruments)		-	-	-	(30,615,544)	(30,615,544)	(687,691)	(31,303,235)
Profit for the year		-	-	-	650,089,314	650,089,314	59,106,092	709,195,407
Other comprehensive income		-	-	199,844,248	-	199,844,248	164,079	200,008,327
Total comprehensive income		-	-	199,844,248	619,473,770	819,318,018	58,582,480	877,900,498
Dividends	24	-	-	-	(73,912,292)	(73,912,292)	-	(73,912,292)
At 31 October 2019		**110,207,575**	**89,461,712**	**202,123,946**	**2,900,302,736**	**3,302,095,969**	**179,480,523**	**3,481,576,492**

CONSOLIDATED INFLATION ADJUSTED STATEMENT OF CASH FLOWS

for the year ended 31 October 2020

	Notes	2020 ZWL	2019 ZWL
Operating activities			
Profit before tax		653,948,828	1,093,554,106
Adjustments to reconcile profit before tax to net cash flows	27.1	(578,716,733)	(476,489,817)
Working capital adjustments:			
Decrease/(Increase) in trade and other receivables and prepayments		307,529,793	(85,601,387)
Increase in inventories and biological assets		(46,693,999)	(161,884,528)
(Decrease)/Increase in trade and other payables		(126,057,117)	153,724,645
		210,010,772	**523,303,019**
Interest received		190,034	163,238
Interest paid	27.2	(81,389,238)	(35,746,572)
Income tax paid	27.5	(68,873,230)	(166,923,149)
Net cash flows from operating activities		**59,938,338**	**320,796,536**
Investing activities			
Purchase of property, plant and equipment	27.4	(370,818,557)	(270,660,813)
Purchase of investment property	13	(162,142,056)	-
Proceeds from sale of property, plant and equipment		10,376,861	17,703,839
Purchase of intangible assets	15	(3,334,164)	(2,346,803)
Proceeds from sale of available for sale investments	10	-	100,104,466
Net cash used in investing activities		**(525,917,916)**	**(155,199,311)**
Financing activities		-	
New loan amount received	27.3	261,942,645	229,629,276
Loan amount repaid during the year	27.3	(7,939,210)	(83,005,982)
Payment of principal portion of lease liability		(27,820,822)	-
Ordinary dividend paid		(128,725,677)	(73,912,292)
Sale of shares in a subsidiary		141,082,136	-
Net cash flows generated from financing activities		**238,539,072**	**72,711,002**
Net (decrease)/increase in cash and cash equivalents		(227,440,506)	238,308,227
Cash and cash equivalents at 01 November		335,244,313	96,936,086
Net exchange gains		195,651,219	-
Cash and cash equivalents at 31 October	20	**303,455,026**	**335,244,313**

NOTES TO THE CONSOLIDATED INFLATION ADJUSTED FINANCIAL STATEMENTS

31 October 2020

1. Corporate information

The consolidated inflation adjusted financial statements of TSL Limited and its subsidiaries (collectively, the Group) for the year ended 31 October 2020 were authorised for issue in accordance with a resolution of the directors on 27 January 2021. 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 inflation adjusted 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 in prior year and IAS 29 -"Financial Reporting in Hyperinflationary Economies". 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 inflation adjusted 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, is 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 on note 35.

2.2 Inflation adjustment

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 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sept 2020	Oct 2020
5,713	4,863	4,173	4,082	3,595	2,840	2,414	2,097	1,593	1,175	1,084	1,044	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. Current income tax for the year has been adopted at 1:1 with the historical balance.
- 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. Opening balances for property, plant and equipment and Investment Property were restated using an adjusting factor of 5.713 based on the Consumer Price Index (CPI) before calculating depreciation and the fair value gain or loss for the current year.
- For the cash flow statement, the monetary gain or loss on cash and cash equivalents and the effect of inflation on operating, investing and financing have been presented as one number.
- Comparative financial information was restated using an adjusting factor of 5.713 based on the Consumer Price Index (CPI).
- 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 27.1

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 to 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 ("SI") 33 in prior year. The consolidated financial statements also comply with the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange (ZSE) Listing Requirements. The principal accounting policies applied in the preparation of these consolidated inflation adjusted annual financial statements are, except where stated consistent with those applied in the previous annual financial statements. In the current year, the Group has adopted the requirements of IFRS 16 "Leases".

2.4 Basis of consolidation

The consolidated inflation adjusted financial statements comprise the financial statements of the Company and its subsidiaries as at 31 October 2020. 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 income statement 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 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 inflation adjusted 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 4.1.3.

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 counter party, 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 co-ordinated 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 derecognition 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 derecognised.

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:

- 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 income statement.

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 income statement when the right to receive them arises.

vi) 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 Cost of sales
Cost of sales comprises of raw materials, packaging and consumables used and any other direct handling costs incurred.

2.13 Taxes
Current income tax
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 income statement. 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.

2.14 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 derecognised. All other repair and maintenance costs are recognised in the income statement 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 subsequently at cost less any accumulated depreciation. 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 income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, 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 derecognised 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 income statement when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.15 Leases

The Group adopted IFRS 16 on 1 November 2019 as a replacement of IAS 17 Leases.

IFRS 16- For the year ended 31 October 2020

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	40 - 50 years
Plant and equipment	3 - 25 years
Vehicles	3 - 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets (Note 2.21). The Group's lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are disclosed on note 16.

Payments of the principal portion of lease liabilities and interest is disclosed under financing activities and operating activities respectively in the consolidated statement of cash flows.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

IAS 17- For the year ended 31 October 2019
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 income statement.

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 income statement 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.

2.16 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.

2.17 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. Investment property under construction (WIP) is measured at cost till its completion.

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 income statement in the year in which they arise.

Investment property is derecognised 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 income statement 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.

2.18 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
- Financial assets at fair value through profit or loss Note 9
- 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.

2.19 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:

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

a) The rights to receive cash flows from the asset have expired, or

b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

   (i) the Group has transferred substantially all the risks and rewards of the asset,

   or

   (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 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 Executive Management Committee is the Chief Operating Decision Maker. 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.

2.27 Share based payments
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 26. That cost is recognised in employee benefits in profit or loss as disclosed together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance

conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and / or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and / or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Where an award is cancelled by the entity or by the counter party, any remaining element of the fair value of the award is expensed immediately through profit or loss.

3. New and amended standards and interpretations

The Group applied IFRS 16 Leases 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 2020, 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 16 Leases

IFRS 16 supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 November 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 November 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. In applying IFRS 16, the Group adopted a simplified modified retrospective approach where the cumulative effect of Initially applying this standard Is recognised In equity on the date of Initial application, however for the group there was no Impact In equity as the Right of use asset equalled lease liabilities on this day. The deferred tax Impact on Initial adoption on the Right of use asset and lease liability balances netted off to zero. Comparative figures for the year ended 31 October 2019 were not restated to reflect the adoption of IFRS 16 but instead continue to reflect the Group's accounting policies under IAS 17 Leases.

Refer to Note 2.15 Leases for the accounting policy prior to and beginning on 1 November 2019.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 November 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The following amounts have been recorded as a result of the adoption of this new standard in the Group Financial Statements for the year:

	01 Nov 19
Non Current Assets	
Right of use asset	115,362,049
Non Current Liabilities	
Lease liability	69,962,283
Current Liabilities	
Lease liability	45,399,766

The lease liabilities as at 1 November 2019 can be reconciled to the operating lease commitments as of 31 October 2019, as follows:

The lease liabilities as at 1 November 2019 can be reconciled to the operating lease commitments as of 31 October 2019 as follows:

Operating lease commitments as at 31 October 2019	**35,873,035**
Weighted average incremental borrowing rate as at 1 November 2019	
Discounted operating lease commitments at 1 November 2019	**31,095,049**
Less	
Commitments relating to short-term leases	(14,694,491)
Add:	
Payments in optional extension periods and modifications not recognised as at 31 October 2020	(98,961,490)
Lease liabilities as at 1 November 2019	**115,362,049**

a. 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 had no impact on the consolidated financial statements of the Group..

b. 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

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have a material impact on the consolidated financial statements of the Group.

c. 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.

These amendments had no impact on the consolidated financial statements as the Group does not have such long-term interests in its associate and joint venture.

d. Amendments to IFRS 9: 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. These amendments had no impact on the consolidated financial statements of the Group.

e. 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 had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained

f. 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 had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

g. 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, they had no impact on the consolidated financial statements of the Group.

Standards and interpretations in issue 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.

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.

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.

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.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Group does not expect any effect on its consolidated financial statements.

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.

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 Property lease classification– 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.

4.1.2 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.

4.1.3 Foreign Exchange rate
The Group applied the interbank exchange rate to translate foreign currency denominated transactions and balances since its introduction on 22 February 2019 to 22 June 2020. This includes the period between March and June 2020 when the interbank exchange rate was fixed at 25. The Reserve Bank of Zimbabwe introduced the foreign exchange auction system which was effective from 23 June 2020. The Group therefore applied this foreign exchange auction rate from that date until year end. We believe that the auction rate approximates an IAS 21 compliant exchange rate because it is observable and legal. The Group had immediate access to this system as one of components was successful in obtaining foreign currency from the platform.

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 30.

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 28.4% 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 17.

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 uses the Black Scholes model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 26.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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

- 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

	2020 ZWL	2019 ZWL
Sundry income	129,784,622	103,571,588
Net gain on disposal of property, plant and equipment and investment property	7,658,905	7,455,065
	137,443,527	**111,026,653**

Other operating income mainly consists of disposal of scrap materials, rental income and profit on disposal of property, plant and equipment.

5.2 Other operating expenses

	2020 ZWL	2019 ZWL
Motor vehicles expenses	60,389,916	47,801,809
Repairs and maintenance	57,763,993	70,766,696
Sales and marketing	24,046,011	18,904,935
Direct overheads	81,920,408	184,136,273
General expenses	66,949,905	39,090,835
Audit Fees	16,656,612	7,166,747
Administration expenses	127,022,924	220,869,604
Total other operating expenses	**434,749,769**	**588,736,899**

6 Expenses

6.1 Staff costs

	2020 ZWL	2019 ZWL
Wages and salaries	600,012,218	613,807,080
Social security costs	12,303,385	3,098,721
Pension costs (Note 25)	29,557,985	15,035,992
Total employee benefits expense	**641,873,588**	**631,941,793**

6.2 Depreciation and amortisation included in the consolidated statement of profit or loss

	2020 ZWL	2019 ZWL
Depreciation on property, plant and equipment (Note 12)	152,760,379	130,925,187
Depreciation on right of use asset	35,884,037	-
Amortisation on intangible assets (Note 15)	2,244,271	402,892
Total	**190,888,687**	**131,328,079**

6.3 Fair value adjustments

	2020 ZWL	2019 ZWL
Fair value gain on investment property (Note 13)	352,380,961	184,523,216
Fair value adjustments on financial assets held at FVTPL (Note 9)	36,379	-
Fair value loss on biological assets (Note 12)	(18,755,237)	(41,622,456)
Fair value gain on financial assets held for trading (Note 9.2)	-	6,411,797
	333,662,103	**149,312,557**

6.4 Exchange gains and losses

	2020 ZWL	2019 ZWL$
Exchange gains	1,167,526,985	1,038,916,757
Exchange losses	(994,114,305)	(743,841,804)
Net exchange gains	**173,412,680**	**295,074,953**

Exchange gains are mainly driven by trade and other receivables receivable in foreign currency or the equivalent. Exchange losses emanate from trade and other payables payable in foreign currency or the equivalent.

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

31 October 2020

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

6.5 Finance costs

	2020 ZWL	2019 ZWL
Interest expense on lease liability	22,539,181	-
Interest on debts and borrowings	58,850,057	35,746,573
Total	**81,389,238**	**35,746,573**

*Finance costs include interest charged on the lease liability

6.6 Finance income

	2020 ZWL	2019 ZWL
Interest received comprises:		
Investments with banks during the year	190,034	163,238
	190,034	**163,238**

All interest under finance income is computed using the effective interest rate method.

7 Income tax

The major components of income tax expense for the years ended 31 October 2020 and 2019 are:

	2020 ZWL	2019 ZWL
Consolidated income statement		
Current income tax:		
Current income tax charge	392,780,340	203,101,480
Effect of change in tax rate	(17,422,888)	-
Capital gains tax	-	10,418,838
Deferred tax:		
Relating to origination and reversal of temporary differences	(99,793,524)	170,838,382
Income tax expense reported in the income statement	**275,563,928**	**384,358,700**
Consolidated statement of other comprehensive income		
Deferred tax related to items credited directly to other comprehensive income:		
Deferred tax credit on revaluation of properties	52,127,227	65,495,472
Income tax charged directly to other comprehensive income	**52,127,227**	**65,495,472**

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 2020 and 2019 is as follows:

	2020 ZWL	2019 ZWL
Accounting profit before income tax	653,948,827	1,093,554,106
	653,948,827	**1,093,554,106**
At TSL's statutory income tax rate of 24.72% (2019: 25.75%)	161,656,150	281,590,182
Capital gains tax	-	10,418,838
Effect of changes in tax rate	(17,422,888)	-
Other non deductible expenses for tax purposes	131,330,666	92,349,680
At the effective income tax rate of 41% (2019: 35,79%)	**275,563,928**	**384,358,700**

Other non deductible expenses for tax purposes includes employee share option expense, disallowable taxes and levies, excess pension costs, disallowable entertainment costs, donation costs and other non deductible expenditures.

7 Income tax *(continued...)*

Deferred tax

	2020 ZWL	2019 ZWL
Deferred tax relates to the following:		
Consolidated statement of financial position		
Property, plant and equipment	323,311,741	320,221,580
Investment properties	54,888,216	129,226,175
Exchange (loss)/gain	(4,083,853)	11,074,359
Lease liability	(19,219,653)	-
Right of use asset	51,691,235	-
Provisions	(15,763,106)	(10,696,261)
Assessed losses	(7,274,394)	(1,186,482)
Net deferred tax liabilities	**383,550,186**	**448,639,371**
Deferred tax reconciliation net		
Opening Balance	**448,639,371**	**212,305,518**
Deferred tax (credit)/charge-income statement	(117,216,412)	170,838,381
Deferred tax charge-statement of comprehensive income	52,127,227	65,495,472
Closing balance	**383,550,186**	**448,639,371**

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:

	2020 ZWL	2019 ZWL
Net profit attributable to ordinary equity holders of the parent for basic earnings	377,955,055	650,089,314
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**377,955,055**	**650,089,314**
Number of ordinary shares at the beginning of the year	357 102 445	357 102 445
Weighted impact of issue of shares during the year	-	-
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.

Headline earnings per share

Headline earnings comprises of basic earnings attributable to equity holders of the parent adjusted for remeasurement of assets and liabilities that do not form part of the trading activities of the Group net of their related tax effects and share of non -controlling interest as applicable. Headline earnings per share are calculated by dividing headline earnings by the average weighted number of shares in issue.

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

	2020 ZWL	2019 ZWL
Determination of headline earnings		
Basic earnings	377,955,055	650,089,314
Adjustments for headline earnings	487,216,231	277,941,146
Tax effect	(122,094,374)	(129,157,984)
Headline earnings	**743,076,912**	**798,872,476**
Earnings per share:		
- Basic, profit for the year attributable to ordinary equity holders of the parent	105.8	182
- Diluted, profit for the year attributable to ordinary equity holders of the parent	105.8	182
- Headline earnings per share	208.1	224
- Diluted headline earnings per share	208.1	224

9 Financial assets held at FVTPL

The Group owns shares in Delta, Econet, Cassava and StarAfrica (all listed on the Zimbabwe Stock Exchange). The fair value of these investments is based on the prevailing Zimbabwe Stock Exchange quoted prices as at 31 October 2020.

	2020 ZWL	2019 ZWL
Opening balance	**27,311,956**	**112,902,751**
Inflation adjustment effect	-	6,411,797
Fair value adjustment	36,379	(92,002,592)
Closing balance	**27,348,335**	**27,311,956**

Refer to Note 17.4 for fair value disclosures.

10 Held-for-sale investment

Associate held-for-sale	2020 ZWL	2019 ZWL
Opening balance	-	61,665,973
Impairment recognised	-	-
Fair value adjustment	-	17,123,095
Inflation effect	-	(50,250,582)
Disposal	-	(28,538,486)
Fair value at 31 October	**-**	**-**
Carrying amount of investment	-	28,538,486
Proceeds on disposal	-	100,104,466
Profit on disposal	**-**	**71,565,980**

The fair value less costs of disposal was determined using the valuation technique disclosed under note 17.3.

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

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 and other agricultural inputs.

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, internal audit and risk management support, 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.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Year ended 31 October 2020

	Logistics 2020 ZWL	Agriculture 2020 ZWL	Real Estate 2020 ZWL	Services 2020 ZWL	*Eliminations 2020 ZWL	Consolidated 2020 ZWL
Revenue						
Sale of goods	45,520,884	882,457,538	-	-	(36,055,865)	891,922,557
Rendering of services	792,140,596	503,305,966	365,304,626	149,157,681	(510,297,352)	1,299,611,517
Total Revenue	**837,661,480**	**1,385,763,504**	**365,304,626**	**149,157,681**	**(546,353,217)**	**2,191,534,074**
Results						
Depreciation, amortisation and impairment	(62,348,173)	(116,482,863)	(9,969,348)	(2,088,303)	-	**(190,888,687)**
Fair value adjustments	-	(18,755,237)	352,380,961	36,379	-	**333,662,103**
Segment profit	**123,448,708**	**372,344,475**	**272,404,553**	**(71,963,604)**	**-**	**696,234,132**
Operating assets	515,532,978	1,526,045,063	2,765,731,708	284,447,081	-	**5,091,756,830**
Operating liabilities	45,873,911	97,642,378	24,739,888	56,244,735	-	**224,500,912**
Other disclosures						
Monetary (loss)/gain	(237,616,784)	(268,768,016)	(101,578,328)	76,849,054	62,953,191	**(468,160,883)**
Expected credit losses	(18,401,016)	(18,330,617)	(2,266,033)	(293,804)	-	**(39,291,470)**
Capital expenditure	126,514,633	229,029,978	164,573,617	12,842,385	-	**532,960,613**

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

31 October 2020

11 Segment information *(continued...)*

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 2019	Logistics 2019 ZWL	Agriculture 2,019 ZWL	Real Estate 2019 ZWL	Services 2019 ZWL	* Eliminations 2019 ZWL	Consolidated 2019 ZWL
Revenue						
Sale of goods	64,708,626	700,851,433	-	-	(19,428,822)	746,131,237
Rendering of services	1,026,447,540	815,441,279	195,913,452	57,863,138	(242,772,895)	1,852,892,514
Total revenue	**1,091,156,166**	**1,516,292,712**	**195,913,452**	**57,863,138**	**(262,201,717)**	**2,599,023,751**
Results						
Depreciation, amortisation and impairment	51,077,339	73,031,101	177,040	7,042,598	-	**131,328,079**
Fair value adjustments	-	(41,622,456)	184,523,216	6,411,797	-	**149,312,557**
Segment profit/ (loss)	410,343,315	725,097,696	138,332,685	(162,488,181)	-	**1,111,285,516**
Operating assets	642,765,802	1,438,471,003	2,106,206,780	310,864,040	-	**4,498,307,624**
Operating liabilities	163,588,807	116,116,439	6,205,963	62,390,423	-	**348, 301,632**
Other disclosures						
Capital expenditure	119,543,445	126,274,205	19,348,120	5,495,043	-	**270,660,813**

*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.

Reconciliation of profit	2020 ZWL	2019 ZWL
Segment profit	696,234,132	1,111,285,516
Fair value adjustments and impairments	333,662,103	149,312,557
Profit on disposal of available for sale investment	-	71,565,980
Net exchange gains	173,412,680	-
Net monetary loss	(468,160,883)	295,074,953
Impairment of held-for-sale investment	-	(498,101,565)
Finance income	190,034	163,238
Finance costs	(81,389,238)	(35,746,573)
Taxation	(275,563,928)	(384,358,700)
Group profit	**378,384,900**	**709,195,406**

Reconciliation of assets	2020 ZWL	2019 ZWL
Segment operating assets	5,091,756,830	4,498,307,624
Financial Assets held at FVTPL	27,348,335	27,311,973
Right of use asset	209,106,936	-
Intangible assets	33,625,004	32,536,545
Group operating assets	**5,361,837,106**	**4,558,156,127**

Reconciliation of liabilities	2020 ZWL	2019 ZWL
Segment operating liabilities	224,500,912	348,301,632
Deferred tax liabilities	383,550,186	448,639,371
Current tax payable	358,576,055	145,784,603
Lease liability	77,749,405	-
Interest bearing borrowings	181,819,608	133,854,029
Group operating liabilities	**1,226,196,166**	**1,076,579,635**

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 exceeds 10% of its total revenue.

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

31 October 2020

12 Property, plant and equipment

	Freehold land and buildings	Plant and equipment	Motor Vehicles	Capital work in Progress	Bearer Plants	Hessian Wraps	Total
Cost / valuation	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
As at 01 November 2019	**862,030,634**	**499,939,951**	**211,487,491**	**98,701,513**	**29,293,447**	**249,436,333**	**1,950,889,369**
Additions	1,672,833	96,445,145	113,252,838	80,041,242	-	79,406,499	370,818,557
Revaluation	210,870,661	-	-	-	-	-	210,870,661
Asset write off*	-	-	-	-	(20,280,845)	(45,301,696)	(65,582,541)
Transfers*	-	46,098,706	-	(46,098,706)	-	-	-
Disposals	-	(14,859,383)	(10,865,335)	-	-	-	(25,724,718)
As at 31 October 2020	**1,074,574,128**	**627,624,419**	**313,874,994**	**132,644,049**	**9,012,602**	**283,541,136**	**2,441,271,328**
Accumulated depreciation							
As at 01 November 2019	**-**	**221,587,309**	**101,279,167**	**-**	**8,638,868**	**98,312,846**	**429,818,190**
Depreciation	9,961,700	65,783,417	35,797,998	-	5,857,710	35,359,554	152,760,379
Disposals	-	(7,409,015)	(8,168,522)	-	(11,492,479)	-	(27,070,016)
As at 31 October 2020	**9,961,700**	**279,961,711**	**128,908,643**	**-**	**3,004,099**	**133,672,400**	**555,508,553**
Net book value							
As at 31 October 2020	**1,064,612,428**	**347,662,708**	**184,966,351**	**132,644,049**	**6,008,503**	**149,868,736**	**1,885,762,775**
Cost / valuation							
As at 01 November 2018	**694,028,031**	**422,333,576**	**176,375,050**	**28,688,167**	**20,284,326**	**209,284,443**	**1,550,993,593**
Additions	-	83,672,798	63,250,971	77,384,956	1,637,511	40,151,890	266,098,126
Revaluation	170,550,737	-	-	-	-	-	170,550,737
Transfers*	(2,177,869)	-	-	(7,371,610)	7,371,610	-	(2,177,869)
Disposals	(370,265)	(6,066,423)	(28,138,530)	-	-	-	(34,575,218)
As at 31 October 2019	**862,030,634**	**499,939,951**	**211,487,491**	**98,701,513**	**29,293,447**	**249,436,333**	**1,950,889,369**
Accumulated depreciation							
As at 01 November 2018	**-**	**172,707,189**	**88,098,139**	**-**	**4,056,853**	**60,535,142**	**325,397,323**
Depreciation	2,179,955	52,517,764	33,867,749	-	4,582,015	37,777,704	130,925,187
Disposals	(2,085)	(3,637,644)	(20,686,721)	-	-	-	(24,326,450)
Transfers*	(2,177,870)	-	-	-	-	-	(2,177,870)
As at 31 October 2019	**-**	**221,587,309**	**101,279,167**	**-**	**8,638,868**	**98,312,846**	**429,818,190**
Net book value							
As at 31 October 2019	**862,030,634**	**278,352,642**	**110,208,324**	**98,701,513**	**20,654,579**	**151,123,487**	**1,521,071,179**

* This transfer relates to completed work in progress transferred to plant and equipment.

* Asset write off relates to bearer plants and wraps which have been written off.

There were no contractual commitments for the acquisition of property, plant and equipment as at 31 October 2020

Bearer plants

Bearer plants comprise of 25 hectares (43 hectares-2019) of banana plantations, the old 18 hectares were written off in the current year. The 25 hectares 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 met the definition of a bearer plant. Management opted for the cost model to account for the banana plantation. The asset is initially measured at cost and subsequently at cost less any accumulated depreciation.

Capital work in progress

Included in property, plant and equipment at 31 October 2020 was an amount of ZWL 162,4million (2019: ZWL 55.81 million) relating to expenditure for property and plant in the course of construction.

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

Capitalised borrowing costs

No borrowing costs were capitalised during the year ended 31 October 2020.

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 of 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 81.35 at 31 October 2020. 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.

The directors elected to use a much more conservative basis to value the Groups real estate portfolio. The directors used the actual US$ rental yield achieved in the year of 7.8% up from 5% in prior year to determine the ZWL $ value of the underlying property portfolio.

As at 31 October 2020 and 31 October 2020, the fair values of the properties were based on valuations performed by Dawn Property Consultancy (Private) Limited, an accredited independent valuer. Dawn Property Consultancy (Private) Limited is a specialist in valuing these types of land and buildings. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. Further IFRS 13 requirements have been disclosed on note 17.

Bearer plants have not been revalued during the year as their cost approximates fair value.

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 2020	462,956,696	20,243,690	483,200,386
At 31 October 2019	304,256,858	20,652,564	324,909,422

13 Investment properties

Fair value	Freehold investment properties ZWL
At 01 November 2019	**1,373,498,013**
Additions (subsequent expenditure)	162,142,056
Transfer from property, plant and equipment	4,498,860
Net gain from fair value adjustment	352,380,961
At 31 October 2020	**1,892,519,890**
At 01 November 2018	**1,184,412,110**
Additions (subsequent expenditure)	4,562,687
Transfer from property, plant and equipment	-
Net loss from fair value adjustment	184,523,216
At 31 October 2019	**1,373,498,013**

The directors have elected to use a much more conservative basis to value the Groups real estate portfolio as property valuations rely on historical market evidence for calculation of inputs and such evidence does not exist at present to calculate ZWL property values. Fair values of the investment properties were determined by using the actual US$ rental yield achieved in the year of 7,8% (2019:5%) to determine the ZWL value of the underlying property portfolio. The implied conversion rate adopted was US$1:ZWL 56.69 as at 31 October 2020 instead of the closing interbank auction exchange rate of US$1:ZWL 81.35. The current use of the investment properties has been evaluated as the highest and best use for the investment properties.

13 Investment properties *(continued...)*

	2020 ZWL	2019 ZWL
Rental income derived from investment properties	217,197,366	195,913,452
Operating expenses (including repair and maintenance) on property generating rental income	(95,248,977)	(143,904,009)
Net profit arising from investment properties carried at fair value	**121,948,389**	**52,009,443**

The Group has no restrictions on the realisability of its investment property except for those pledged as security. The Group is in the process of constructing a state of the art 10 000 square metres on Southerton property. There is a negative pledge of assets in respect of overdrafts and bank borrowings. The Group has pledged part of its freehold property with a fair value of ZWL 2 billion (2019 ZWL 3.7 billion)

Fair value disclosures for investment properties have been provided in Note 17.1.

14 Biological assets

	2020 ZWL	2019 ZWL
Opening balance	22,973,938	51,807,598
Additions	159,044,939	86,681,664
Disposals	(98,151,561)	(73,892,868)
Fair value adjustment-crops	(18,755,237)	(41,622,456)
Transfer to inventory	(41,519,329)	-
Closing balance	**23,592,750**	**22,973,938**
Current (due for sale/disposal within 12 months)	23,592,750	22,973,938

The Group's biological current assets comprise of tobacco 60 hectares (2019: 90 hectares), and bananas 25 hectares (2019: 43 hectares) and maize. At initial recognition, biological assets are valued based on IAS41. The tobacco and maize have a short life cycle of less than one year. The 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 $18,755,237) 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 2018	**25,213,948**	**5,763,654**	**30,977,602**
Acquisition of computer software	-	2,346,803	2,346,803
As at 31 October 2019	**25,213,948**	**8,110,457**	**33,324,405**
Additions during the year	-	3,334,164	3,334,164
As at 31 October 2020	**25,213,948**	**11,444,621**	**36,658,569**
Amortisation and Impairment			
As at 01 November 2018	-	386,402	386,402
Amortisation (Note 6.2)	-	402,892	402,892
As at 31 October 2019	**-**	**789,294**	**789,294**
Impairment (Note 6.2)	911,165	1,333,106	2,244,271
As at 31 October 2020	**911,165**	**2,122,400**	**3,033,565**
Net book value			
As at 31 October 2020	**24,302,783**	**9,322,221**	**33,625,004**
As at 31 October 2019	**25,213,948**	**7,322,599**	**32,536,547**

The goodwill relates to the acquisition of Guftainer (Private) Limited by Bak Logistics (Private) Limited, a subsidiary of TSL Limited during 2014 financial year, the acquisition of Key Logistics by Bak logistics during 2015 and the acquisition of Chimayo Investments (Private) Limited. In the current year the goodwill of Key logistics was fully impaired. During the year

15 Intangible assets *(continued...)*

the Group acquired new tobacco payment software package (TSLPAY). 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 2020.

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 2020 and 2019. The recoverable amount of the Logistics CGU as at 31 October 2020, 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 5 years (2020: 6 years). The gross margins lie between 20%-29% (2019: 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 28.4% per annum (2019: 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% (2019: 5%) per annum for Logistics. A reasonable possible change in the above key assumptions would not result in impairment of the Logistics goodwill.

16. Leases

The Group has lease contracts for various properties used in its operations. The lease terms generally vary between 1 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Below is a summary of the Right of Use Asset and the Lease Liability;

	Right of Use Asset
As at 1 November 2019	**(Properties)**
Initial recognition	115,362,049
Lease modification	129,628,924
Depreciation expense	(35,884,037)
As at 31 October 2020	**209,106,936**

As at 1 November 2019	**Lease Liability**
Initial recognition	115,362,050
Lease modification	129,628,924
Accretion of interest	22,539,181
Payments	(50,360,003)
Inflation adjustments	(139,420,746)
As at 31 October 2020	**77,749,406**
Non Current	47,151,779
Current	30,597,627

16 Leases *(continued...)*

The following are the amounts recognised in the consolidated statement of profit and loss	**2020 ZWL**	**2019 ZWL**
Depreciation expense of Right of use Assets	35,884,037	-
Interest expense on lease liabilities	22,539,181	-
Total amount recognised in the consolidated statement of profit and loss	**58,423,218**	**-**

17 Fair values

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

17.1 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) ZWL	(Level 2) ZWL	(Level 3) ZWL	Total gain recorded in the income statement ZWL
Land	31 October 2020	-	443,673,577	-	-
Buildings		-		2,095,849,017	352,380,961
Land	31 October 2019	-	54,360,286	-	-
Buildings		-	-	1,319,137,727	184,523,216

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 352,380,961 (2019: -(ZWL 184,532,216)) and are presented in the consolidated income statement in line items 'Fair value adjustments on investment properties'

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.

17 Fair values *(continued...)*

Class of property	Fair value at 31 October 2020	Fair value at 31 October 2019	Valuation technique	Key inputs	Range Weighted
Industrial buildings	2,095,849,017	1,319,137,727	Income capitalisation	Rental per square meter	ZWL 332-ZWL 149 (2019: ZWL 8.21-ZWL 10.01)
				Occupancy rate	80%-100% (2019: 66.7%-100%)
				Capitalisation rate	10%-12% (2019: 11%-12.5%)
Land	443,673,577	54,360,286	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 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.

17.2 Property, plant and equipment fair value disclosures

Fair value hierarchy:		Level 1 ZWL	Level 2 ZWL	Level 3 ZWL
Land	31 October 2020	-	-	792,166,107
Buildings	31 October 2020	-	-	2,740,854,360
Land	31 October 2019	-	42,839,982	-
Buildings	31 October 2019	-	-	1,478,231,197

There have been no transfers between levels during the period.

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.

17.3 Investment held-for-sale fair value disclosures

Fair value hierarchy:		Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total profit recorded in the income statement ZWL
Investment held-for-sale	31 October 2020	-	-	-	-
Investment held-for-sale	31 October 2019	-	-	-	71,565,980

The investment was disposed in the 2019 financial year.

17 Fair values *(continued...)*

17.4 Financial Assets held at FVTPL

Fair value hierarchy:		Level 1	Level 2	Level 3	Total profit recorded in other comprehensive income
		ZWL	ZWL	ZWL	ZWL
Financial asset held at FVTPL	31 October 2020	27,348,351	-	-	36,379
Financial asset held at FVTPL	31 October 2019	27,311,956	-	-	6,411,797

There have been no transfers between levels during the period.

The Group holds shares in Delta, Econet, Cassava and Starafrica. The fair value of the quoted equities was based on the market value as at 31 October 2020 as quoted by the Zimbabwe stock exchange.

17.5 Biological assets and bearer plants fair value hierarchy

		Level 1	Level 2	Level 3	Fair value gain/(loss)
		ZWL	ZWL	ZWL	ZWL
Crops	31 October 2020	-	-	23,592,750	(18,755,237)
Bananas	31 October 2020	-	-	294,744	-
Crops	31 October 2019	-	-	4,021,343	9,056,382
Bananas	31 October 2019	-	-	703,607	-

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

Type	Fair value at 31 October 2020	Fair value at 31 October 2019	Valuation technique	Key unobservable inputs	Range Weighted
Crops- Comprising of wheat, tobacco, maize and banana fruit	23,592,750	4,021,343	Discounted cash flow technique	Price per tonne-tobacco	ZWL 28,000-ZWL 35,000 (2019: ZWL 28 000-ZWL 35 000)
				Price per tonne - bananas	ZWL 3000-ZWL 25,000 (2019: ZWL 900-ZWL 3000)
				Price per tonne - maize	ZWL 4500- ZWL 21,000(2018: ZWL 630- ZWL 4 500)
				Price per tonne - wheat	ZWL 44000-- ZWL 52000(2019 : ZWL 485- ZWL 630)
				Discounting factor	28.4% (2019:9%)
				Expected yield	90%-100% (2019: 90%-100%)
Banana plantations	294,734	525,814	Discounted cash flow technique	Forecast life span	5 years (2019:5 years)
				Discounting factor	28.4% (2019:9%)

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

Significant increase/(decreases) in price per tonne 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.

18 Inventories

	2020 ZWL	2019 ZWL
Merchandise	28,572,129	47,266,534
Raw materials (at cost)	114,078,020	72,237,749
Work in progress (at cost)	680,361	1,147,450
Consumables	72,025,601	95,650,771
Finished goods (at cost or net realisable value)	249,099,920	218,367,222
Total inventories at the lower of cost and net realisable value	**464,456,031**	**434,669,726**

During 2020, ZWL 2,445,222 (2019: ZWL 604,167), was recognised as an allowance/expense for obsolete inventories carried at net realisable value. This is recognised in cost of sales. Obsolete inventories are those which has expired or failed validation process. Inventory with cost of ZWL 624,482,147 (2019: ZWL 118,093,566) was sold during the year.

19 Trade and other receivables

	2020 ZWL	2019 ZWL
Trade receivables	155,982,735	191,388,716
Other receivables	173,583,142	311,549,869
	329,565,877	**502,938,585**

Trade and 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.

As at 31 October 2020, trade receivables of an initial value of ZWL 25million (2019: ZWL 729,857) were impaired. See below for the movements in the provision for impairment of trade receivables.

	Impaired ZWL
At 1 November 2018	**7,412,353**
Effect of IFRS 9 adoption	5,479,299
As at 1 November under IFRS 9	12,891,652
Charge for the year	729,857
At 31 October 2019	**13,621,509**
Charge for the year	25,485,838
At 31 October 2020	**39,107,347**

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

			Past due but not impaired			
	Total ZWL	Neither past due nor impaired ZWL	30-60 days ZWL	61-90 days ZWL	91-120 days ZWL	> 120 days ZWL
2020	**155,982,735**	85,647,974	29,571,624	14,673,279	7,817,190	18,272,668
2019	**191,388,716**	106,783,436	32,198,085	16,680,058	10,819,365	24,907,772

See Note 30 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 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 the current environment.

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

31 October 2020

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

19.1 Inventory Prepayments

	2020 ZWL	2019 ZWL
Prepayments to Foreign Suppliers	157,536,796	278,072,374

Inventory prepayments relates to payments in advance for inventory in Agricura and Propak.

20 Cash and short-term deposits

	2020 ZWL	2019 ZWL
Cash at banks and on hand	338,322,712	365,083,809

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

At 31 October 2020, the Group had undrawn available loan facilities of ZWL 157million (2019: ZWL 19.6million). The Group has pledged some of its properties in order to fulfil collateral requirements.

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

	2020 ZWL	2019 ZWL
Cash at banks and on hand	338,322,712	365,083,809
Bank overdrafts	(34,867,686)	(29,839,496)
Cash and cash equivalents	**303,455,026**	**335,244,313**

In June 2020 the monetary authorities introduced a foreign currency auction system in response to the persistent foreign currency shortages and volatile exchange rate. This has brought a measure of stability in the exchange rate and has improved the availability of foreign currency on a more transparent system. The auction system has seen a movement in the exchange rate from a fixed rate of 1:25 to the US Dollar to 1:81.35 as at 31 October 2020.

21 Issued capital and reserves

	2020	2019
Authorised shares	Number	Number
Ordinary shares of $0.01 each	600,000,000	600,000,000
Ordinary shares issued and fully paid		
01 November 2018	357,102,445	357,102,445
Issued during the year	-	-
At 31 October 2019	**357,102,445**	**357,102,445**
Issued during the year	-	-
At 31 October 2020	**357,102,445**	**357,102,445**
Issued Share Capital	ZWL	ZWL
At 1 November	110,207,575	110,207,575
Increase due to issue of new shares	-	-
At 31 October	**110,207,575**	**110,207,575**
Share premium		
At 1 November	89,461,712	89,461,712
Increase due to issue of new shares	-	-
At 31 October	**89,461,712**	**89,461,712**
Unissued shares	Number	ZWL
At 31 October 2019	**242,897,555**	**242,897,555**
Movement during the year	-	-
At 31 October 2020	**242,897,555**	**242,897,555**

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 (2019: 4,629,328) treasury shares which are included in the issued share capital.

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

21.1 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 change over and has been designated as a non distributable reserve.

Available for sale reserve

The asset revaluation reserve is used to record fluctuations in the fair value of assets available for sale and bearer plants. Below is the movement in non-distributable reserves:

	Share based payments reserve ZWL	Available for sale reserve ZWL	Asset revaluation reserve ZWL	Foreign currency translation reserve ZWL	Total ZWL
As at 01 November 2018	**-**	**3,055,288**	**2,279,698**	**-**	**5,334,986**
Other comprehensive income	-	-	104,891,188	94,953,059	196,788,960
Available for sale reserve	-	(3,055,288)	-	-	(3,055,288)
As at 31 October 2019	**-**	**-**	**107,170,887**	**94,953,059**	**202,123,946**
Other comprehensive income	-	-	149,249,482	66,023,252	215,272,734
Transfer between reserves	2,082,080	-	-	-	2,082,080
Employee share appreciation rights expense	2,729,642	-	-	-	2,729,642
As at 31 October 2020	**4,811,722**	**-**	**256,420,369**	**160,976,311**	**422,208,402**

22 Interest-bearing borrowings

	Interest rate %	Maturity	2020 ZWL	2019 ZWL
22.1 Current				
Local interest bearing borrowings	35%-55% (2019 :7%-10%)	2020	146,229,121	99,291,014
Total current interest-bearing borrowings			**146,229,121**	**99,291,014**
22.2 Non-current				
Local interest bearing borrowings	20%-35% (2019 :7%-10%)	2021-2023	722,801	4,723,522
Total non-current interest-bearing borrowings			**722,801**	**4,723,522**

Secured loans

There is a negative pledge of assets in respect of overdrafts and bank borrowings. The Group has pledged part of its freehold property with a carrying amount ZWL 2 billion (2019: ZWL 3.7 billion) 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 Interest-bearing borrowings *(continued...)*

Reconciliation of Financing Activities

	At November 2019 ZWL	Cashflows ZWL	Effect of inflation ZWL	New leases ZWL	At 31 October 2020 ZWL
Current interest-bearing borrowings	**99,291,014**	**261,942,645**	**-**	**-**	**361,233,659**
Loan amount repayment	-	(7,939,210)	-	-	(7,939,210)
Current lease liabilities (Note 16)	-	-	-	30,597,627	30,597,627
Non-current interest-bearing borrowings	4,723,522	-	-	-	4,723,522
Effects of inflation	-	-	(211,066,049)	-	(211,066,049)
Non-current lease liabilities (Note 16)	-	-	-	47,151,779	47,151,779
Total liabilities from financing activities	**104,014,535**	**254,003,435**	**(211,066,048)**	**77,749,406**	**224,701,328**

The Group classifies interest paid as cash flows from operating activities.

23 Trade and other payables

	2020 ZWL	2019 ZWL
Trade payables	118,533,569	176,900,922
Other payables	82,304,239	152,661,378
	200,837,808	**329,562,300**

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.

23.1 Provisions

	Shrinkage ZWL	Provision for Leave Pay ZWL	Gratuity gift ZWL	Royalties ZWL	Sundry Provisions ZWL	Total ZWL
At 01 November 2019	**1,376,090**	**3,587,050**	**2,203,767**	**10,956,431**	**615,993**	**18,739,331**
Utilised	-	-	-		(12,372)	**(12,372)**
Arising during the year	2,294,880	2,308,524	-	877,515	(544,774)	**4,936,144**
At 31 October 2020	**3,670,970**	**5,895,574**	**2,203,767**	**11,833,946**	**58,847**	**23,663,103**

	Shrinkage ZWL	Provision for Leave Pay ZWL	Gratuity gift ZWL	Royalties ZWL	Sundry Provisions ZWL	Total ZWL
At 01 November 2018	**1,376,090**	**6,010,613**	**5,737,823**	**6,885,011**	**306,114**	**20,315,651**
Utilised	-	(7,002,350)	(11,157,820)	-	-	**(18,160,170)**
Arising during the year	-	4,578,787	7,623,764	4,071,421	309,879	**16,583,851**
At 31 October 2019	**1,376,090**	**3,587,050**	**2,203,767**	**10,956,431**	**615,993**	**18,739,331**

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.

23 Trade and other payables *(continued...)*

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.

24 Cash dividends on ordinary shares declared and paid:

	2020 ZWL	2019 ZWL
Declared and paid during the year:		
Dividends on ordinary shares:		
Interim dividend 2019	-	73,912,292
	-	73,912,292
Proposed for approval at the Annual General Meeting on 25 March 2021 (not recognised as a liability as at 31 October):		
Proposed dividends on ordinary shares:		
Unpaid dividend at end of the period		
ZWL 0.28 per share (2019 : ZWL 0.36 per share)	99,988,685	128,725,677
	99,988,685	202,637,969

Proposed dividend on ordinary shares are subject to approval at the Annual General Meeting on 25 March 2021 and are not recognised as a liability as at 31 October.

25 Pensions

All eligible employees are members of the following Group schemes:

Defined Contribution Plans

	2020 ZWL	2019 ZWL
National social security contributions	12,303,385	3,098,720
Pension contributions	22,791,791	10,525,191
Group life assurance cover	6,766,194	4,510,796
Total	**41,861,370**	**18,134,707**

National Social Security Authority Scheme

This is a defined contribution scheme established under the National Social Security Authority Act (1989). Contributions by employers are 4.5% per month of pensionable monthly emoluments up to a maximum of ZWL 5,000.

The TSL Scheme and The Chemco Scheme

All eligible employees are members of these schemes.

26 Share-based payment plans

The Group has an executive share appreciation rights scheme, 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 share on the grant date. The share options vests 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 upto seven years after the three-year vesting period and therefore, the contractual term of each option granted the contractual term of each option granted is ten years. This scheme was introduced in the previous year. The Group accounts for the ESARS as an equity-settled plan.

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

The expense recognised for the employee services received during the year was ZWL 2,729,642 and (2019 :ZWL 2,082,080).

	2020 Number	WAEP	2019 Number	WAEP
Outstanding at 1 November	11,605,000	0.50	-	-
Granted during the year	-	-	11,605,000	0.50
Forfeited during the year	-	-	-	-
Exercised during the ear	-	-	-	-
Expired during the ear	-	-	-	-
Outstanding at 31 October	11,605,000	0.50	11,605,000	0.50
Exercisable at 3 October	-	-	-	-

	2020	2019
Weighted average fair values at the measurement date	0.03	0.03
Dividend yield	4%	4%
Expected volatility	66%	66%
Risk -Free interest rate	15%	15%
Expected life of ESARS (years)	3	3
Weighted average share price	0.03	0.03

27 Cash flow information

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

	2020 ZWL	2019 ZWL
Depreciation, amortisation and impairment of property, plant and equipment, investments and goodwill (Note 6.2)	190,888,687	131,328,079
Movement in provisions (Note 23.1)	4,923,772	1,576,320
Provisions for bad debts (Note 19)	25,485,838	4,169,673
Provision for obsolete and slow moving inventory (Note 18)	2,445,222	604,167
Fair value adjustments (Note 6.3)	(333,662,103)	(149,312,557)
Unrealised net exchange gains	(369,063,899)	(295,074,953)
Gain on disposal of Available for sale investment (Note 5.1)	-	(71,565,980)
Gain on disposal of property, plant and equipment (Note 5.1)	(7,658,905)	(7,455,065)
Finance income (Note 6.6)	(190,034)	(163,238)
Finance costs (Note 6.5)	81,389,238	35,746,572
Cash flow monetary adjustment	(648,530)	(454,878,069)
Other non cash items	(172,626,019)	328,535,234
Total non-cash adjustments	**(578,716,733)**	**(476,489,817)**

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

27.2 Finance costs

	2020 ZWL	2019 ZWL
Interest on lease liabilities	22,539,181	-
Interest on debts and borrowings	58,850,057	35,746,572
Total finance costs	**81,389,238**	**35,746,572**

27.3 Movement in borrowings

	2020	2019
Opening balance	**104,014,534**	**351,378,716**
New loan amount received	261,942,645	229,629,276
Loan amount repaid during the year	(7,939,210)	(83,005,982)
Inflation impact	(211,066,047)	(393,987,476)
Net movement	**42,937,388**	**(247,364,182)**
Borrowings balance	**146,951,922**	**104,014,534**

27.4 Capital expenditure

	2020	2019
Property, plant and equipment (Note12)		
Expanding operations	200,106,150	75,376,859
Maintaining operations	170,712,407	190,721,267
	370,818,557	**266,098,126**
Investment property (Note 13)	162,142,056	4,562,687
Net capital expenditure to maintain operating capacity	**532,960,613**	**270,660,813**

27 Cash flow information *(continued...)*

27.5 Taxation Paid

	2020 ZWL	2019 ZWL
Liability at the beginning of the year	145,784,603	-
Current tax charge for the year	392,780,340	213,520,279
Taxation paid	(68,873,230)	(166,923,149)
Inflation effect	(111,115,658)	99,187,473
Liability at the end of the year	**358,576,055**	**145,784,603**

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

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28 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*	2020	Zimbabwe	67	12,309,387	19,045,801	29,401,795	123,953,675
Agricor (Private) Limited*	2019	Zimbabwe	67	22,196,365	9,693,356	32,023,850	96,886,756
Bak Storage (Private) Limited	2020	Zimbabwe	100	93,674,257	4,583,893	67,709,460	23,002,056
Bak Storage (Private) Limited	2019	Zimbabwe	100	23,675,695	4,905,782	54,739,098	26,676,911
Car Rental Services (Private) Limited	2020	Zimbabwe	100	8,011,297	4,631,369	13,792,513	4,324,792
Car Rental Services (Private) Limited	2019	Zimbabwe	100	6,284,323	3,530,103	10,804,340	4,841,208
Chemco Holdings Limited	2020	Zimbabwe	100	-	-	-	-
Chemco Holdings Limited	2019	Zimbabwe	100	-	-	-	-
Chimayo Investments (Private) Limited	2020	Zimbabwe	100	370,607	8,488,676	99,476,035	193,982
Chimayo Investments (Private) Limited	2019	Zimbabwe	100	-	21,335,079	2,359,463	15,193,415
H.G.P .Vorstermans (Private) Limited	2020	Zimbabwe	100	67,978,366	6,436,460	50,551,118	22,459,665
H.G.P .Vorstermans (Private) Limited	2019	Zimbabwe	100	36,796,845	3,127,742	42,196,572	61,743,236
Bak Logistics (Private) Limited	2020	Zimbabwe	100	39,739,161	287,329,666	109,528,983	163,042,734
Bak Logistics (Private) Limited	2019	Zimbabwe	100	9,243,308	100,689,917	185,301,738	126,721,516
Propak (Private) Limited	2020	Zimbabwe	100	11,564,724	1,908,120	7,317,204	2,223,461
Propak (Private) Limited	2019	Zimbabwe	100	7,751,855	927,231	4,464,675	3,768,798
Propak Hessian (Private) Limited	2020	Zimbabwe	100	248,174	26,698,652	41,662,582	38,212,249
Propak Hessian (Private) Limited	2019	Zimbabwe	100	6,439,099	25,612,933	43,186,561	6,269,383
TSL Limited	2020	Zimbabwe	100	-	-	294,323,244	65,231,559
TSL Limited	2019	Zimbabwe	100	-	-	177,337,690	76,134,180
Ridwyn (Private) Limited	2020	Zimbabwe	100	-	-	-	-
Ridwyn (Private) Limited	2019	Zimbabwe	100	-	-	-	40,374
Tobacco Sales Administration services (Private) Limited	2020	Zimbabwe	100	133,902,879	7,288,867	124,980,703	313,122,545
Tobacco Sales Administration services (Private) Limited	2019	Zimbabwe	100	53,476,651	332,828	46,199,374	146,130,850
Tobacco Sales Floor Limited	2020	Zimbabwe	100	-	133,700,291	112,343,519	110,645,335
Tobacco Sales Floor Limited	2019	Zimbabwe	100	-	77,331,562	67,611,504	33,271,912
Tobacco Warehouse and Export Company (1946) Limited	2020	Zimbabwe	99	57,877,709	7,707,685	42,899,281	10,134,751
Tobacco Warehouse and Export Company (1946) Limited	2019	Zimbabwe	99	28,921,463	3,979,099	28,892,463	17,965,665
Tobacco Producers Floor (Private) Limited	2020	Zimbabwe	100	101,032,523	23,835,897	73,101,559	11,496,460
Tobacco Producers Floor (Private) Limited	2019	Zimbabwe	100	62,898,325	5,392,632	46,620,999	6,523,566
Southerton Properties (Private) Limited	2020	Zimbabwe	80	-	921,225	28,717,678	203,388,592
Southerton Properties (Private) Limited	2019	Zimbabwe	100	3,164,294	1,639,951	4,500,450	5,586,823
TSL (Mauritius) Limited	2020	Mauritius	100	-	-	-	5,656,318
TSL (Mauritius) Limited	2019	Mauritius	100				2,558,801
TSL Properties Limited	2020	Zimbabwe	100	9,644,134	3,776,616	162,811,032	159,830,348
TSL Properties Limited	2019	Zimbabwe	100	1,353,501	3,703,504	72,261,509	171,636,550
Total	2020			536,353,218	536,353,218	1,146,273,187	1,146,273,187
Total	2019			262,201,717	262,201,717	824,212,082	824,212,082

28 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	**2020 ZWL**	**2019 ZWL**
Short-term employee benefits	51,935,655	35,454,729
Directors fees	10,328,432	8,478,640

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Generally the non-executive directors do not receive pension entitlements from the Group.

Other Related Party transactions and balances

During the reporting period the Group companies entered into transactions with some of its directors

	2020 ZWL	2019 **ZWL**
Purchases	1,979,260	-
Sales	94,687	-

29 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:

	2020 ZWL	2019 **ZWL**
Within one year	59,687,200	35,249,136
After one year but not more than five years	-	623,900
	59,687,200	**35,873,036**

Capital commitments

At 31 October 2020, the Group had authorised but not contracted for capital commitments of ZWL 505,570,157 (2019: ZWL 70,222,319) relating to acquisition and construction of buildings and equipment.

30 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. 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 the Audit committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Audit 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.

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

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.

The Group's Financial assets held at fair value through profit and loss are susceptible to market price risk arising from uncertainties about future values of the investments held in those securities. The Group manages the price risk through diversification and by placing limits on individual and total equity instruments. The Group's board of directors reviews and approves all equity investment decisions.

The following table shows price changes on Financial assets held at FVTPL

	Change in year	Effect on Profit before tax	Effect on current assets
2020	+5%	1,819	1,367,417
	-5%	(1,819)	(1,367,417)

Commodity price risk

As with any other entity operating in Zimbabwe, the Group is continuously exposed to commodity price risk resulting from hyper inflation. The board and management have put in place strategies and policies to address this risk on a day to day basis

The sensitivity analysis in the following sections relate to the position as at 31 October in 2020 and 2019. The sensitivity analysis has 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 income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial

a) The statement of financial position sensitivity relates to debt instruments
b) The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 October 2020 and 2019

Currency risk

Currency risk is the risk that the Group fails to secure foreign currency to import stocks. The Group obtains foreign currency from export sales and local sales which are denominated in foreign currency.

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 with favourable and fixed 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.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

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

	Change in Interest rate	Effect on profit before tax ZWL
2020	+10%	(14,695,192)
	-10%	14,695,192
2019	+5%	(5,200,726)
	-5%	5,200,726

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 relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group limits exposure to foreign exchange rates fluctuations by either prepaying for purchases or retaining stock until the foreign currency to settle the related liability has been secured. Exposures to exchange rate fluctuations and foreign loans are limited by the Group treasury policy and are monitored by the Audit 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:

	2020 US$	2019 US$
Cash balances	4,052,650	1,701,903
Accounts payables	268,474	990,082
Accounts receivables	894,301	1,090,844

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
2020	+5%	-	48,188,679
	-5%	-	(48,188,679)
2019	+5%	-	108,056,493
	-5%	-	(108,056,493)

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

Exchange rates applied
At 31 October :

	2020		2019	
	Income statement	Statement of financial position	Income statement	Statement of financial position
Average rate to the ZWL				
United States Dollars	53.18	81.35	8.21	15.67

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. The Group is transacting mainly on cash and prepayments, limiting extending credit to its customers.

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

31 October 2020

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

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.

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as disclosed in the Statement of Financial Position. The Group measures the expected credit losses (ECL) for trade and other receivables at an amount equal to lifetime ECL.

The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in similar jurisdictions but operate in diverse industries with largely independent markets. The Group utilised the simplified approach to calculate the expected credit loss 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 120 days past due.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix.

	Trade Receivables					
31 October 2020			**‹30**	**30-60**	**61-90**	**›90**
	Total	Current	**days**	**days**	**days**	**days**
Gross Amount	195,274,205	96,296,646	33,016,188	18,525,726	28,616,688	18,818,957
Expected Loss ratio		12%	12%	26%	85%	22%
Expected Credit Loss	39,291,470	10,648,671	3,444,565	3,852,447	20,799,498	546,289
Net Trade Receivables	**155,982,735**	**85,647,975**	**29,571,624**	**14,673,279**	**7,817,190**	**18,272,668**

	Trade Receivables					
31 October 2019			**‹30**	**30-60**	**61-90**	**›90**
	Total	Current	**days**	**days**	**days**	**days**
Gross Amount	198,262,667	128,585,896	30,358,214	19,557,216	17,805,770	1,955,571
Expected Loss ratio		0%	0%	45%	100%	100%
Expected Credit Loss	6,873,949	353,846	3,115,367	881,676	567,489	1,955,571
Net Trade Receivables	**191,388,718**	**128,232,050**	**27,242,846**	**18,675,540**	**17,238,281**	**-**

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 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 at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated at reporting date when the financial instrument was first recognised. The Group considers both qualitative and quantitative information that is reasonable and supportable when making this assessment, including historical experience and forward looking information that is available without undue costs or effort. based on the Group historical experience, and expert credit assessment including forward looking information. Management has opted to apply regression analysis as a statistical method. The forward looking information considered includes inflation and gross domestic product (GDP) Due to the economic challenges brought about as a result of the Covid 19 pandemic the average loss rates have increased in comparison to the prior year.

Write of policy

The financial assets are written off when the Group has no reasonable expectations of recovering the financial asset. This is the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cashflows to repay the amounts owed to the Group. A write off constitutes a derecognition 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 the approval of the Group's Risk and Compliance 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 2020 and 2019.

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

Impact of Covid -19 on the Group

The directors have assessed the ability of the Group to continue operating as a going concern, in light of the Covid -19 pandemic. All the Group operating units qualify as essential services and are operating at various capacities. The Global pandemic has increased health and safety risk for the foreseeable future. Car hire business and Tobacco Sales Floor has been heavily impacted due to travel bans imposed internationally and locally. The disruptive effects of Covid-19 has negatively impacted on the logistics operations due to reduced activity at ports of entry, and generally the slow movement of cargo. Detailed below is the impact and measures the Group is implementing.

The pandemic impacted the Group's operations in the following ways:

- Increase in covid -19 related expenses and employee welfare related costs
- Increase in credit risk of the financial assets
- Reduced business for the car rental operations due to reduction on air traffic movements
- Reduced port business and transport business for the logistics cluster.
- Restricted movement on tobacco farmers negatively impacted Tobacco Sales Floor business.
- Constrained sales performances on customs clearing business
- Introduction of small sized shifts to maintain social distance at the work place.
- Introduction of remote working
- Inability of tenants to pay rentals in time

Below are plans being implemented by the Group to mitigate the risks:

- Since the Group companies are classified as essential services, all businesses remains open
- Procuring inventory and crop chemicals in advance, ensuring that the impact of supply chain delays is reduced.
- Cost containment through reduction in labour count numbers that match the current demand levels
- Re-engaging the Group's lessors for rationalisation of rentals given the decline in business
- Elimination of unnecessary expenditures
- Restructuring of the Group borrowings, reducing the finance costs
- Re-engaging suppliers for Covid-19 sensitive credit terms
- Agricura is producing sanitisers and other essential products
- The Group marketing team has invested in online trading platforms

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 2020:

Liabilities	Less than 3 months ZWL	3 to 12 years ZWL	1 to 5 years ZWL	Total ZWL
Interest-bearing borrowings	-	146,229,121	722,801	146,951,922
Lease liabilities	6,119,525	24,478,101	47,151,779	77,749,405
Trade and other payables	200,837,808	-	-	200,837,808
	206,957,333	**170,707,222**	**47,874,580**	**425,539,135**

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 borrowings	54,766,778	42,398,641	6,849,104	104,014,523
Trade and other payables	329,562,127	-	-	329,562,127
	384,328,905	**42,398,641**	**6,849,104**	**433,576,650**

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

Capital management

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

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 2020 and 2019.

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 30%. 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.

	2020 ZWL	2019 ZWL
Interest-bearing borrowings (Note 22)	146,951,921	104,014,534
Trade and other payables (Note 23)	200,837,808	329,562,127
Lease liability	77,749,406	-
Less: cash and short-term deposits (Note 20)	(338,322,712)	(365,083,809)
Net debt	87,216,423	68,492,852
Equity	3,941,803,583	3,302,095,969
Total capital	**3,941,803,583**	**3,302,095,969**
Capital and net debt	**4,029,020,006**	**3,370,588,821**
Gearing ratio	2.16%	2.07%

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.

31 Material partly owned subsidiaries

31.1 Financial information of the subsidiary that had a material non-controlling interest - Agricor (Pvt) Ltd

Principal place of business: Harare, Zimbabwe

Proportion of ownership interests held by non-controlling interests: 32.52%(2019:32.52%)

	2020 ZWL	2019 ZWL
Revenue	562,085,429	187,916,229
Profit	10,683,852	67,972,731
Total comprehensive income	20,177,805	318,777,019
Profit or attributable to non controlling interest	3,474,389	22,104,734
Other comprehensive income attributable to non-controlling interest	3,087,433	81,561,553
Summarised Statement of Financial Position as at 31 October		
Current assets	553,959,754	288,178,008
Non-current assets	234,395,830	370,600,756
Current liabilities	168,138,832	196,336,991
Non-current liabilities	101,869,683	14,687,797
Accumulated non-controlling interest	191,069,122	179,480,522

31.2 Financial information of the subsidiary that had a material non controlling interest - Southerton Property Pvt Ltd

Principal place of business: Harare, Zimbabwe

Proportion of ownership interests held by non-controlling interests: 20% (2019:Nil)

31 Material partly owned Subsidiaries *(continued...)*

On 1 May 2020 date, the Group has disposed 20% equity in share to Old Mutual Life Assurance Company Zimbabwe. The Group has elected to measure NCI at the proportionate share of net assets.

	2020
Cash consideration received from NCI shareholders	141,082,136
Carrying Value of the disposed interest in Southerton	(4,433,038)
Effect of IAS 29	35,826,762
Difference recognised in retained earnings	172,475,860

	2020
	ZWL
Revenue	3,235,757
Loss	(9,493,530)
Total comprehensive loss	(9,493,530)
Loss attributable to non controlling interest	(1,898,706)
Other comprehensive income attributable to non-controlling interest	-
Summarised Statement of Financial Position as at 31 October	
Current assets	560,605
Non-current assets	222,458,151
Current liabilities	102,807
Non-current liabilities	175,406,305
Accumulated non-controlling interest	2,768,235

The company is in the process of redeveloping a 10 000m2 world class warehouse which has been taken up by tenants upon completion of the construction.

32 Events after the reporting period

The authorities announced another level 4 lockdown effective 5 January 2021. The Group entities remain classified as essential services. In light of the Covid -19 pandemic and the recent lockdown, the directors have assessed and concluded that the Group will continue to operate as a going concern as the Group entities remain to be classified as essential services. The impact of the Covid 19 pandemic on the Group has been documented on Note 30.

33 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.

COMPANY STATEMENT OF FINANCIAL POSITION

31 October 2020

34 Company statement of financial position

as at 31 October:		2020	2019
Assets		ZWL	ZWL
Non-current assets	Notes		
Investment in subsidiaries	28	240,837,204	245,032,421
		240,837,204	**245,032,421**
Current assets			
Prepayments		-	41,386,177
Financial assets held for trading		27,348,335	27,311,956
Receivables		10,013,214	-
Amounts due from subsidiaries	34a	294,323,244	183,049,490
Amounts due from former associates		-	1,230,992
Cash and short term deposits	34b	30,151,897	83,419,901
		361,836,690	336,398,516
Total assets		**602,673,894**	**581,430,937**
Equity and liabilities			
Equity			
Issued capital and share premium	21	199,669,287	199,669,287
Non-distributable reserves		70,974,022	47,854,687
Retained Earnings		90,866,470	138,300,395
Total equity		**361,509,779**	**385,824,369**
Non-current liabilities			
Interest bearing borrowings	34c	722,801	4,723,520
Current liabilities			
Short term loans and borrowings	34c	146,229,121	97,066,687
Amounts due to subsidiaries	34a	94,185,918	92,417,733
Accounts payables		26,275	1,398,628
		240,441,314	**190,883,048**
Total equity and liabilities		**602,673,894**	**581,430,937**

A S Mandiwanza
Chairman
27 January 2020

D.Odoteye
Chief Executive Officer

COMPANY STATEMENT OF FINANCIAL POSITION

(continued...)

31 October 2020

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

34a Amounts due from / to subsidiaries

	2020 ZWL	2019 ZWL
Due from subsidiaries		
Agricura	33,096,593	56,514,607
Chemco	955,882	-
TSL Properties	91,180,354	97,581,822
TSAS	155,280,095	19,044,154
Bak Storage	906,555	137,043
HGPV	3,744,971	6,544,270
Mauritius	5,656,318	-
TW & E	1,740,995	3,227,594
Avis	1,674,014	-
Propak Properties	87,467	-
	294,323,244	183,049,490
Due to subsidiaries		
Propak Hessian	32,291,306	2,061,119
Bak Logistics	27,316,267	14,286,373
TSF	9,113,935	49,361,417
Chimayo	1,083,637	1,926,521
TPF	169,153	1,317,555
Premier	-	22,037,846
Southerton Properties	24,211,620	61,403
	94,185,918	92,417,733

34b 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.

34c Short-term loans and borrowings

	Interest rate %	Maturity	2020 ZWL	2019 ZWL
Current				
Local interest bearing loans and borrowings	38%-55% (2019: 5%-40%)	< 1 year	146,229,121	97,066,687
Non-current				
Local interest bearing	38%-55% (2019: 5%-40%)	>1 year	722,801	4,723,520

HISTORICAL COST CONSOLIDATED STATEMENT OF PROFIT OR LOSS

31 October 2020

35. Historical Cost

35.1 Consolidated statement of profit or loss

	2020 ZWL	2019 ZWL
Revenue		
Sale of goods	561,952,380	64,290,560
Rendering of services	754,258,003	141,519,679
Total revenue	**1,316,210,383**	**205,810,240**
Cost of sales	(187,433,888)	(15,442,695)
Gross profit	**1,128,776,495**	**190,367,545**
Other operating income	57,340,941	4,899,450
Other operating expenses	(261,213,736)	(44,703,271)
Expected Credit losses	(25,485,838)	(729,857)
Staff costs	(389,525,440)	(54,361,493)
Depreciation and amortisation	(37,803,426)	(4,887,509)
Operating profit	**472,088,996**	**90,584,865**
Fair value adjustments	1,493,371,699	211,720,567
Net exchange gains	176,478,359	20,984,294
Profit on disposal of available for sale investment	-	12,526,865
Finance costs	(46,948,292)	(2,718,812)
Finance income	-	17,378
Profit before tax	**2,094,990,762**	**333,115,157**
Income tax expense	(414,979,254)	(46,535,230)
Profit for the year	**1,680,011,508**	**286,579,927**
Attributable to :		
Equity holders of the parent	1,655,663,164	282,812,419
Non-controlling interests	24,348,344	3,767,508
	1,680,011,508	**286,579,927**
Earnings per share :		
- Basic, earnings for the year attributable to ordinary equity holders of the parent	463.6	79.2
- Diluted, earnings for the year attributable to	104.7	24.1

HISTORICAL COST CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

31 October 2020

35. Historical Cost *(continued...)*

35.2 Consolidated statement of comprehensive income

	2020 ZWL	2019 ZWL
Profit for the year	**1,680,011,508**	**286,579,927**
Other comprehensive income		
Other comprehensive income to be reclassified to profit in subsequent periods:		
Foreign currency translation reserve	66,023,252	16,620,525
	66,023,252	**16,620,525**
Other comprehensive income not to be reclassified to profit in subsequent periods:		
Revaluation of property	914,927,071	128,449,905
Deferred tax	(226,169,972)	(29,191,507)
	688,757,099	**99,258,398**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	754,780,351	115,878,923
Total other comprehensive income for the year, net of tax	**754,780,351**	**115,878,923**
Total comprehensive income for the year, net of tax	2,434,791,859	402,458,850
Attributable to :		
Equity holders of the parent	2,367,456,335	391,607,308
Non-controlling interests	67,335,524	10,851,542
	2,434,791,859	**402,458,850**

HISTORICAL COST CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 October 2020

35. Historical Cost *(continued...)*

35.3 Consolidated statement of financial position

	2020 ZWL	2019 ZWL
Assets		
Non-current assets		
Property, plant and equipment	1,241,263,905	186,644,905
Investment properties	1,817,354,832	240,416,246
Right of Use Asset	73,619,658	-
Intangible assets	2,424,873	1,184,022
	3,134,663,268	**428,245,173**
Current assets		
Biological assets	23,592,750	4,021,343
Inventories	166,936,557	43,877,947
Trade and other receivables	292,101,098	70,442,335
Inventory prepayments	106,383,258	13,970,328
Financial asset held at FVTPL	27,348,355	4,780,672
Cash and short term deposits	338,322,712	63,904,045
	954,684,730	**200,996,670**
Total assets	**4,089,347,998**	**629,241,843**
Equity and liabilities		
Equity		
Issued capital	3,571,023	3,571,023
Share premium	2,898,801	2,898,801
Non distributable reserves	864,356,895	153,306,773
Retained earnings	2,000,256,284	308,100,047
Equity attributable to owners of the parent	**2,871,083,003**	**467,876,644**
Non- controlling interest	83,918,593	14,746,682
Total equity	**2,955,001,596**	**482,623,326**
Non-current liabilities		
Interest-bearing loans and borrowings	722,801	826,802
Lease Liability	47,151,779	-
Deferred tax liabilities	296,837,792	48,468,907
	344,712,372	**49,295,709**
Current liabilities		
Trade and other payables	195,677,751	45,921,714
Interest-bearing loans and borrowings	146,229,121	17,379,838
Bank overdrafts	34,867,686	5,223,087
Provisions	23,685,790	3,280,122
Lease Liability	30,597,626	-
Income tax payable	358,576,055	25,518,047
	789,634,029	**97,322,808**
Total liabilities	**1,134,346 402**	**146,618,517**
Total equity and liabilities	**4,089,347,998**	**629,241,843**

SHAREHOLDER ANALYSIS

At 31 October 2020

ANALYSIS BY VOLUME

	NUMBER OF HOLDERS	%	SHARES HELD	%
VOLUME				
1-5000	996	0.27	962,920	69.70
5001-10000	96	0.20	709,465	6.72
10001-25000	148	0.67	2,381,656	10.36
25001-50000	77	0.78	2,802,358	5.39
50001-100000	36	0.67	2,396,145	2.52
100001-200000	20	0.83	2,981,062	1.40
200001-500000	26	2.22	7,945,263	1.82
500001-1000000	11	2.24	7,956,980	0.77
1000001 and Above	19	92.12	328,966,596	1.32
Total	**1,429**	**100**	**357,102,445**	**100**
INDUSTRY				
LOCAL COMPANIES	232	60.12	214,692,240	16.24
INSURANCE COMPANIES	05	15.06	53,787,078	0.35
PENSION FUNDS	97	13.19	47,102,119	6.79
FOREIGN COMPANIES	01	7.65	27,333,218	0.07
LOCAL INDIVIDUAL RESIDENT	912	1.37	4,895,810	63.82
CHARITABLE	02	1.15	4,112,289	0.14
LOCAL NOMINEE	71	0.84	2,986,449	4.97
FOREIGN NOMINEE	04	0.33	1,180,531	0.28
TRUSTS	12	0.10	354,475	0.84
OTHER INVESTMENTS & TRUST	31	0.06	199,455	2.17
NEW NON RESIDENT	34	0.04	134,249	2.38
DECEASED ESTATES	16	0.03	120,122	1.12
FOREIGN INDIVIDUAL RESIDENT	02	0.03	97,105	0.14
FUND MANAGERS	08	0.03	94,305	0.56
BANKS	02	0.00	13,000	0.13
TOTAL	**1,429**	**100**	**357,102,445**	**100**

SHAREHOLDER ANALYSIS *(continued...)*

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**	**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	1.38
Banks	02	0.15	13,000	-
TOTAL	**1,359**	**100**	**357,102,445**	**100**

SHAREHOLDER ANALYSIS *(continued...)*

Top ten shareholders of the company
as at 31 October :

	2020		2019	
	No. of Shares	**%**	**No. of Shares**	**%**
Closefin Investments (Pvt) Ltd	91,693,309	25.68	101,347,798	28.38
Ramsway Investments (Pvt) Ltd	89,065,759	24.94	89,065,759	24.94
Old Mutual Life Assurance Company	53,593,784	15.01	53,540,188	14.99
Pellston Investments Ltd NNR	27,333,218	7.65	27,333,218	7.65
Mining Industry Pension Fund	12,561,031	3.52	18,206,859	5.10
National Social Security Authority (NPS)	10,484,706	2.94	10,484,706	2.94
Stanbic Nominees (Pvt) Ltd	9,309,793	2.61	7,958,137	2.32
Gentlemark Investments (Pvt) Ltd	7,326,085	2.05	7,326,085	2.05
National Social Security Authority (Wcif)	5,034,247	1.41	4,986,509	1.40
TSL Limited	4,609,477	1.29	4,629,329	1.30
	311,011,409	**87.10**	**324,878,588**	**91.07**

ANALYSIS BY DOMICILE		**2020**			**2019**	
	No. of Holders	**Shares Held**	**%**	**No of Holders**	**Shares Held**	**%**
ZIMBABWE	1,101	326,338,077	91.39	1039	326,831,239	91.52
MAURITIUS	03	27,775,635	7.78	2	27,333,240	7.66
WARRANT NOT PRESENTABLE	294	2,791,499	0.78	288	2,748,432	0.77
TURKEY	01	96,000	0.03	1	96,000	0.03
SOUTH AFRICA	13	50,053	0.02	13	50,053	0.02
UNITED KINGDOM	10	13,266	0.00	9	13,000	0.00
NAMIBIA	01	13,000	0.00	1	12,480	0.00
ZAMBIA	01	12,480	0.00	1	10,000	0.00
AUSTRALIA	01	10,000	0.00	1	5,566	0.00
ISRAEL	02	2,210	0.00	2	2,210	0.00
USA	02	225	0.00	2	225	0.00
TOTAL	**1,429**	**357,102,445**	**100**	**1,359**	**357,102,445**	**100**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Third Annual General Meeting of the shareholders of TSL Limited ("the Company") will be held on Thursday, 25 March 2021 at 1200 hours, in the Auditorium, Ground Floor, 28 Simon Mazorodze Road, Southerton, Harare, as well as virtually at https://eagm.creg.co.zw/eagmzim/Login.aspx to transact the following ordinary and special business:

ORDINARY BUSINESS

1. **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 2020. The full annual report will be available on the company website: www.tsl.co.zw

2. **Dividend**
   To confirm the final dividend of 0.28 ZWL$ cents per Ordinary Share, amounting to ZWL$100 million, as recommended by the Board.

3. **Directorate**
   3.1 To re-elect the following Director, Mr Antony Mandiwanza, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election: -

   Mr Mandiwanza has more than 35 years manufacturing and industrial experience in the food and beverages industries. He was trained at The West of Scotland Agricultural College where he graduated with a Higher National Diploma in Dairy Technology and Food Science. He also holds an MBA from the University of Zimbabwe. Mr Mandiwanza is currently the Group Chief Executive Officer of Dairibord Holdings Limited. He is a past president of the Confederation of Zimbabwe Industries (CZI) and Employers' Confederation of Zimbabwe (EMCOZ), respectively. He has served on various boards including Barclays Bank (now First Capital Bank). Mr Mandiwanza participates in various charitable and civic trusts including BOOST Fellowship. He represents Closefin investments (Private) Limited.

   3.2 To re-elect the following Director, Dr Dahlia Garwe, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers herself for re-election: -

   Dr Garwe is the Chief Executive Officer of the Tobacco Research Board (Kutsaga) and has worked for the organisation in various capacities since 1991. She is a holder of a PhD in Plant Molecular Biology from the University of Cape Town, an MSc degree in Biotechnology from the University of Zimbabwe as well as a BSc Honours degree in Biochemistry from the same University. Dr Garwe sits on the Boards of a number of diverse companies and institutions and is the current Chairman of Minerva Reinsurance. She is also a member of the Seed Co Limited board and is a Trustee of the African Agricultural Technology Foundation (AATF) which is headquarted in Kenya. Dr Garwe is an independent non-executive director.

   3.3 To re-elect the following Director, Ms Jessica Ann Gracie, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers herself for re-election: -

   Ms Gracie is a registered legal practitioner both in Australia and in Zimbabwe. She holds a double degree, Bachelor of Laws and Bachelor of Arts (Politics) from the University of La Trobe, Melbourne, Australia. Ms Gracie is currently a commercial legal advisor based in Harare and has several years' experience in corporate law having worked in both private and public listed companies. She represents Ramsway (Private) Limited.

4. **Directors Remuneration**
   To fix the budget for fees payable to Directors for the year ending 31 October 2021 and to confirm the actual amount paid for the year ended 31 October 2020.

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

   (NOTE: In terms of Section 69(6) of the new ZSE listing requirements, companies must change their audit partners every five years and their audit firm every ten years. EY, who have audited the Company for the past 22 years, are due for rotation. However, it has not been practically possible to implement the requirements for the year ending 31 October 2021 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 2022)

SPECIAL BUSINESS

6. **Renewal of Share Buy Back Authority**
   To consider, and if thought fit, to adopt with or without amendment, the following resolution:

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

As a special resolution: "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 6

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.

7. 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

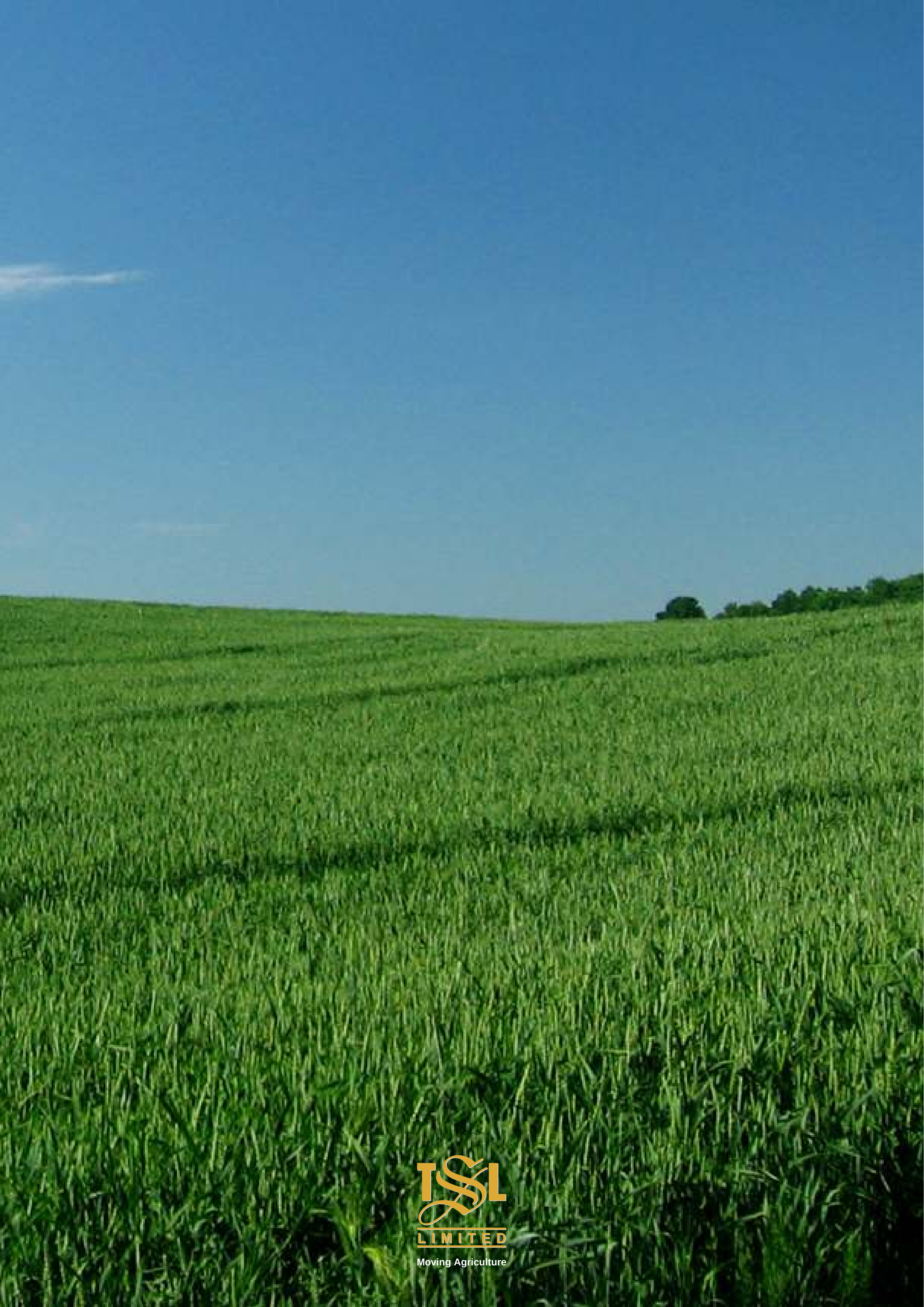
Jmuchando

James Muchando
Group Company Secretary

REGISTERED HEAD OFFICE
28 Simon Mazorodze Road,
Southerton,
Harare,
Zimbabwe
4 March 2021

Shareholder's Diary

Sixty third Annual General Meeting	25 March 2021
Financial year end	31 October 2021
Interim reports	
Half year financial statements	
Quarterly trading update	
Interim dividend declaration	July 2021
12 months to 31 October 2021 and final dividend declaration	January 2022
Annual report published	February 2022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