

# AUDITED CONDENSED RESULTS

FOR THE YEAR ENDED DECEMBER 2020



Digital & Publishing

Commercial Printing

RADIO

BoldAds

ZTN

## CHAIRMAN'S STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020



T. A. Ganda Sithole  
Board Chairman

### 1. Overview

I hereby present the financial results for the Company for the year ended 31 December 2020.

### 2. The Operating Environment

The operating environment remained challenged by the Covid-19 pandemic worsened by inflationary pressures at the background of declining disposable incomes and foreign exchange shortages. Following the introduction of the foreign currency auction system in July 2020, notable improvements in foreign exchange availability on the formal banking platforms and the stability of the Zimbabwe dollar exchange rate to all major currencies were recorded. The Company remained under pressure to maintain profitability and viability in a volatile operating environment.

### 3. The Media Environment

The media environment was tough given the impact of the Covid-19 on businesses and lifestyles which brought about changes in consumption patterns. The resilience of our media products was tested and confirmed standing. The biggest test was on the print products as most consumers were working from home consuming a lot of digital media, resulting in the demand for digital products continuing to rise. In line with the evolution of the digital landscape, the broadcasting segment also enjoyed huge audience growth.

Five (5) of Zimpapers' newspapers continued to circulate in digital format and performing relatively well. The print products like the

Herald, Sunday Mail, Chronicle, Sunday News and Manica Post remained stable underpinned by good subscriptions and retail sales.

The rise of the social media notwithstanding, demand for content remained high as consumers continued to prefer accurate, reliable and verified information on Covid-19, the economy, especially agriculture and mining, politics and social issues that affected them. This bodes well for the industry as audiences were demonstrating faith in professionally produced content, which has been verified and can be relied upon in making important decisions.

Government continued to liberalise the electronic media landscape as television licenses were issued to six applicants, including Zimpapers Television Network (ZTN), creating a lot of excitement and expectations. Several community radio licences were also issued making the media business more competitive. Government also announced that 14 of the 48 digital transmitters had been installed as it pushes to achieve national reach for broadcast content.

On the global scale, The Global Media Intelligence Report shows that television is still the most widespread content-based medium, although video-on-demand is eating into that market with digital video advertising budgets increasing. Print newspapers are expected to remain stable, with weekly papers performing better than dailies.

### 4. Digital Media

The Company's business model remains premised on availing content on both the traditional and new digital platforms to ensure that content and advertising platforms are readily available for its clients. To that end, investments in digital platforms is a key focus area for the Company to allow delivery of content in audio, text and video format.

### 5. Financial Performance

Application of International Accounting Standard (IAS) 29: Inflation Adjusted Financial Statements

As the economy remained in hyper-inflationary mode with year on year inflation at 348.6% at 31 December 2020, the Company's primary set of accounts is hyper-inflationary numbers in compliance with the requirements of IAS 29.

### 6. Financial Performance Overview

The Company's total revenue of ZWL\$1,345,0

million was 3% better than the ZWL\$1,300,1 million recorded for the same period in 2019. Gross profit margin remained flat at 67% whilst net profit margin from operations declined from 17% in previous year to 12% owing to an inflationary increase in operating costs. The increase in operating costs was mainly driven by selling costs as the Company vigorously defended its market share in the very challenging operating environment.

The Company recorded a gross profit of ZWL\$903.7 million compared to ZWL\$876.2 million for the same period last year. In line with the increase in interest rates in the market and an increase in borrowings to fund new capital expenditure projects, the Company's net financing cost increased to ZWL\$9.0 million. Owing to a monetary loss of ZWL\$147.0 million (2019: gain of ZWL\$193.1 million), the Company recorded a net profit before tax of ZWL\$15.0 million compared to ZWL\$419.0 million for same period last year.

Capital expenditure was mainly on the ZTN project, motor vehicles and critical maintenance projects amounting to ZWL\$73.1 million compared to ZWL\$59.6 million for the prior year.

### 7. Newspaper Division

The Division recorded a 6% increase in revenue to ZWL\$844.4 million compared to ZWL\$794.9 million for 2019. Net profit for the period under review at ZWL\$111.1 million was 9% adverse to ZWL\$121.6 million for 2019. The decrease in profitability was a result of high operating costs in line with the general cost increases during the period under review.

### 8. Commercial Printing Division

The Commercial Printing Division recorded a 13% revenue decline to ZWL\$279.0 million from the ZWL\$315.8 million recorded in 2019. The decline in revenue was a result of low demand mainly for the Typocrafters business as schools remained largely closed and raw material supply related logistical constraints arising from the covid-19 pandemic. Owing to a high cost base at the background of volume under performance, profit for the Division declined to ZWL\$38.3 million compared to ZWL\$99.2 million for last year.

### 9. Broadcasting Division

The Division's revenue performance improved by 17% to \$221.7 million compared to ZWL\$189.5 million for 2019. The increase in revenue was a result of the improved performance by ZTN that recorded a revenue increase of ZWL\$36.0 million from

ZWL\$19.2 million for 2019. Despite the good revenue performance, the Division's profit declined by 7% to ZWL\$19.1 million (2019: ZWL\$20.5 million) owing to a high cost base and the associated inflationary pressures.

### 10. Corporate Governance

The company's Audit and Risk Committee, Business Development Committee and the Human Resources, Ethics and Remuneration Committee, met four times each during the year under review to assess operations and adequacy of systems and procedures that safeguard the company's assets.

### 11. Corporate Social Investment (CSI)

The Company's sustainable CSI business model is based on the following four pillars, environment, social, economic and governance.

In view of the Covid-19 pandemic, first and foremost, we sought the safety of our staff by providing them with appropriate personal protective equipment, transport and decongesting workplaces. We also ran Covid-19 awareness programmes in all our media platforms.

Following the devastation caused across the country by Cyclone Idai, the Company adopted Chikukwa Primary School, a rural school in Chimanimani with more than 1,000 learners. The Company constructed a classroom block that accommodates 100 learners. The completed and furnished classroom block was handed over to the school in November 2020.

Advocacy for cancer and health related matters continued in 2020 under the partnership between Zimpapers and Island Hospice. Under this partnership, the annual Zimpapers Cancer Power Walk was held virtually in Harare, Bulawayo, Mutare and Kariba. Thousands of Zimbabweans participated in the walk while funds were raised and handed over to Island Hospice for their palliative programmes.

The Covid-19 pandemic and subsequent lockdowns globally have come with several negative effects chief among them stress and depression. Zimpapers will run an awareness campaign on wellness and mental health in partnership with the Zimbabwe Obsessive Compulsive Disorder (OCD) Trust which was founded to support those suffering from mental health challenges.

### 12. Dividend

The Board of Directors declared an interim dividend of ZWL2.0 cents per share in September 2020. The dividend was paid on 18 December 2020 to shareholders registered

in the books of the Company at the close of business on 4th December 2020. In view of the uncertainties associated with the negative impact of Covid-19 and the drive to capacitate the business by investing in new technologies for all the Divisions of the Group, the Board has recommended not to pay a final dividend. The ZWL2.0 cents per share interim dividend is therefore recommended to be the final dividend for the period under review.

### 13. Outlook

As a result of the optimism in the economy arising from above normal rainfall in the 2020/21 agricultural season and the positive prospects for the mining sector, we are expecting that 2021 will be a better year for the Company where profitability will be sustained. We are however aware of the possibility of a third wave of the Covid-19 pandemic that may reverse all the optimism and gains recorded to date.

The Company is focusing on the launch of its television project and further technology enhancement across the products divide in order to improve operational efficiencies.

### 14. Directorate

During the year Ms Primrose Kurasha resigned from the Board on the 3rd of August 2020. The Board hereby extends its gratitude to her for the invaluable contribution to the growth and sustenance of the Company and wish her well in her future endeavours.

### 15. Appreciation

I am grateful that the Company sailed through a very difficult year that saw the entire world being shaken by the covid-19 pandemic. To that effect, I am appreciative of the support we got from our customers, readers, listeners, viewers, advertisers and all stakeholders during the year ended 31 December 2020. I'm particularly grateful to our workers and the management team who have continued to defy the tenuous environment and served with dedication. I would also like to extend my gratitude to my fellow directors for their continued dedication and commitment to the success of the company.

T.A. Ganda Sithole  
BOARD CHAIRMAN

## DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by the Companies and Other Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the Company's abridged financial statements and related financial information included in this report. It is their responsibility to ensure that the Company's abridged financial statements fairly present the state of affairs of the Company as at the end of the period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

## AUDITOR'S STATEMENT

These abridged financial results should be read in conjunction with the full set of inflation adjusted statements for the year ended 31 December 2020, which have been audited by BakerTilly and an adverse opinion issued thereon. The basis of the adverse opinion pertains to misstatements in opening balances that arose due to non-compliance with International Standard 21 "The Effects of Changes in Foreign Exchange Rates" in 2018 financial period and the application of the exchange rate of 1:1 between RTGS dollar and USD during the period 1 January to 21 February 2019. Despite market conditions indicating that there was no longer parity between the two currencies, the Directors maintained an exchange rate of 1:1 in compliance with SI 33/19.

The audit report also includes an emphasis of matter paragraph relating to the fact that the radio licences for Capital and Nyaminyami were awarded to Kingstons by the Broadcasting Authority of Zimbabwe and Zimpapers is operating the radio stations under a management agreement.

The following key audit matters are also included in the report and no exceptions were noted in respect of these:  
- Hyperinflation Accounting (High risk area and significant judgement)

The auditor's report on these inflation adjusted financial statements is available for inspection at the Company's registered office. The Engagement partner on the audit resulting in the Independent Auditor's report is Phibion Gwatidzo.

BakerTilly  
Harare, Zimbabwe

## STATEMENT OF COMPLIANCE

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Companies and Other Business Entities Act (Chapter 24:31). The Company's financial statements are based on the statutory records maintained under the historical cost convention and restated in line with IAS29 principles. The operating environment was declared on the 1st of July 2019 to have met the conditions for hyperinflation reporting.

IAS29 requires that prior year comparatives and current year's transactions be restated to take account of the effects of the changes in the general purchasing power of the local currency. To that effect, the indices and conversion factors used were as follows:

Month	CPI	Factor
Dec-19	551.63	4.49
Dec-20	2,474.50	1.00

## Condensed Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

	Inflation Adjusted		Historical Cost	
	Audited 2020 ZWL\$	Audited 2019 ZWL\$	Audited 2020 ZWL\$	Audited 2019 ZWL\$
Revenue	1,345,000,460	1,300,144,342	985,358,884	122,231,260
<b>Gross profit</b>	<b>903,665,873</b>	<b>876,210,698</b>	<b>681,898,440</b>	<b>82,804,073</b>
Other operating income	25,325,624	25,554,511	18,023,559	2,537,515
<b>Operating expenses</b>	<b>(763,766,439)</b>	<b>(686,812,844)</b>	<b>(557,536,616)</b>	<b>(64,400,235)</b>
Selling & distribution expenses	(145,459,414)	(101,453,240)	(114,626,936)	(9,394,093)
Administration expenses	(618,307,025)	(585,359,604)	(442,909,680)	(55,006,142)
Profit from operations before net financing and exchange gain/(loss) and monetary adjustments	165,225,058	214,952,365	142,385,383	20,941,353
Net financing cost	(8,972,318)	(4,071,374)	(7,573,718)	(335,372)
Exchange gain	5,668,743	15,031,502	13,164,732	3,350,881
Monetary (loss)/gain	(146,954,209)	193,065,607	-	-
<b>Profit before tax</b>	<b>14,967,274</b>	<b>418,978,100</b>	<b>147,976,397</b>	<b>23,956,862</b>
Tax credit/(expense)	50,502,560	(114,959,995)	(36,140,318)	(6,276,169)
<b>Profit after tax</b>	<b>65,469,834</b>	<b>304,018,105</b>	<b>111,836,079</b>	<b>17,680,693</b>
Other Comprehensive Income				
Gain on property revaluation net of tax	-	687,764,512	-	280,614,631
<b>Total Other Comprehensive income</b>	<b>-</b>	<b>687,764,512</b>	<b>-</b>	<b>280,614,631</b>
<b>Total comprehensive income for the year</b>	<b>65,469,834</b>	<b>991,782,617</b>	<b>111,836,079</b>	<b>298,295,324</b>
Number of shares in issue(000s)	576,000	576,000	576,000	576,000
Basic earnings per share (cents)	11.37	52.78	19.42	3.07
Diluted earnings per share (cents)	11.37	52.78	19.42	3.07
Headline earnings per share (cents)	11.41	52.41	19.10	2.99

## Condensed Statement of Financial Position

as at 31 December 2019

	Inflation Adjusted		Historical Cost	
	Audited 2020 ZWL\$	Audited 2019 ZWL\$	Audited 2020 ZWL\$	Audited 2019 ZWL\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,713,712,947	1,787,236,262	423,331,278	398,417,622
Intangible asset	1,473,464	1,847,451	52,881	66,303
Long term investment	3,231,771	14,497,196	3,231,771	3,231,771
	<b>1,718,418,182</b>	<b>1,803,580,909</b>	<b>426,615,930</b>	<b>401,715,696</b>
<b>Current assets</b>				
Inventories	45,822,670	39,858,506	43,966,060	7,623,394
Trade and other receivables	259,182,684	139,622,129	257,875,410	27,993,397
Financial assets at fair value through profit and loss	2,406,151	2,705,951	2,406,151	603,221
Bank and cash	50,784,863	32,176,371	50,784,863	7,172,881
	<b>358,196,368</b>	<b>214,362,957</b>	<b>355,032,484</b>	<b>43,392,893</b>
<b>Total assets</b>	<b>2,076,614,550</b>	<b>2,017,943,866</b>	<b>781,648,414</b>	<b>445,108,589</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity and reserves</b>				
Share capital	1,604,953	1,604,953	57,600	57,600
Accumulated Profit	725,793,731	671,843,897	124,779,226	24,463,147
Revaluation reserve	687,764,512	687,764,512	286,920,461	286,920,461
	<b>1,415,163,196</b>	<b>1,361,213,362</b>	<b>411,757,287</b>	<b>311,441,208</b>
<b>Non-current liabilities</b>				
Long term borrowings	7 757,809	4,698,752	757,809	1,047,464
Long term liabilities	8 241,712	14,517,467	241,712	3,236,290
Deferred tax	369,973,494	472,438,381	78,413,258	94,235,267
	<b>370,973,015</b>	<b>491,654,600</b>	<b>79,412,779</b>	<b>98,519,021</b>
<b>Current liabilities</b>				
Trade and other payables	9 208,964,447	136,724,835	208,964,456	28,828,230
Short term borrowings	913,963	4,877,531	913,963	1,087,318
Bank overdraft	28,742,609	1,014,831	28,742,609	226,230
Tax payable	51,857,320	22,458,708	51,857,320	5,006,582
	<b>290,478,339</b>	<b>165,075,905</b>	<b>290,478,348</b>	<b>35,148,360</b>
<b>Total liabilities</b>	<b>661,451,354</b>	<b>656,730,505</b>	<b>369,891,127</b>	<b>133,667,381</b>
<b>Total equity and liabilities</b>	<b>2,076,614,550</b>	<b>2,017,943,867</b>	<b>781,648,414</b>	<b>445,108,589</b>

# AUDITED CONDENSED RESULTS

FOR THE YEAR ENDED DECEMBER 2020



Digital & Publishing

Commercial Printing

RADIO

BoldAds

ZTN

## Abridged Statement of Cash flows for the year ended 31 December 2020

	Audited 2020 ZWL\$	Audited 2019 ZWL\$	Audited 2020 ZWL\$	Audited 2019 ZWL\$
Net cash inflows from operations	99,820,562	312,992,170	92,946,155	18,300,073
Net cash outflows from investing activities	(66,214,522)	(4,292,849)	(55,289,847)	(5,597,433)
Net cash outflows from financing activities	(42,725,326)	(298,370,071)	(22,560,705)	(6,503,637)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,119,286)</b>	<b>10,329,250</b>	<b>15,095,603</b>	<b>6,199,003</b>
Cash and cash equivalents at the beginning of the year	31,161,540	20,832,290	6,946,651	747,648
<b>Cash and cash equivalents at end of the period</b>	<b>22,042,254</b>	<b>31,161,540</b>	<b>22,042,254</b>	<b>6,946,651</b>

## Condensed Statement of Changes in Equity for the year ended 31 December 2020

	HISTORICAL COST				
	Share capital ZWL\$	Revaluation reserve ZWL\$	Non distributable reserve ZWL\$	Retained (loss)/profit ZWL\$	Total ZWL\$
Balance at 31 December, 2019	57,600	286,920,461	-	24,463,147	311,441,208
Total comprehensive income for the period	-	-	-	111,836,079	111,836,079
Dividend paid	-	-	-	(11,520,000)	(11,520,000)
<b>Balance at 31 December, 2020</b>	<b>57,600</b>	<b>286,920,461</b>	<b>-</b>	<b>124,779,226</b>	<b>411,757,287</b>

## INFLATION ADJUSTED

	INFLATION ADJUSTED				
	Share capital ZWL\$	Revaluation reserve ZWL\$	Non distributable reserve ZWL\$	Retained (loss)/profit ZWL\$	Total ZWL\$
Balance at 31 December, 2019	1,604,953	687,764,512	-	671,843,897	1,361,213,362
Total comprehensive income for the period	-	-	-	65,469,834	65,469,834
Dividend paid	-	-	-	(11,520,000)	(11,520,000)
<b>Balance at 31 December, 2020</b>	<b>1,604,953</b>	<b>687,764,512</b>	<b>-</b>	<b>725,793,731</b>	<b>1,415,163,196</b>

## Business segment report

The commercial printing segment is involved in the printing of books, labels, security documents, diaries, calendars and offering of origination services. The newspaper segment is involved in newspaper and magazine printing and publishing. The broadcasting segment is concerned with commercial free-to-air radio and television stations. The corporate segment comprises Head Office administrative operations.

	Historical Cost				
	Commercial Printing 2020 ZWL\$	Newspapers 2020 ZWL\$	Broadcasting 2020 ZWL\$	Corporate 2020 ZWL\$	Consolidated 2020 ZWL\$
External revenue	190,462,604	628,752,029	166,144,251	-	985,358,884
<b>Results</b>					
Segment profit/(loss)	21,553,239	108,018,496	16,429,815	(3,616,167)	142,385,383
Net finance expenses					(7,573,718)
Exchange gain					13,164,732
Income tax expense					(36,140,318)
<b>Profit for the period</b>					<b>111,836,079</b>

## As at 31 December 2020 reportable segment assets and liabilities

	As at 31 December 2020 reportable segment assets and liabilities				
	Commercial Printing 2020 ZWL\$	Newspapers 2020 ZWL\$	Broadcasting 2020 ZWL\$	Corporate 2020 ZWL\$	Consolidated 2020 ZWL\$
<b>Segment assets</b>	<b>134,918,040</b>	<b>503,539,600</b>	<b>100,079,707</b>	<b>43,111,067</b>	<b>781,648,414</b>
Current Assets	58,573,861	195,244,578	62,082,327	39,131,718	355,032,484
Non current Assets	76,344,179	308,295,022	37,997,380	3,979,349	426,615,930
<b>Segment liabilities</b>	<b>30,536,444</b>	<b>147,700,690</b>	<b>33,078,008</b>	<b>80,162,727</b>	<b>291,477,869</b>
Current liabilities	30,536,444	147,700,690	32,320,199	79,921,015	290,478,348
Non current liabilities	-	-	757,809	241,712	999,521
Deferred tax liability	-	-	-	-	78,413,258

## Inflation adjusted

	Inflation adjusted				
	Commercial Printing 2020 ZWL\$	Newspapers 2020 ZWL\$	Broadcasting 2020 ZWL\$	Corporate 2020 ZWL\$	Consolidated 2020 ZWL\$
External revenue	278,955,653	844,379,585	221,665,222	-	1,345,000,460
<b>Results</b>					
Segment profit/(loss)	38,300,097	111,099,144	19,057,443	(3,231,626)	165,225,058
Net finance expenses					(8,972,318)
Exchange loss					5,668,743
Monetary loss					(146,954,209)
Income tax expense					50,502,560
<b>Profit for the period</b>					<b>65,469,834</b>

## As at 31 December 2020 reportable segment assets and liabilities

	As at 31 December 2020 reportable segment assets and liabilities				
	Commercial Printing 2020 ZWL\$	Newspapers 2020 ZWL\$	Broadcasting 2020 ZWL\$	Corporate 2020 ZWL\$	Consolidated 2020 ZWL\$
<b>Segment assets</b>	<b>391,108,847</b>	<b>1,469,233,447</b>	<b>170,654,054</b>	<b>45,618,202</b>	<b>2,076,614,550</b>
Current Assets	58,608,613	198,047,206	62,408,832	39,131,717	358,196,368
Non current Assets	332,500,234	1,271,186,241	108,245,222	6,486,485	1,718,418,182
<b>Segment liabilities</b>	<b>28,885,435</b>	<b>149,351,690</b>	<b>33,078,008</b>	<b>80,162,727</b>	<b>291,477,860</b>
Current liabilities	28,885,435	149,351,690	32,320,199	79,921,015	290,478,339
Non current liabilities	-	-	757,809	241,712	999,521
Deferred tax liability	-	-	-	-	369,973,494

## Historical Cost

	As at 31 December 2019 reportable segment assets and liabilities				
	Commercial Printing 2019 ZWL\$	Newspapers 2019 ZWL\$	Broadcasting 2019 ZWL\$	Corporate 2019 ZWL\$	Consolidated 2019 ZWL\$
External revenue	31,277,903	71,260,716	19,692,641	-	122,231,260
Segment profit/(loss)	10,152,520	10,502,456	3,846,796	(3,560,419)	20,941,353
Net finance expenses					(335,372)
Exchange loss					3,350,881
Gain on revaluation					280,614,631
Income tax expense					(6,276,169)
<b>Profit for the period</b>					<b>298,295,324</b>

## As at 31 December 2019 reportable segment assets and liabilities

	As at 31 December 2019 reportable segment assets and liabilities				
	Commercial Printing 2019 ZWL\$	Newspapers 2019 ZWL\$	Broadcasting 2019 ZWL\$	Corporate 2019 ZWL\$	Consolidated 2019 ZWL\$
<b>Segment assets</b>	<b>91,267,370</b>	<b>319,277,979</b>	<b>27,974,760</b>	<b>6,588,480</b>	<b>445,108,589</b>
Current Assets	14,794,591	19,805,261	7,692,396	1,100,645	43,392,893
Non current Assets	76,472,779	299,472,718	20,282,364	5,487,835	401,715,696
<b>Segment liabilities</b>	<b>5,893,034</b>	<b>18,323,460</b>	<b>4,067,625</b>	<b>11,147,995</b>	<b>39,432,114</b>
Current liabilities	5,881,557	15,694,811	3,703,346	9,868,646	35,148,360
Non current liabilities	11,477	2,628,649	364,279	1,279,349	4,283,754
Deferred tax liability	-	-	-	-	94,235,267

## Inflation adjusted

	As at 31 December 2019 reportable segment assets and liabilities				
	Commercial Printing 2019 ZWL\$	Newspapers 2019 ZWL\$	Broadcasting 2019 ZWL\$	Corporate 2019 ZWL\$	Consolidated 2019 ZWL\$
External revenue	315,755,053	794,898,895	189,490,395	-	1,300,144,342
<b>Results</b>					
Segment profit/(loss)	99,194,596	121,585,607	20,460,792	(26,288,630)	214,952,365
Net finance expenses					(4,071,374)
Exchange loss					15,031,502
Monetary gain					193,065,607
Income tax expense					(114,959,995)
<b>Profit for the period</b>					<b>304,018,105</b>

## As at 31 December 2019 reportable segment assets and liabilities

	As at 31 December 2019 reportable segment assets and liabilities				
	Commercial Printing 2019 ZWL\$	Newspapers 2019 ZWL\$	Broadcasting 2019 ZWL\$	Corporate 2019 ZWL\$	Consolidated 2019 ZWL\$
<b>Segment assets</b>	<b>409,410,487</b>	<b>1,441,213,847</b>	<b>137,764,687</b>	<b>29,554,845</b>	<b>2,017,943,867</b>
Current Assets	66,366,113	97,828,234	45,231,295	4,937,315	214,362,957
Non current Assets	343,044,374	1,343,385,613	92,533,392	24,617,530	1,803,580,909
<b>Segment liabilities</b>	<b>26,435,186</b>	<b>89,602,156</b>	<b>18,246,703</b>	<b>50,008,079</b>	<b>184,292,124</b>
Current liabilities	26,383,699	77,810,469	16,612,608	44,269,129	165,075,905
Non current liabilities	51,487	11,791,687	1,634,095	5,738,950	19,216,219
Deferred tax liability	-	-	-	-	472,438,381

## Notes to the Audited Condensed Financial Statements for the year ended 31 December 2020

- General information**  
Zimbabwe Newspapers (1980) Limited and its subsidiaries are incorporated and domiciled in Zimbabwe. The Company's main business is that of newspaper proprietors, printers, publishers and broadcasters. The Company's registration number is 600/B280.
- Currency**  
The Company's functional and presentation currency is the Zimbabwean dollar ("ZWL\$") effective 1 January 2018.
- Basis of preparation**  
The Company's financial statements for the year ended 31 December 2020 have been prepared in accordance with the Zimbabwe Stock Exchange Listing requirements and the Zimbabwe Companies and Other Entities Act (Chapter 24:31). The Inflation Adjusted financial statements have been prepared based on statutory records maintained under the historical cost basis as modified by the revaluation of property, plant and equipment and equity investments have been measured at fair value.
- Accounting policies**  
The principal accounting policies adopted in the preparation of these financial statements are consistent in all material respects with those applied in the previous annual financial statements. In 2019, the Company adopted IAS 29 (Financial Reporting in Hyperinflationary Economies).
- Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)**  
In October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement prescribing that the adoption of financial reporting in hyper inflationary economies had become effective for the reporting periods on or after 1 July 2019 in Zimbabwe. These financial statements have been prepared in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies) together with International Financial Reporting Interpretations Committee (IFRIC) 7, as if the economy had been hyperinflationary from 1 January 2018. The Company adopted the Zimbabwe Consumer Price Index as the general price index to restate transactions and balances. Items recognised in the Statement of Profit or Loss and Other Comprehensive Income have been restated by applying the change in the general price index from the dates when the transactions were initially recorded in the Company's records. A net monetary adjustment was recognised in the Statement of profit/loss for the year and the comparative period. All items in the Statement of Cashflows are expressed based on the restated financial information for the period.

The Company applied the Zimbabwe Consumer Price Index (CPI) as the general price index and used the monthly indices to inflation adjust the historical cost figures. Below are the factor used in the period under review.

Month	CPI	Factor
Dec-19	551.63	4.486
Dec-20	2474.50	1.000

	Inflation Adjusted		Historical Cost	
	2020 ZWL\$	2019 ZWL\$	2020 ZWL\$	2019 ZWL\$
Profit for the year	65,469,834	304,018,105	111,836,079	17,680,693

## 5. Significant transactions

5.1 Additions to property, plant and equipment	73,099,652	59,570,746	56,822,355	4,520,019
5.2 Deferred Tax liability	369,973,494	472,438,381	78,413,258	94,235,267

## 6. Earnings per share

Profit for the year	65,469,834	304,018,105	111,836,079	17,680,693
---------------------	------------	-------------	-------------	------------

## Number of shares used in calculating earnings per share

Shares in issue	576,000,000	576,000,000	576,000,000	576,000,000
-----------------	-------------	-------------	-------------	-------------

Weighted average number of shares in issue	576,000,000	576,000,000	576,000,000	576,000,000
--	-------------	-------------	-------------	-------------

## Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent company by the average number of ordinary shares in issue during the year.

## Headline earnings per share

Headline earnings per share is calculated by dividing headline earnings for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.

## Headline earnings is calculated as follows:

Profit for the year attributable to ordinary equity holders	65,469,834	304,018,105	111,836,079	17,680,693
Profit on disposal of property, plant and equipment	(59,454)	(55,622)	(13,254)	(3,880)
Fair value gain/(loss) on equities	299,800	(2,099,518)	(1,802,930)	(430,758)
<b>Headline profit</b>	<b>65,710,180</b>	<b>301,862,965</b>	<b>110,019,895</b>	<b>17,246,055</b>

6.1 Basic earnings per share - cents	11.37	52.78	19.42	3.07
6.2 Diluted earnings per share - cents	11.37	52.78	19.42	3.07
6.3 Headline earnings per share - cents	11.41	52.41	19.10	2.99

## 7. Borrowings

FBC Bank Limited:				
Long term portion	757,809	4,698,752	757,809	1,047,464
Short term portion of long term borrowings	913,963	4,877,531	913,963	1,087,318
	<b>1,671,772</b>	<b>9,576,283</b>	<b>1,671,772</b>	<b>2,134,782</b>

The FBC Bank Limited borrowing was obtained at the prevailing interest rate per annum and is repayable over 3 years. The loan is secured by land and building with a carrying amount of US\$4,250,000 and a Notarial General Covering Bond including cession of book debts of US\$4.0 million.

## 8. Long term liabilities

Zimbabwe Revenue Authority	30,401,752	49,012,137	30,401,752	8,789,647
Short term portion	30,160,040	34,494,670	30,160,040	5,553,357
Long term portion	241,712	14,517,467	241,712	3,236,290

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders of Zimbabwe Newspapers 1980 Limited ("Zimpapers")**

#### **Report on the Audit of the Inflation Adjusted Consolidated Financial Statements**

##### **Adverse Opinion**

We have audited the inflation adjusted consolidated financial statements of Zimbabwe Newspapers 1980 Limited ("Zimpapers") and its subsidiaries which comprise the inflation adjusted consolidated statement of financial position as at 31 December 2020, the inflation adjusted consolidated statement of profit or loss and other comprehensive income, inflation adjusted consolidated statement of changes in equity, inflation adjusted consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes to the financial statements.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements do not present fairly, the statement of financial position of Zimpapers as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

##### **Basis for Adverse Opinion**

##### **Non-compliance with International Financial Reporting Standards IAS 21 – 'Effects of changes in foreign exchange rates'**

Zimpapers changed its functional currency and reporting currency from United States Dollars (USD) to Zimbabwe Dollars (ZWL) in 2019 to comply with statutory Instrument 33 of 2019. The statutory instrument 33 of 2019 ("SI 33/19") introduced an electronic currency called RTGS dollar with an effective date of 22 February 2019 and the currency commenced trading at a rate of 2.5 to the USD. In addition, SI 33/19 fixed the exchange rate between RTGS dollar and USD at a rate of 1:1 for periods before the effective date. The directors did not comply with IAS 21 which requires that when there is a change in an entity's functional currency, the entity shall apply the translation procedures

ADVISORY • AUDIT • TAX • ACCOUNTING

Baker Tilly Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

applicable to the new functional currency prospectively from the date of the change. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

The basis for qualification is due to misstatements contained in the opening balances from prior year which were reported as USD and translated to ZWL on the rate of 1:1 at the beginning of the 2019 financial year. Additionally, transactions between 1 January 2019 and 21 February 2019 were recorded at the rate of 1:1 in compliance with SI 33/19.

Although the evidence in the market suggested that there was no longer parity between the USD and “local currency” up to 21 February 2019, the directors maintained an exchange rate of 1:1 in compliance with SI 33/19. Had the Zimpapers applied fully the requirements of IAS 21 from 1 January 2019, many of the elements of the accompanying financial statements would have been materially different, and hence this departure from IAS 21 is considered to be pervasive. The financial effects of this departure on the inflation adjusted consolidated financial statements have not been determined and we have not been able to obtain sufficient and appropriate audit evidence to determine the impact of this departure.

### **Emphasis of Matter**

#### **Ownership of Radio Licences for Capitalk and Nyaminyami**

We draw attention to users of financial statements that the radio licences for Capitalk and Nyaminyami were awarded to Kingstons by the Broadcasting Authority of Zimbabwe. Zimpapers is managing the radio stations on behalf of Kingstons under a management agreement. Our opinion is not modified in respect of this matter.

#### **The Covid-19 Pandemic**

We draw attention to the note on the impact of COVID-19 on the inflation adjusted financial statements which brings attention to users of financial statements, the impact of the COVID-19 pandemic on Zimpapers. There are uncertainties in relation to possible effects and impacts of the COVID 19 pandemic to the entity's operations in future and its ability to continue as a going concern. Our audit opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the inflation adjusted financial statements of the current year. Key audit matters are selected from the matters communicated with those charged with governance, but are not intended to represent all matters that were discussed with them. In addition to the matters described in the Basis for Adverse Opinion section of our report, we have determined the matters described below to be the key audit matters. These matters were addressed in the context of our audit of the financial statements as a whole. Our opinion on the inflation adjusted financial statements is not modified with respect to any of the key audit matters described below, and we do not provide a separate opinion on these matters.

1.	<p><b>Hyperinflation Accounting (High risk area and significant judgement)</b></p> <p>Following the Public Accountants and Auditors Board (PAAB) designation of Zimbabwe as hyperinflationary economy, management also evaluated and determined the economy of Zimbabwe to be hyperinflationary. Zimpapers applied the requirements of IAS 29 – Financial reporting in Hyperinflationary Economies.</p> <p>Hyperinflationary accounting was determined to be a matter of most significance to the audit due to high risk and the significance of the balances and transactions, and the complexity and subjectivity relating to the application of the Standard.</p> <p>IAS 29 requires significant judgments to be made by management considering the guidelines provided in IAS 29 are limited.</p>	<p>We obtained an understanding of the Zimpapers process for identifying hyperinflationary economies and evaluated the policy in relation to hyperinflation accounting. Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• We assessed and tested the indicators of hyperinflation on the Zimbabwean economy by corroborating these with industry report and our own understanding of the economy;</li> <li>• We recomputed and tested the hyperinflation workings prepared by management by evaluating the rationale for the economic indicators included (such as the inflation rate, cumulative inflation rate, consumer price indices from various sources).</li> <li>• We tested the source data used by agreeing it to supporting schedules.</li> <li>• We assessed the reasonability of the assumptions used by comparing these to externally available industry, financial and economic data; and;</li> <li>• We tested restatement of statement financial position and income statement items for compliance to the requirements of IAS 29.</li> <li>• We assessed whether disclosures in the financial statements appropriately reflected the effects of the adoption of IAS 29.</li> </ul> <p>We found that the inflation adjusted financial statements have been properly restated in terms of IAS 29.</p>
----	---	---

## **Other Information**

The directors are responsible for the other information. The other information comprises the Directors Report, Chairman's Report, Chief Executive Officer's Report and the Corporate Governance Report. Other information does not include the inflation adjusted financial statements and our auditor's report thereon.

Our opinion on the 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 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 inflation adjusted financial statements or our knowledge obtained during 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 on this other information, we are required to report that fact. We have nothing to report in this regard.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 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 the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements.

We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for the 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 complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable related safeguards.

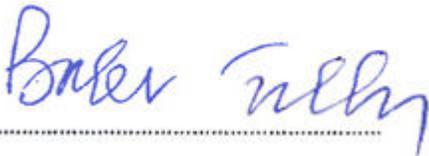
From the matters communicated with the Directors, we determine those matters that were significant in the audit of the inflation adjusted financial statements of the current period and therefore the key audit matters. We describe those matters in our auditors' report unless law or regulation precludes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

The engagement partner on the audit resulting in the Independent Auditor's report is Phibion Gwatidzo.

#### **Report on Other Legal and Regulatory Requirements**

##### **Companies and Other Business Entities Act (Chapter 24:31)**

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted 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).



**Partner: Phibion Gwatidzo**  
**PAAB Practising Number: 0365**  
**Baker Tilly Chartered Accountants (Zimbabwe)**  
**Harare**

**Date: 24 March 2021**