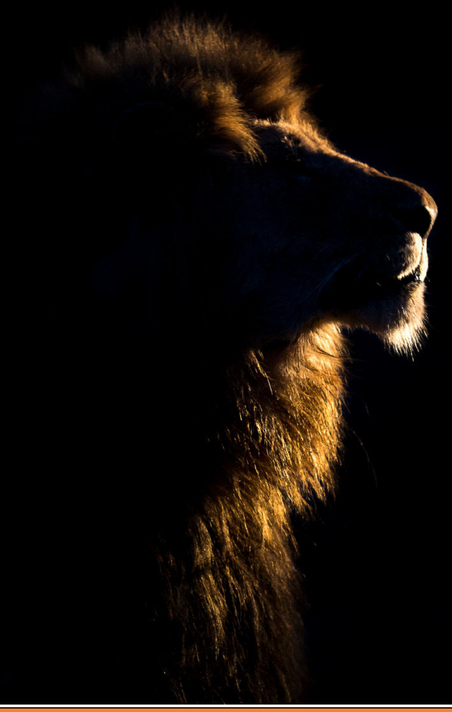


AFRICAN SUN LIMITED

(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)

ASL Financial announcement- 1958

AUDITED SHORT-FORM FINANCIAL ANNOUNCEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial highlights

Revenue:
INFLATION ADJUSTED
ZWL 1.84 bln from **ZWL 4.10 bln**

EBITDA:
INFLATION ADJUSTED
ZWL 0.005 bln from **ZWL 1.74 bln**

Occupancy:
23% from **48%**

Total Rev PAR:
INFLATION ADJUSTED
ZWL 3 112 from **ZWL 6 861**

ADR:
INFLATION ADJUSTED
ZWL 7 010 from **ZWL 7 889**

Rooms RevPAR:
INFLATION ADJUSTED
ZWL 1 626 from **ZWL 3 805**

The Directors of African Sun Limited (the Company) are responsible for the short-form financial announcement which is issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange.

The short-form financial announcement is only a summary of the information contained in the audited abridged consolidated financial results for the year ended 31 December 2020. Any investment decisions by investors and and/or shareholders should be based on the complete audited abridged consolidated financial results published on the ZSE website: www.zse.co.zw and Company's website: africansuninvestor.com. The abridged results are also available on request, at no charge, from the registered office of the Company during working hours or via email on venon.musimbe@africansunhotels.com.

FINANCIAL PERFORMANCE

The Group recorded a low occupancy of 23%, representing a decline of 25 percentage points compared to 48% recorded in 2019. Resultantly, there was a significant drop in the Group's inflation adjusted revenue by 55% to ZWL1,84 billion compared to ZWL4,10 billion in the same period last year. Room nights sold went down by 52% to 137,162 from 288,224 reported last year. The decline in room nights was across all market segments, with those attributable to export and domestic reducing by 82% and 35% respectively.

The decrease in revenue and volumes resulted in the Group posting an inflation adjusted EBITDA of ZWL5,42 million compared to ZWL1,74 billion that was achieved in 2019. The inflation adjusted loss before tax ("LBT") of ZWL1,86 billion is largely a result of the monetary loss of ZWL1,50 billion, which is a result of applying International Accounting Standard (IAS) 29 Financial Reporting in Hyperinflationary Economies.

The inflation adjusted financial numbers are the primary results, while the historical financials have been provided as supplementary information.

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZW$	**Audited 31 December 2020**	**Audited 31 December 2019**	**Audited 31 December 2020**	**Audited 31 December 2019**
Revenue	1,839,952,129	4,100,691,670	1,221,167,844	449,225,618
Operating (loss)/profit	(291,516,061)	1,421,418,856	(150,129,022)	152,223,790
(Loss)/profit for the year	(1,504,986,062)	839,027,909	(71,653,155)	106,455,023
Basic and diluted (loss)/earnings per share	(174.64)	97.36	(8.31)	12.35
Total assets	3,517,536,561	4,672,197,405	3,285,927,356	802,246,884
Total equity	2,056,421,997	2,963,677,009	1,882,066,591	469,814,929
Total liabilities	1,461,114,564	1,708,520,396	1,403,860,765	332,431,955

BUSINESS OUTLOOK

As we look to the year ahead, we remain optimistic that the accelerating COVID-19 vaccination programmes will lead to further relaxing of restrictions and unlocking leisure and business travel. There are prospects of a rebound in the latter part of 2021 on the back of the current rollout of the COVID-19 vaccines and attaining of the required herd immunity.

While we do not expect that there will be a quick recovery to previous trading levels, we are optimistic that the various cost saving initiatives and the renewed focus on improving the customer experience, the Group will recover from the COVID-19 pandemic.

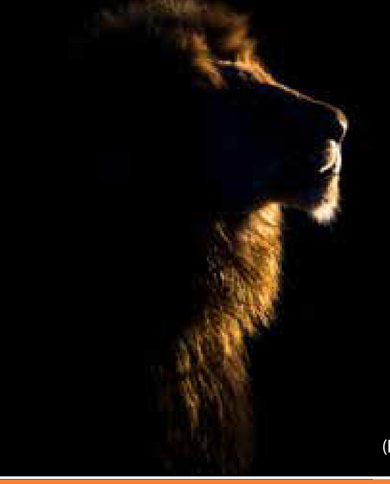
AUDIT OPINION

These inflation adjusted condensed consolidated financial statements for the year ended 31 December 2020 should be read in conjunction with the complete set of financial statements for the year ended 31 December 2020, which have been audited by Deloitte & Touche in accordance with International Standards on Auditing. The auditors issued an adverse opinion, due to the pervasive effects of;

- Non –compliance with International Accounting Standard 21 (IAS21) – "The Effects of Changes in Foreign Exchange Rates" on prior year comparatives, as the Group elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19");
- Non –compliance with International Financial Reporting Standard 13 (IFRS 13) - " Fair Value Measurements" on prior year comparatives and year end balances. The Group used USD valuation reports as a basis to estimate the ZWL value of the property plant and equipment. The method of determining the value of the property plant and equipment was not an accurate reflection of market dynamics and the risk associated with ZWL transactions on a willing buyer, willing seller basis; and
- Non-compliance with International Accounting Standard 29 (IAS29) - " Financial Reporting in Hyperinflationary Economies"- The Group applied the requirements of IAS 29 by restating the consolidated results of the South African foreign subsidiary, to which IAS 29 does not apply.

The Key Audit matters in the audit report are; provision for expected credit losses; and appropriateness of going concern assumption. The Audit opinion has been made available to management and those charged with the governance of African Sun Limited, and is available for inspection at their registered offices. The engagement partner responsible for this audit is Tapiwa S Chizana CA(Z), a member of the Institute of Chartered Accountants Zimbabwe ("ICAZ") Public Practice Certificate Number M2907 and a registered Public Auditor with the Public Accountants and Auditors Board, Public Auditor Certificate Number 0444.

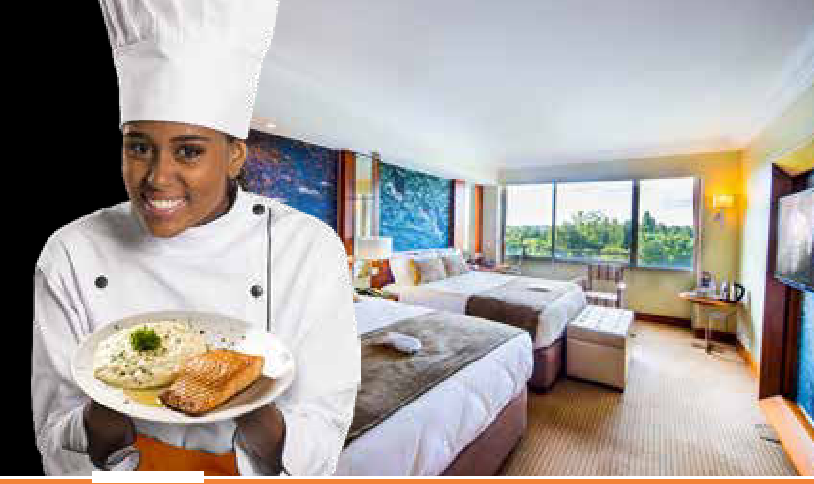
Directors: A. Makamure (Chairman), E. T. Shangwa (Managing Director)*, B. H. Dirorimwe (Finance Director)*, G. Chikomo, B. Childs, E. A. Fundira, N. G. Maphosa, T. M. Ngwenya, P. Saungweme. * Executive
Registered Office: Monomotapa Hotel, Number 54 Park Lane, Harare, Zimbabwe. Email: venon.musimbe@africansunhotels.com, Web: www.africansunhotels.com
Independent Auditor: Deloitte & Touche Chartered Accountants (Zimbabwe), West Block, Borrowdale Office Park, Borrowdale Road, Borrowdale, Harare.

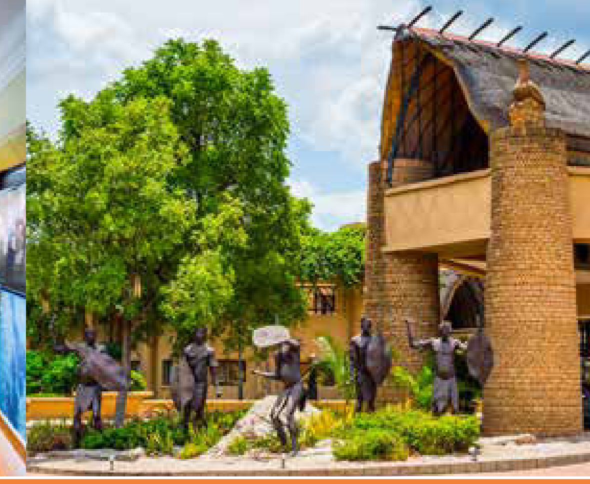


AFRICAN SUN

LIMITED

(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)





AUDITED CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial highlights

Revenue:
INFLATION ADJUSTED
ZWL 1.84 bln from **ZWL 4.10 bln**

EBITDA:
INFLATION ADJUSTED
ZWL 0.005 bln from **ZWL 1.74 bln**

Occupancy:
23% from **48%**

Total Rev PAR:
INFLATION ADJUSTED
ZWL 3 112 from **ZWL 6 861**

ADR:
INFLATION ADJUSTED
ZWL 7 010 from **ZWL 7 889**

Rooms RevPAR:
INFLATION ADJUSTED
ZWL 1 626 from **ZWL 3 805**

MESSAGE FROM THE CHAIRMAN

INTRODUCTION

It gives me great pleasure to present to you a statement on the 2020 abridged financial report.

OPERATING ENVIRONMENT

Global tourism experienced its worst year on record in 2020, with international arrivals dropping by a massive 74% according to the World Tourism Organization (UNWTO) report, dated 28 January 2021. Destinations worldwide had 1 billion fewer international arrivals in 2020 than in the previous year due to an unprecedented fall in demand and widespread travel restrictions in response to the COVID-19 pandemic. The Group recorded its worst occupancies and volumes in April and May. While much progress has been made in developing and rolling out the COVID-19 vaccine and ensuring safe international travel, the crisis is far from over.

FINANCIAL PERFORMANCE

The Group recorded a low occupancy of 23%, representing a decline of 25 percentage points compared to 48% recorded in 2019. Resultantly, there was a significant drop in the Group's inflation adjusted revenue by 55% to ZWL1,84 billion compared to ZWL 4,10 billion in the same period last year. Room nights sold went down by 52% to 137,162 from 288,224 reported last year. The decline in room nights was across all market segments, with those attributable to export and domestic reducing by 82% and 35% respectively.

The decrease in revenue and volumes resulted in the Group posting an inflation adjusted EBITDA of ZWL5,42 million compared to ZWL1,74 billion that was achieved in 2019. The inflation adjusted loss before tax ("LBT") of ZWL1,86 billion is largely a result of the monetary loss of ZWL1,50 billion, which is a result of applying International Accounting Standard (IAS) 29 Financial Reporting in Hyperinflationary Economies.

IMPACT OF NOVEL CORONA VIRUS (COVID-19)

COVID-19 represents the most significant challenge that our industry has ever faced. At the onset of COVID-19 induced lockdowns, we moved swiftly to right-size our business in response to the precipitous decline in revenue by rebasing our cost structure, strengthening our balance sheet, and lowering capital spending. All these measures are more clearly captured in our going concern assessment in note 4. Notwithstanding management's cost containment initiatives, the 2020 results reflect the significant reduction of economic and social activity due to the COVID-19 induced lockdowns as well as the temporary suspension of operations at all our 11 hotels and 2 casinos at some point during the year.

After a marked reduction in new infections during third quarter ("Q3") and fourth quarter ("Q4") 2020, we unfortunately experienced a significant resurgence in the COVID-19 cases at the beginning of 2021. Governments world over, including Zimbabwe, reintroduced partial or complete lockdowns in a bid to control the COVID-19 second wave. The Group expects this resurgence to negatively impact domestic business in the short-term and international business at least into the medium term.

Operationally, the Group had all of its hotels open for business during Q4 2020. The Group expects the recent easing of the lockdown restrictions which permit all businesses to operate and more importantly allowing interprovincial travel, to boost domestic demand going forward. As we restore and prepare to grow occupancy levels, our strategy is premised on improving our services to recognise our guests' enhanced hygiene needs in a post COVID-19 world.

OUTLOOK

As we look to the year ahead, we remain optimistic that the accelerating COVID-19 vaccination programmes will lead to further relaxing of restrictions and unlocking leisure and business travel. There are prospects of a rebound in the later part of 2021 on the back of the current rollout of the COVID-19 vaccines and attaining of the required herd immunity. While we do not expect that there will be a quick recovery to previous trading levels, we are optimistic that the various cost saving initiatives and the renewed focus on improving the customer experience, the Group will recover from the COVID-19 pandemic.

UPDATE ON THE ACQUISITION OF DAWN PROPERTIES LIMITED

I am pleased to advise that pursuant to the Company's offer to acquire 100% of Dawn Properties Limited ("DPL"), 91.17% of the ordinary shares of DPL had been acquired as of 20 January 2021. The company is going through pertinent legal processes to acquire the remaining 8.83%. We are in the process of integrating the business to achieve the anticipated synergies.

UPDATE ON TERMINATION OF THE HOTEL MANAGEMENT CONTRACT

The Legacy Hospitality Management Services Limited ("Legacy") matter is still going through legal processes. Meanwhile, the Group has fully integrated and taken over the management of the hotels previously managed by Legacy. This transition has not impacted our operations.

DIRECTORATE CHANGES

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

DIVIDEND DECLARATION

Due to the loss recorded in the year, the Board resolved not to declare a dividend for the period under review.

APPRECIATION

Lastly, but certainly not least, I would like to commend management, staff and fellow board members for their continued commitment to drive the Group's survival strategies amid extensive COVID-19 headwinds.

A Makamure
Chairman

18 March 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

All figures in ZWL	Note	INFLATION ADJUSTED As at 31 December 2020 Audited	INFLATION ADJUSTED As at 31 December 2019 Audited	HISTORICAL As at 31 December 2020 Audited	HISTORICAL As at 31 December 2019 Audited
Assets					
Non-current assets					
Property and equipment	12	1,965,062,800	2,027,728,190	1,923,195,650	437,688,796
Right of use asset		357,912,210	975,283,266	255,030,975	35,001,695
Biological assets		28,726,214	16,461,332	28,726,214	3,669,608
Other financial assets at amortised cost		6,191,861	7,305,590	6,191,861	1,628,583
		2,357,893,085	**3,026,778,378**	**2,213,144,700**	**477,988,682**
Current assets					
Inventories		154,582,363	295,227,346	97,589,363	32,789,975
Trade and other receivables		106,199,181	189,808,525	106,199,181	42,312,669
Other financial assets at amortised cost		99,487,572	270,152,306	69,619,752	50,702,704
Cash and cash equivalents		799,374,360	890,230,850	799,374,360	198,452,854
		1,159,643,476	**1,645,419,027**	**1,072,782,656**	**324,258,202**
Total assets		**3,517,536,561**	**4,672,197,405**	**3,285,927,356**	**802,246,884**
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital		332,890,359	332,890,359	8,617,716	8,617,716
Share premium		970,492,939	970,492,939	25,123,685	25,123,685
Equity settled share based payment reserve		10,287,146	-	8,043,669	-
Revaluation reserve		852,191,593	796,731,381	1,449,830,089	294,163,180
Foreign currency translation reserve		1,074,316,377	527,070,939	379,230,453	54,037,995
(Accumulated losses)/retained earnings		(1,183,756,417)	336,491,391	11,220,979	87,872,353
Total equity		**2,056,421,997**	**2,963,677,009**	**1,882,066,591**	**469,814,929**
Liabilities					
Non-current liabilities					
Lease liabilities		255,560,303	157,408,516	255,560,303	35,089,965
Deferred tax liabilities		317,586,900	665,729,648	260,333,101	99,970,004
		573,147,203	**823,138,164**	**515,893,404**	**135,059,969**
Current liabilities					
Trade and other payables		781,092,373	801,516,080	781,092,373	178,676,299
Current income tax		14,302,499	38,653,834	14,302,499	8,616,825
Provisions for other liabilities	13	88,253,033	43,214,661	88,253,033	9,633,538
Lease liabilities		4,319,456	1,997,657	4,319,456	445,324
		887,967,361	**885,382,232**	**887,967,361**	**197,371,986**
Total Liabilities		**1,461,114,564**	**1,708,520,396**	**1,403,860,765**	**332,431,955**
Total equity and liabilities		**3,517,536,561**	**4,672,197,405**	**3,285,927,356**	**802,246,884**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

All figures in ZWL	Note	INFLATION ADJUSTED 31 December 2020 Audited	INFLATION ADJUSTED 31 December 2019 Audited	HISTORICAL 31 December 2020 Audited	HISTORICAL 31 December 2019 Audited
Revenue	11	1,839,952,129	4,100,691,670	1,221,167,844	449,225,618
Cost of sales	14	(514,201,641)	(851,543,033)	(309,054,246)	(96,088,849)
Gross profit		**1,325,750,488**	**3,249,148,637**	**912,113,598**	**353,136,769**
Other income		153,575,431	419,573,188	75,609,565	31,933,136
Operating expenses	14	(1,577,962,160)	(2,183,082,675)	(952,754,956)	(218,971,359)
Net impairment gains/(losses) on financial assets		30,805,005	(59,138,672)	(25,349,338)	(13,183,365)
Other expenses		(223,684,825)	(5,081,622)	(159,747,891)	(691,391)
Operating (loss)/profit		**(291,516,061)**	**1,421,418,856**	**(150,129,022)**	**152,223,790**
Finance income		2,528,689	3,645,808	824,335	523,194
Finance costs		(48,606,049)	(5,168,379)	(48,606,049)	(336,546)
Finance costs - lease liabilities		(19,131,094)	(38,309,750)	(14,950,200)	(2,871,670)
Net monetary (loss)/gain		(1,498,415,778)	134,690,152	-	-
(Loss)/profit before income tax	11	**(1,855,140,293)**	**1,516,276,687**	**(212,860,936)**	**149,538,767**
Income tax credit/(expense)	15	350,154,231	(677,248,778)	141,207,781	(43,083,744)
(Loss)/profit for the year		**(1,504,986,062)**	**839,027,909**	**(71,653,155)**	**106,455,023**
Other comprehensive income net of tax:					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations		547,245,438	664,160,592	325,192,458	57,592,073
Items that may not be subsequently reclassified to profit or loss					
Revaluation surplus - net of tax		55,460,212	796,731,381	1,155,666,909	294,163,180
Other comprehensive income net of tax:		**602,705,650**	**1,460,891,973**	**1,480,859,367**	**351,755,253**
Total comprehensive (loss)/income for the year		**(902,280,412)**	**2,299,919,882**	**1,409,206,212**	**458,210,276**
(Loss)/earnings per share					
Owners of the parent during the period: cents					
Basic and diluted (loss)/earnings per share	16	(174.64)	97.36	(8.31)	12.35
Headline (loss)/earnings per share (ZWL cents)	16	(173.81)	97.95	(7.91)	12.43

AFRICAN SUN

LIMITED

(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)

AUDITED CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

INFLATION ADJUSTED							
All figures in ZWL	**Share capital**	**Share premium**	**Equity settled share based payments reserve**	**Foreign currency translation reserve**	**Revaluation reserve**	**(Accumulated losses)/ retained earnings**	**Total equity**
Year ended 31 December 2019							
Balance as at 1 January 2019	**332,890,359**	**970,492,939**	**-**	**(137,089,653)**	**-**	**(386,661,387)**	**779,632,258**
Profit for the year	-	-	-	-	-	839,027,909	**839,027,909**
Other comprehensive income:							
Currency translation differences	-	-	-	664,160,592	-	-	**664,160,592**
Revaluation surplus net of tax	-	-	-	-	796,731,381	-	**796,731,381**
Total comprehensive income for the year	-	-	-	664,160,592	796,731,381	839,027,909	**2,299,919,882**
Transactions with owners in their capacity as owners:							
Dividend declared and paid	-	-	-	-	-	(115,875,131)	**(115,875,131)**
	-	-	-	-	-	(115,875,131)	**(115,875,131)**
Balance as at 31 December 2019	**332,890,359**	**970,492,939**	**-**	**527,070,939**	**796,731,381**	**336,491,391**	**2,963,677,009**
Year ended 31 December 2020							
Balance as at 1 January 2020	**332,890,359**	**970,492,939**	**-**	**527,070,939**	**796,731,381**	**336,491,391**	**2,963,677,009**
Loss for the year	-	-	-	-	-	(1,504,986,062)	**(1,504,986,062)**
Other comprehensive income:							
Currency translation differences	-	-	-	547,245,438	-	-	**547,245,438**
Revaluation surplus net of tax	-	-	-	-	55,460,212	-	**55,460,212**
	-	-	-	547,245,438	55,460,212	-	**602,705,650**
Total comprehensive loss for the year	-	-	-	547,245,438	55,460,212	(1,504,986,062)	**(902,280,412)**
Transactions with owners in their capacity as owners:							
Share options costs	-	-	10,287,146	-	-	-	**10,287,146**
Dividend declared and paid	-	-	-	-	-	(15,261,746)	**(15,261,746)**
	-	-	10,287,146	-	-	(15,261,746)	**(4,974,600)**
Balance as at 31 December 2020	**332,890,359**	**970,492,939**	**10,287,146**	**1,074,316,377**	**852,191,593**	**(1,183,756,417)**	**2,056,421,997**

HISTORICAL							
All figures in ZWL	**Share capital**	**Share premium**	**Equity settled share based payments reserve**	**Foreign currency translation reserve**	**Revaluation reserve**	**(Accumulated losses)/ retained earnings**	**Total equity**
Year ended 31 December 2019							
Balance as at 1 January 2019	**8,617,716**	**25,123,685**	**-**	**(3,554,078)**	**-**	**(10,498,300)**	**19,689,023**
Profit for the year	-	-	-	-	-	106,455,023	**106,455,023**
Other comprehensive income:							
Currency translation differences	-	-	-	57,592,073	-	-	**57,592,073**
Revaluation surplus net of tax	-	-	-	-	294,163,180	-	**294,163,180**
Total comprehensive income for the year	-	-	-	57,592,073	294,163,180	106,455,023	**458,210,276**
Transactions with owners in their capacity as owners:							
Dividend declared and paid	-	-	-	-	-	(8,084,370)	**(8,084,370)**
	-	-	-	-	-	(8,084,370)	**(8,084,370)**
Balance as at 31 December 2019	**8,617,716**	**25,123,685**	**-**	**54,037,995**	**294,163,180**	**87,872,353**	**469,814,929**
Year ended 31 December 2020							
Balance as at 1 January 2020	**8,617,716**	**25,123,685**	**-**	**54,037,995**	**294,163,180**	**87,872,353**	**469,814,929**
Loss for the year	-	-	-	-	-	(71,653,155)	**(71,653,155)**
Other comprehensive income:							
Currency translation differences	-	-	-	325,192,458	-	-	**325,192,458**
Revaluation surplus net of tax	-	-	-	-	1,155,666,909	-	**1,155,666,909**
	-	-		325,192,458	1,155,666,909	-	**1,480,859,367**
Total comprehensive income/(loss) for the year	-	-	-	325,192,458	1,155,666,909	(71,653,155)	**1,409,206,212**
Transactions with owners in their capacity as owners:							
Share options costs	-	-	8,043,669	-	-	-	**8,043,669**
Dividend declared and paid	-	-	-	-	-	(4,998,219)	**(4,998,219)**
	-	-	8,043,669	-	-	(4,998,219)	**3,045,450**
Balance as at 31 December 2020	**8,617,716**	**25,123,685**	**8,043,669**	**379,230,453**	**1,449,830,089**	**11,220,979**	**1,882,066,591**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

		INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**Note**	**31 December 2020 Audited**	**31 December 2019 Audited**	**31 December 2020 Audited**	**31 December 2019 Audited**
Cash flows from operating activities					
Cash generated from operations		204,100,081	1,571,346,992	305,522,404	245,943,688
Interest received		2,528,689	3,645,808	824,335	523,194
Interest paid		-	(5,168,379)	-	(336,546)
Finance cost paid-lease liabilities		(19,131,094)	(38,309,750)	(14,950,200)	(2,871,670)
Tax paid		(19,363,509)	(196,226,438)	(6,874,507)	(30,189,995)
Cash generated from operating activities		**168,134,167**	**1,335,288,233**	**284,522,032**	**213,068,671**
Cash flows from investing activities					
Purchase of property and equipment	12	(179,082,646)	(403,021,655)	(210,493,631)	(48,454,045)
Proceeds from sale of property and equipment		8,122,625	9,648,835	2,114,935	302,358
Cash used in investing activities		**(170,960,021)**	**(393,372,820)**	**(208,378,696)**	**(48,151,687)**
Cash flows from financing activities					
Dividend paid		(15,261,740)	(207,254,519)	(4,998,217)	(11,985,878)
Repayment of borrowings		-	(64,363,492)	-	(4,232,282)
Repayment of lease liabilities		(2,698,992)	(31,736,881)	(1,686,493)	(2,565,960)
Cash used in financing activities		**(17,960,732)**	**(303,354,892)**	**(6,684,710)**	**(18,784,120)**
(Decrease)/increase in cash and cash equivalents		**(20,786,586)**	**638,560,521**	**69,458,626**	**146,132,864**
Cash and cash equivalents at beginning of the year		890,230,851	386,676,278	198,452,854	13,877,327
Exchange gain on cash and cash equivalents		531,462,880	172,448,236	531,462,880	38,442,663
Effects of restatement on cash and cash equivalents		(601,532,785)	(307,454,184)	-	-
Cash and cash equivalents at end of the period		**799,374,360**	**890,230,851**	**799,374,360**	**198,452,854**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 REPORTING ENTITY

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

The Company is incorporated and domiciled in Zimbabwe, and listed on the Zimbabwe Stock Exchange.

The parent of the Company is Arden Capital (Private) Limited ("Arden"), which owns 57.67% (2019: 57.67%) of the ordinary share capital of the Company.

The Company's registered address is Monomotapa Hotel, Number 54 Park Lane Road, Harare, Zimbabwe.

These condensed consolidated financial statements were approved for issue by the Directors on 18 March 2021.

2 BASIS OF PREPARATION

The condensed consolidated financial statements of the Group have been prepared in compliance with International Financial Reporting Standards ("IFRS") except for "IAS" 21 'The Effects of Changes in Foreign Exchange Rates', the Zimbabwe Stock Exchange Listing Requirements and in the manner required by the Zimbabwe Companies and other Business Entities Act (Chapter 24:31). These condensed financial statements are prepared on the historical cost basis modified by revaluation of property and equipment. For the purposes of fair presentation in accordance with International Accounting Standard ("IAS") 29 Financial Reporting in Hyperinflationary Economies, the historical cost information has been restated for changes in general purchasing power of Zimbabwean dollar ("ZWL") and appropriate adjustments and reclassifications have been made. IAS 29 has also been applied to the consolidated foreign operation financials, contrary to the auditors interpretation of IFRS as detailed in note 5. The restatement has been calculated by means of adjusting factors derived from the Consumer Price Index("CPI") prepared by Zimbabwe National Statistics Agency ("ZimStat"). Accordingly, the inflation adjusted financial statements represents the primary financial statements of the Group. The historical cost financial statements have been provided by way of supplementary information.

3 INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED FINANCIAL STATEMENTS

These inflation adjusted condensed consolidated financial statements for the year ended 31 December 2020 should be read in conjunction with the complete set of financial statements for the year ended 31 December 2020, which have been audited by Deloitte & Touche in accordance with International Standards on Auditing. The auditors issued an adverse opinion, due to the pervasive effects of;

- Non –compliance with International Accounting Standard 21 (IAS21)– "The Effects of Changes in Foreign Exchange Rates" on prior year comparatives, as the Group elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19");
- Non –compliance with International Financial Reporting Standard 13 (IFRS 13)- " Fair Value Measurements" on prior year comparatives and year end balances. The Group used USD valuation reports as a basis to estimate the ZWL value of the property plant and equipment. The method of determining the value of the property plant and equipment was not an accurate reflection of market dynamics and the risk associated with ZWL transactions on a willing buyer, willing seller basis; and
- Non-compliance with International Accounting Standard 29 (IAS29)- " Financial Reporting in Hyperinflationary Economies"- The Group applied the requirements of IAS 29 by restating the consolidated results of the South African foreign subsidiary, to which IAS 29 does not apply.

The Key Audit matters in the audit report are; provision for expected credit losses; and appropriateness of going concern assumption. The Audit opinion has been made available to management and those charged with the governance of African Sun Limited, and is available for inspection at their registered offices. The engagement partner responsible for this audit is Tapiwa S Chizana CA(Z), a member of the Institute of Chartered Accountants Zimbabwe ("ICAZ") Public Practice Certificate Number M2907 and a registered Public Auditor with the Public Accountants and Auditors Board, Public Auditor Certificate Number 0444.

4 GOING CONCERN

The Group achieved a historic low occupancy of 23%, an unprecedented decline of 25 percentage points from 48% recorded in 2019. Resultantly the Group inflation adjusted revenue significantly dropped by 55% compared to same period last year. The decline in occupancy and revenue was mainly due to the emergence and sustained effects of the novel corona virus (COVID-19), which continue to negatively impact both domestic and international travel. While much progress has been made in developing the COVID-19 vaccine and in making safe international travel a possibility, we are aware that the crisis is far from over. Though, the decline in volumes pose a threat to the going concern of the business, the Group has reasonable cash resources and in addition has put in place compensating business survival strategies that range from cost containment, cash preservation to deferment of capital expenditure and 2 undrawn facilities amounting to ZWL312 million split as US$2 million and ZWL150 million. Due to the prevailing COVID-19 uncertainties, these strategies have been factored in our 2021 Group budgets and Group cash flow forecasts as will be discussed in detail below.

Coming from what has been the most challenging year in the history of travel and tourism, the 2021 budget process required management to plan for a wide range of financial performance and cash flow scenarios to try and address the COVID-19 related uncertainties. Management did stress testing of its scenarios, and concluded that, even under the worst case scenario, the Group will continue to operate for the foreseeable future. In the going concern assessment, management considered several possible outcomes for the next 12 months as COVID-19 remains a critical factor in our business. Under the base case scenario management budgeted for a healthy occupancy, while the worst case scenario forecast the Group to close 2021 with an occupancy that approximate and is slightly better than the 2020 occupancy. Despite the second wave, we do not expect 2021 to be worse that 2020 mainly due to the experience the Group gained navigating the effects of COVID-19 first wave in 2020. Due to the evolving nature of the pandemic, the worst case scenario assumed a second wave and for the pandemic to sustain for a better part of first quarter ("Q1") 2021 into second quarter ("Q2"). The worst-case scenario forecasted a reintroduction of stricter travel restrictions which include, in some cases a complete closure of borders, all weighing on the resumption of international travel. The worst-case scenario assumes no vaccine during H1 in 2021. However, governments around the world started the gradual rollout of a COVID-19 vaccine as early as the beginning of January 2021, and this should only improve 2021 recovery prospects. The early global vaccine rollout in our key source markets is expected to help restore consumer confidence contributing to the easing of travel restrictions in the short term and slowly normalising travel during Q2 into Q3 of 2021.

Under the worst case scenario international business is forecasted to gradually start around Q3 2021 with domestic business largely driven by government and non-governmental organisations programs anchoring performance during H1 2021. The recent easing of the lockdown restrictions to level 2, under which interprovincial travel is allowed brings hope to domestic tourism. Compared to the base case scenario, foreign market performance during H1, we expect to see volumes improvement during Q3 going into Q4 2021. In this worst case scenario, we expect COVID-19 to continue impacting the business during H1 2021 putting pressure on the ADR which is forecasted to ease by 19% from the base case scenario as the Group promote rebound business.

As the outbreak continues to evolve, there remains uncertainty surrounding the timing of the key COVID-19 related interventions and the likely impact to the business. The worst case scenario includes among other things certain critical contractual settlements that may fall due within the next 12 months from the signing of these financial statements. Under the worst case scenario, the Group has enough cash resources and 2 undrawn loan facilities to sustain the business for the foreseeable future. At corporate level, the Group continues to implement business contingency plans in response to the ever-evolving situation. In light of the above, the Group has taken the following actions to significantly reduce expenses and preserve liquidity:

- Carving out of and deferment of some capital expenditure programs;
- Engagement with tour operators to defer bookings as opposed to cancellation; a situation that may call for refunds in foreign currency that was already liquidated;
- Agreed a reduced remuneration structures with its employees;
- Reduced our work force to align to volumes of business; and
- Engaged landlords on revised sustainable rental formulas until this phase is gone.

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

5 APPLICATION OF IAS 29 ON CONSOLIDATED ZWL FINANCIALS THAT INCLUDE A FOREIGN OPERATION

African Sun Limited (The Parent) has a foreign subsidiary (African Sun Limited SA Branch). The Parent's functional and reporting currency is the Zimbabwe Dollar ("ZWL"), which also is the Group's presentation currency. The foreign entity's functional and reporting currency is the South African Rand ("ZAR"). The Group's reporting currency (ZWL) is that of a hyperinflationary economy, whilst the foreign entity's functional currency (ZAR) is not of a hyperinflationary economy. On consolidation, the Group initially applies IAS 21 to translate the foreign operation into the reporting currency of the Group. Intra group transactions and balances are appropriately eliminated in line with the guidance of IFRS 3, Business combinations and IFRS 10, Consolidated financial statements.. Subsequent to the initial recognition of the foreign entity's transactions in line with IAS 21 to ZWL for consolidation purposes, the Group then applies IAS 29 to all the consolidated monthly ZWL numbers in line with IAS 29 paragraph 26 and 30 which require the restatement of all statement of comprehensive income numbers in a hyperinflationary currency (ZWL) to current measuring unit at reporting date.

The Auditors have a different technical interpretation of the requirements of IAS 29. Their interpretation contends that the foreign entity should only be accounted for in terms of IAS 21 as stated under IAS 29 paragraph 35. While the interpretation of IAS 29 paragraph 35 appears to specifically exclude the accounting of the foreign operation under IAS 29, our view insists that IAS 29's primary responsibility is to account for hyperinflation effects on historical financial statements in hyperinflationary currencies such as the ZWL. The foreign operation's financial statements are translated to ZWL, the reporting currency of the Group monthly and we apply IAS 29 to the Group's consolidated ZWL numbers subsequently. In addition, it is our considered view that, the auditors' interpretation should be applied to the Group's foreign currency transactions in Zimbabwe for consistency. The Group has significant foreign currency transactions (predominantly in US$) in Zimbabwe. Our view is these transactions and that of the foreign entity are no different as the substance is they are all in a currency that is not hyperinflationary, and are converted to ZWL using the requirements of IAS 21.

The Group's position on the treatment of the foreign entity detailed above was adopted at the initial application of IAS 29 to the Group's financial statements in 2019. Despite the difference in technical interpretation on IAS 29 with the Auditors, the Group also chose to continue applying IAS 29 on the ZWL consolidated numbers in line with IAS 29 para 10; which emphasises the need for consistent application of management's judgement and procedures.

Should the Group adopt the Auditors' technical interpretation and apply IAS 29 to selective ZWL numbers, the effects on the Group's reported numbers would be as detailed below:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 APPLICATION OF IAS 29 ON CONSOLIDATED FOREIGN OPERATION FINANCIALS (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION EXTRACT

	INFLATION ADJUSTED 2020		
All figures in ZWL	31 December 2020 As presented	31 December 2020 Auditors' position	Difference
Equity and liabilities			
Equity attributable to owners of the parent			
Foreign currency translation reserve	1,074,316,377	379,230,451	695,085,926
(Accumulated losses)/retained earnings	(1,183 ,756,417)	(488,670,491)	(695,085,926)

	INFLATION ADJUSTED 2019		
All figures in ZWL	31 December 2019 As presented	31 December 2019 Auditors' position	Difference
Assets			
Non-current assets			
Property and equipment	2,027,728,190	2,025,475,549	2,252,641
Right of use asset	975,283,266	955,633,974	19,649,292
Current assets			
Trade and other receivables	189,808,525	180,923,843	8,884,682
Cash and cash equivalents	890,230,850	588,704,420	301,526,430
Equity and liabilities			
Equity attributable to owners of the parent			
Foreign currency translation reserve	527,070,939	54,037,996	473,032,943
Retained earnings	336,491,391	514,747,123	(178,255,732)
Liabilities			
Non-current liabilities			
Lease liabilities	157,408,516	154,600,589	2,807,927
Deferred tax liabilities	665,729,648	665,640,882	88,766
Current liabilities			
Trade and other payables	801,516,080	771,163,932	30,352,148
Current income tax	38,653,834	34,366,839	4,286,995

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME EXTRACT

	INFLATION ADJUSTED 2020		
All figures in ZWL	31 December 2020 As presented	31 December 2020 Auditors' position	Difference
Profit and loss items			
Other income	153,575,431	148,973,,199	4,602,232
Operating expenses	(1,577,962,160)	(1,559,882,623)	(18,079,537)
Finance income	2,528,689	1,145,183	1,383,506
Finance costs - lease liabilities	(19,131,094)	(18,851,122)	(279,972)
Net monetary loss	(1498,415,778)	(1,289,114,030)	(209,301,748)
Income tax credit/(expense)	350,154,231	350,531,693	(377,462)
Other comprehensive income net of tax:			
Exchange differences on translation of foreign operations	547,245,438	325,192,456	222,052,982

	INFLATION ADJUSTED 2019		
All figures in ZWL	31 December 2019 As presented	31 December 2019 Auditors' position	Difference
Profit and loss items			
Other income	419,573,188	499,634,235	(80,061,047)
Operating expenses	(2,183,082,675)	(2,154,172,044)	(28,910,631)
Finance income	3,645,808	87,784	3,558,024
Finance costs - lease liabilities	(38,309,750)	(37,564,349)	(745,401)
Net monetary (loss)/gain	134,690,152	630,715,113	(496,024,961)
Income tax credit/(expense)	141,207,781	145,592,283	(4,384,502)
Other comprehensive income net of tax:			
Exchange differences on translation of foreign operations	664,160,592	57,592,073	606,568,519

The summarised net effects of the above variances, should the Group adopt the auditors' position is as detailed below;

	INFLATION ADJUSTED	
All figures in ZWL	31 December 2020	31 December 2019
(Decrease)/increase in profit	(222,052 982)	606,568,519
Increase/(decrease) in FCTR-Other comprehensive income	222,052,982	(606,568,519)
Decrease in Equity	-	(294,777,211)
Decrease in assets	-	(332,313,046)
Decrease in liabilities	-	(37,535,835)

From the financial statements extract above, it is the directors' view that should the Group not apply IAS 29 to the consolidated ZWL numbers, the Group will not achieve fair presentation as defined under IAS 1 and the conceptual framework. In addition, the directors are of the view that this renders comparability of the Group's financial statements meaningless. This difference in technical interpretation of IAS 29 is one of the bases for adverse opinion as detailed in the audit opinion.

6 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except for the changes below;

(a) IFRS 16, Leases (Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16)

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.

(a) IFRS 16, Leases (Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16) (continued)

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

The Group benefited from a waiver of lease payments on its South African subsidiary lease as a direct result of the pandemic which did not result in the lease modification. The lessor provided 100% rental and operational cost deferment for the months of April and May 2020. The deferred amount will be repaid over a period of 6 months starting from June 2020 with no interest charged. The waiver of lease payments was ZAR10,462.63 per month. The Group made an election and accounted for any change in lease payments resulting from the COVID-19-related rent concession as if it were not recognised as variable lease payments in the statement of comprehensive income. All other leases were assessed and there were no rent concessions granted in terms of IFRS16 amendment.

(b) Impairment of assets

The Group considered COVID-19 as a trigger of impairment and has assessed the impact of the pandemic on the recoverable amounts of the assets. However, some of the Group's significant assets fall outside the scope of IAS 36, "Impairment of Assets", such as trade receivables, cash and cash equivalents and inventory. All the material classes of assets, namely freehold properties, leasehold properties, equipment and motor vehicles are held under the revaluation model and the carrying amounts are deemed to be fair values. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Plant and equipment was revalued on 31 December 2020, refer to note 7 fair value measurements. The revalued amounts are based on valuations by external independent valuers.

6 ACCOUNTING POLICIES (CONTINUED)

(c) Equity settled share based payment transactions

The Group issued share options to managerial employees. The options are valued at fair value at the date of grant. The fair value determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, and the liability is disclosed in a share options reserve which forms part of equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. The fair value at the grant date was calculated using the Volume Weighted Average Price ("VWAP") for the Group on the Zimbabwe Stock Exchange (ZSE) over a period of 30 days. This strike price was determined after taking into account the expected volatility of the Group's share price.

In terms of the share option rules the options vest 3 years from grant date and may thereafter be exercisable in whole or in part not later than a year from the said vesting date of the option. If the options remain unexercised after a period of four years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest. Each employee share option converts into one ordinary share of African Sun Limited on exercise. The accrued value of employee services is credited to the equity settled share based payments reserve until such time the options are exercised. The value transferred to the share options reserve is amortised to retained earnings as the related share options are exercised or forfeited.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Income taxes

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

(b) Going concern

The Directors assess the ability of the Group and Company to continue operating as a going concern at the end of each financial year. As at 31 December 2020, the Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. Some of the initiatives implemented to ensure the Group improves its profitability and continues as a going concern are discussed under note 4.

(c) Impairment of trade receivables and financial assets

The Group carried out an impairment review on trade receivables' balances as at 31 December 2020 using the simplified impairment approach which uses both historical and forward-looking information as required by IFRS 9. When developing the simplified impairment provisioning matrix, trade receivables ageing and write offs over the past 6 years were used to assess the historical default rates over the expected life of the trade receivables. The historical default rates are adjusted for forward-looking estimates in line with IFRS 9 to determine the average default rate. The forward looking estimates increased as at 31 December 2020 as a result of COVID-19 induced uncertainties and other macro-economic factors.

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

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

(d) Determination of lease terms

The Group leases various office buildings, hotel buildings, golf course, car parks and staff housing. Rental contracts are typically made for fixed periods of two years to fifteen years. Leases for hotel buildings have extension options for renewal at the end of the lease up to five renewals at the option of the Group.

The Group determined that the non-cancellable period of the leases are the original lease terms, together with the periods covered by options to extend the leases that the Group is reasonably certain to extend because of both significant leasehold improvements undertaken, and the importance of the underlying lease assets to the Group's operations.

(e) Valuation of property and equipment

Property and equipment was valued as at 31 December 2020 by Dawn Property Consultancy (Private) Limited ("DPC") in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book") 6th Edition, I international Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards. The valuation basis was based on market comparison method for land and cost approach for freehold property. Both valuation approaches conform to international valuation standards.

Inputs used to value property and equipment are based on unobservable market data (that is, they are classified as unobservable inputs).

Freehold properties (which comprise land and buildings) were valued using the market comparable approach for land and the depreciated replacement cost ("DRC") for hotel buildings. Both valuation basis conform to international valuation standards. The market comparable method compares like with like, extracts data from properties recently sold or on offer similar to those to be valued with the same planning controls. The data is then adjusted for size, quality and location specific to the subject property being valued. The market comparative approach was adopted for the valuation of residential houses.

All the other categories of equipment, excluding capital work in progress (which is carried at cost), were also valued based on the depreciated replacement cost basis as there was no active market for such assets in Zimbabwe during the year. The depreciated replacement cost is derived from current prices drawn from the most recent transactions in an active market of a different nature or similar less active markets, adjusted for contractual, location and inherent differences.

8 FAIR VALUE MEASUREMENTS

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

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

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

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

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

Property and equipment valuation processes

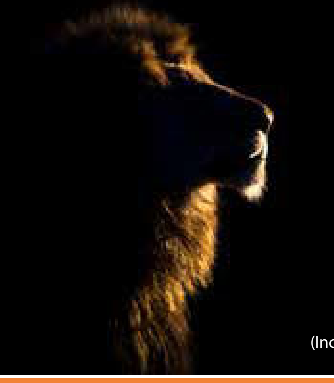
The Group engaged Dawn Property Consultancy (Private) Limited ("DPC") to value its property and equipment excluding services stocks and capital work in progress as at 31 December 2020. The valuation was done in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book") 6th Edition, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards.The different levels of determining the fair values have been defined as follows:

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

There are no level 1 and level 2 assets and there were no transfers between level 1 and level 2 during 2020.

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

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



AFRICAN SUN

LIMITED

(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 INFLATION ADJUSTMENT

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy and be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of the measuring unit current at the end of reporting date. The restatement has been calculated by means of adjusting factors derived from the consumer price index(CPI) prepared by Zimbabwe National Statistics Agency ("ZimStat"). The adjustment factors used to restate the financial statements as at 31 December 2020, using 2019 base year are as follows:

Date	Indices	Adjusting Factor
CPI as at 31 December 2019	551.63	4.4859
CPI as at 31 December 2020	2,474.51	1.00

The indices and adjusting factors have been applied to the historical cost of transactions and balances as follows:

All items in income statement are restated by applying relevant monthly adjusting factors;

The net effect of the inflation adjustments on the net monetary position of the Group is included in the income statement as a monetary loss or gain;

Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date;

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under historical cost convention.

The policies affected are;

Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date;

Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of shareholders equity are restated by applying the relevant monthly adjusting factor;

Inventories are carried at the lower of indexed cost and net realisable value;

Biological assets are carried at the lower of indexed cost and fair value, less estimated point of sale costs;

Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities; and

All items of cash flow statement are expressed in terms of measuring unit current at the reporting date.

The Group's foreign subsidiary's transactions once converted to ZWL, are treated like all other ZWL numbers as described in note 5.

10 FINANCIAL RISK MANAGEMENT

(i) Key Liquidity Risk Disclosures

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

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

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

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

	INFLATION ADJUSTED			
All figures in ZWL	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
As at 31 December 2020				
Liabilities				
Trade and other payables	(781,092,373)	-	-	**(781,092,373)**
Lease liabilities	(4,319,456)	(9,030,363)	(246,529,940)	**(259,879,759)**
Total liabilities	**(785,411,829)**	**(9,030,363)**	**(246,529,940)**	**(1,040,972,132)**
Assets held for managing liquidity risk				
Trade and other receivables	205,686,753	6,191,861	-	**211,878,614**
Cash and cash equivalents	799,374,360	-	-	**799,374,360**
Total assets held for managing liquidity risk	**1,005,061,113**	**6,191,861**	**-**	**1,011,252,974**
Liquidity gap	**219,649,284**	**(2,838,502)**	**(246,529,940)**	**(29,719,158)**
Cumulative liquidity gap	**219,649,284**	**216,810,782**	**(29,719,158)**	**-**
As at 31 December 2019				
Liabilities				
Trade and other payables	(801,516,080)	-	-	**(801,516,080)**
Lease Liabilities	(1,997,659)	(9,988,293)	(147,420,221)	**(159,406,173)**
Total liabilities	**(803,513,739)**	**(9,988,293)**	**(147,420,221)**	**(960,922,253)**
Assets held for managing liquidity risk				
Trade receivables	459,960,831	7,305,590	-	**467,266,421**
Cash and cash equivalents	890,230,850	-	-	**890,230,850**
Total assets held for managing liquidity risk	**1,350,191,681**	**7,305,590**	**-**	**1,357,497,271**
Liquidity gap	**546,677,942**	**(2,682,703)**	**(147,420,221)**	**396,575,018**
Cumulative liquidity gap	**546,677,942**	**543,995,239**	**396,575,018**	**-**

	HISTORICAL COST			
All figures in ZWL	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
As at 31 December 2020				
Liabilities				
Trade and other payables	(781,092,373)	-	-	**(781,092,373)**
Lease liabilities	(4,319,456)	(9,030,363)	(246,529,940)	**(259,879,759)**
Total liabilities	**(785,411,829)**	**(9,030,363)**	**(246,529,940)**	**(1,040,972,132)**
Assets held for managing liquidity risk				
Trade and other receivables	175,818,933	6,191,861	-	**182,010,794**
Cash and cash equivalents	799,374,360	-	-	**799,374,360**
Total assets held for managing liquidity risk	**975,193,293**	**6,191,861**	**-**	**981,385,154**
Liquidity gap	**189,781,464**	**(2,838,502)**	**(246,529,940)**	**(59,586,978)**
Cumulative liquidity gap	**189,781,464**	**186,942,962**	**(59,586,978)**	**-**
As at 31 December 2019				
Liabilities				
Trade and other payables	(178,676,299)	-	-	**(178,676,299)**
Lease Liabilities	(445,324)	(2,226,620)	(32,863,345)	**(35,535,289)**
Total liabilities	**(179,121,623)**	**(2,226,620)**	**(32,863,345)**	**(214,211,588)**
Assets held for managing liquidity risk				
Trade receivables	93,015,373	1,628,583	-	**94,643,956**
Cash and cash equivalents	198,452,854	-	-	**198,452,854**
Total assets held for managing liquidity risk	**291,468,227**	**1,628,583**	**-**	**293,096,810**
Liquidity gap	**112,346,604**	**(598,037)**	**(32,863,345)**	**78,885,222**
Cumulative liquidity gap	**112,346,604**	**111,748,567**	**78,885,222**	**-**

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Key Credit Risk Disclosures

Trade receivables

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

The expected credit loss rates are based on the payment profiles of sales over a period of 60 months.

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

The closing expected credit loss allowances for trade receivables as at 31 December 2020 reconcile to the opening expected credit loss allowances as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
All figures in ZWL	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**
Opening expected credit loss allowance as at 1 January 2020	71,846,606	11,651,686	16,016,255	2,597,428
Increase in expected credit loss allowance recognised in profit or loss during the year	(33,793,243)	60,194,920	22,037,108	13,418,827
As at 31 December	**38,053,363**	**71,846,606**	**38,053,363**	**16,016,255**

Other financial assets at amortised cost

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

11 SEGMENT ANALYSIS

The executive committee assesses the performance of the operating segments based on:

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

Operating segments are made up of four strategic business segments which are;

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

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

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

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

Revenue from contracts with customers

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

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

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

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

The Group does not rely on any one specific customer as none of its customers contribute a minimum of 10% of its revenue.

The segment information provided to the executive committee for the reportable segments is as follows:

	INFLATION ADJUSTED					
All figures in ZWL	**Country and City Hotels**	**Resort Hotels**	**Partnership**	**Supporting business units**	**Inter segments**	**Consolidated**
31 December 2020						
Sale of rooms	675,477,096	228,750,784	57,258,010	-	-	**961,485,890**
Sale of food and beverages	527,256,380	241,907,036	27,378,683	-	-	**796,542,099**
Management fees and commissions	-	-	-	50,365,829	(50,365,829)	**-**
Conferencing	21,775,737	15,890,369	-	-	-	**37,666,106**
Other income	18,721,238	14,576,119	5,569,575	2,144,738	-	**41,011,670**
Revenue from contracts with customers	**1,243,230,451**	**501,124,308**	**90,206,268**	**52,510,567**	**(50,365,829)**	**1,836,705,765**
Gaming	-	-	-	3,246,364	-	**3,246,364**
Revenue	**1,243,230,451**	**501,124,308**	**90,206,268**	**55,756,931**	**(50,365,829)**	**1,839,952,129**
Material items included in profit before tax						
Cost of sales	(311,197,198)	(175,885,577)	(25,988,913)	(1,129,953)	-	**(514,201,641)**
Employee benefit expenses	(135,976,157)	(110,880,525)	(21,377,482)	(94,330,165)	-	**(362,564,329)**
Short term, low value and variable lease expenses	(115,995,291)	(50,016,363)	(8,858,040)	(1,109,187)	-	**(175,978,881)**
Exchange (loss)/gain	(214,224,777)	(138,129,021)	51,104,818	106,318,434	-	**(194,930,546)**
Other information						
EBITDA	**462,234,797**	**(54,655,548)**	**31,083,529**	**(483,613,057)**	**50,365,829**	**5,415,550**
Depreciation	(144,046,430)	(85,862,803)	(31,946,941)	(26,319,481)	-	**(288,175,655)**
Rights of use assets amortisation	(5,295,134)	(454,596)	(62,714)	(2,943,512)	-	**(8,755,956)**
Finance costs - borrowings (net)	(21,819,100)	(26,787,336)	(427,809)	2,956,885	-	**(46,077,360)**
Finance costs - lease liabilities	(16,997,633)	(1,185,957)	(194,829)	(752,675)	-	**(19,131,094)**
Net monetary loss	-	-	-	(1,498,415,778)	-	**(1,498,415,778)**
Profit/(Loss) before income tax	**274,076,500**	**(168,946,240)**	**(1,548,764)**	**(2,009,087,618)**	**50,365,829**	**(1,855,140,293)**
Total assets as at 31 December 2020	**1,615,257,519**	**723,562,805**	**203,239,330**	**975,476,907**	**-**	**3,517,536,561**
Total assets include:						
Additions to non-current assets (other than financial instruments and deferred tax assets):						
- Property and equipment	63,246,032	81,918,695	2,232,663	31,685,256	-	**179,082,646**
Total liabilities as at 31 December 2020	**689,517,162**	**414,647,281**	**35,708,471**	**321,241,650**	**-**	**1,461,114,564**

AUDITED CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 SEGMENT ANALYSIS (CONTINUED)

	INFLATION ADJUSTED (CONTINUED)					
All figures in ZWL	Country and City Hotels	Resort Hotels	Partnership	Supporting business units	Inter segments	Consolidated
31 December 2019						
Sale of rooms	947,630,218	925,391,741	400,848,827	-		**2,273,870,786**
Sale of food and beverages	795,332,158	660,199,247	197,166,301	-		**1,652,697,706**
Management fees and commissions	-	-	-	940,951,703	(940,951,703)	**-**
Conferencing	36,230,538	26,246,602	-	-		**62,477,140**
Other income	22,835,984	54,049,559	19,784,838	-		**96,670,381**
Revenue from contracts with customers	**1,802,028,898**	**1,665,887,149**	**617,799,966**	**940,951,703**	**(940,951,703)**	**4,085,716,013**
Gaming	-	-	-	14,975,657	-	**14,975,657**
Revenue	**1,802,028,898**	**1,665,887,149**	**617,799,966**	**955,927,360**	**(940,951,703)**	**4,100,691,670**
Material expenses						
Cost of sales	(429,171,552)	(328,974,270)	(92,859,379)	(537,832)	-	**(851,543,033)**
Employee benefit expenses	(188,471,955)	(167,683,080)	(32,921,570)	(155,850,405)	-	**(544,927,010)**
Short term, low value and variable lease expenses	(160,190,805)	(179,329,014)	(62,302,541)	(2,012,446)	-	**(403,834,806)**
Exchange gain/(loss)	3,508,690	(98,921,230)	357,350,628	353,912,408	-	**615,850,496**
Other information						
EBITDA	**631,652,325**	**479,401,152**	**664,660,471**	**(976,388,185)**	**940,951,703**	**1,740,277,466**
Depreciation	(165,013,289)	(90,247,834)	(30,301,582)	(15,919,567)	-	**(301,482,272)**
Rights of use assets amortisation	(11,353,781)	(1,603,393)	(471,849)	(3,947,315)	-	**(17,376,338)**
Finance costs - borrowings (net)	-	-	-	(1,522,571)	-	**(1,522,571)**
Finance costs - lease liabilities	(32,289,252)	(4,132,438)	(1,273,068)	(614,992)	-	**(38,309,750)**
Net monetary (loss)/gain	-	-	-	134,690,152	-	**134,690,152**
Profit/(loss) before income tax	**422,996,003**	**383,417,487**	**632,613,972**	**(863,702,478)**	**940,951,703**	**1,516,276,687**
Total assets as at 31 December 2019	**2,027,720,296**	**1,513,903,997**	**649,720,329**	**480,852,783**	-	**4,672,197,405**
Total assets include:						
Additions to non-current assets (other than financial instruments and deferred tax assets):						
- Property and equipment	139,831,593	181,867,606	70,275,477	11,046,979	-	**403,021,655**
Total liabilities as at 31 December 2019	**615,876,675**	**503,541,730**	**93,356,595**	**495,745,396**	**-**	**1,708,520,396**

	HISTORICAL COST					
All figures in ZWL	Country and City Hotels	Resort Hotels	Partnership	Supporting business units	Inter segments	Consolidated
As at 31 December 2020						
Sale of rooms	487,799,009	143,636,795	19,902,666	-	-	**651,338,470**
Sale of food and beverages	378,521,425	129,759,618	10,454,523	-	-	**518,735,566**
Management fees and commissions	-	-	-	21,726,890	(21,726,890)	**-**
Conferencing	14,962,964	5,946,894	-	-	-	**20,909,858**
Other income	15,286,935	8,563,230	2,723,707	2,074,137	-	**28,648,009**
Revenue from contracts with customers	**896,570,333**	**287,906,537**	**33,080,896**	**23,801,027**	**(21,726,890)**	**1,219,631,903**
Gaming	-	-	-	1,535,941	-	**1,535,941**
Revenue	**896,570,333**	**287,906,537**	**33,080,896**	**25,336,968**	**(21,726,890)**	**1,221,167,844**
Material items included in profit before tax						
Cost of sales	(200,504,228)	(97,042,564)	(10,696,053)	(811,401)	-	**(309,054,246)**
Employee benefit expenses	(82,612,201)	(63,172,979)	(11,661,854)	(59,002,016)	-	**(216,449,050)**
Short term, low value and variable lease expenses	(80,593,723)	(28,097,908)	(3,172,724)	(536,548)	-	**(112,400,903)**
Exchange (loss)/gain	(130,412,468)	(82,718,914)	23,707,575	52,018,592	-	**(137,405,215)**
Other information						
EBITDA	**384,779,871**	**(34,903,087)**	**(828,579)**	**(332,749,235)**	**21,726,890**	**38,025,860**
Depreciation	(93,517,991)	(53,140,232)	(18,164,890)	(16,984,090)	-	**(181,807,203)**
Rights of use assets amortisation	(4,275,523)	(248,393)	(38,280)	(1,785,483)	-	**(6,347,679)**
Finance costs - borrowings (net)	(21,818,884)	(26,787,336)	(116,416)	940,922	-	**(47,781,714)**
Finance costs - lease liabilities	(13,795,393)	(649,421)	(102,301)	(403,085)	-	**(14,950,200)**
Profit/(loss) before income tax	**251,372,080**	**(115,728,469)**	**(19,250,466)**	**(350,980,971)**	**21,726,890**	**(212,860,936)**
Total assets as at 31 December 2020	**1,508,909,460**	**675,907,974**	**189,858,115**	**911,251,807**	**-**	**3,285,927,356**
Total assets include:						
Additions to non-current assets (other than financial instruments and deferred tax assets):						
- Property and equipment	84,504,538	95,387,045	2,644,954	27,957,094	-	**210,493,631**
Total liabilities as at 31 December 2020	**675,602,775**	**406,279,741**	**34,987,878**	**286,990,371**	**-**	**1,403,860,765**
31 December 2019						
Sale of rooms	100,624,973	105,092,281	41,735,523	-	-	**247,452,777**
Sale of food and beverages	88,043,278	73,789,374	20,366,356	-	-	**182,199,008**
Management fees and commissions	-	-	-	11,239,033	(11,239,033)	**-**
Conferencing	4,110,194	3,496,255	-	-		**7,606,449**
Other income	2,765,644	5,941,949	2,008,710	-	-	**10,716,303**
Revenue from contracts with customers	**195,544,089**	**188,319,859**	**64,110,589**	**11,239,033**	**(11,239,033)**	**447,974,537**
Gaming	-	-	-	1,251,081	-	**1,251,081**
Revenue	**195,544,089**	**188,319,859**	**64,110,589**	**12,490,114**	**(11,239,033)**	**449,225,618**
Material expenses						
Cost of sales	(48,058,499)	(38,010,728)	(9,962,417)	(57,205)	-	**(96,088,849)**
Employee benefit expenses	(20,070,339)	(19,174,310)	(3,661,512)	(16,199,131)	-	**(59,105,292)**
Short term, low value and variable lease expenses	(18,189,307)	(20,252,452)	(6,403,882)	(197,845)	-	**(45,043,486)**
Exchange (loss)/gain	(2,839,099)	(4,678,625)	27,754,696	20,516,513	-	**40,753,485**
Other information						
EBITDA	**64,093,589**	**59,435,568**	**58,238,330**	**(19,664,662)**	**11,239,033**	**173,341,858**
Depreciation	(10,161,940)	(5,769,835)	(1,876,235)	(1,978,066)	-	**(19,786,076)**
Rights of use assets amortisation	(874,768)	(134,007)	(40,263)	(282,955)	-	**(1,331,993)**
Finance costs - borrowings (net)	-	-	-	186,648	-	**186,648**
Finance costs - lease liabilities	(2,384,274)	(346,149)	(107,431)	(33,816)	-	**(2,871,670)**
Profit/(loss) before income tax	**50,672,607**	**53,185,577**	**56,214,401**	**(21,772,851)**	**11,239,033**	**149,538,767**
Total assets as at 31 December 2019	**348,172,850**	**259,947,227**	**111,561,234**	**82,565,573**	-	**802,246,884**
Total assets include:						
Additions to non-current assets (other than financial instruments and deferred tax assets):						
- Property and equipment	18,829,284	25,052,651	3,122,560	1,449,550	-	**48,454,045**
Total liabilities as at 31 December 2019	**119,832,978**	**97,975,629**	**18,164,674**	**96,458,674**	**-**	**332,431,955**

12 PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED						
All figures in ZWL	Freehold properties	Leasehold properties	Equipment	Service Stocks	Motor vehicles	Capital work in progress	Total
Year ended 31 December 2019							
Opening net book amount	142,308,226	98,125,126	576,758,849	23,320,792	29,589,613	53,972,388	**924,074,994**
Additions	-	27,879,131	122,151,477	143,471,995	14,394,550	95,124,502	**403,021,655**
Foreign exchange difference	-	-	1,721,169	-	-	-	**1,721,169**
Disposals Cost	-	-	(17,680,248)	-	(14,031,556)	-	**(31,711,804)**
Accumulated depreciation on disposals	-	-	11,170,924	-	6,808,192	-	**17,979,116**
Revaluation - Cost	395,211,777	190,660,935	1,153,292,947	-	59,615,413	-	**1,798,781,072**
Revaluation - Accumulated depreciation	(227,265,268)	(26,851,966)	(555,110,702)	-	24,572,196	-	**(784,655,740)**
Depreciation and usage - current year	(4,841,981)	(34,518,706)	(108,876,193)	(140,230,754)	(13,014,638)	-	**(301,482,272)**
Closing net book amount	**305,412,754**	**255,294,520**	**1,183,428,223**	**26,562,033**	**107,933,770**	**149,096,890**	**2,027,728,190**
As at 31 December 2019							
Cost	558,112,215	543,720,648	2,454,413,994	197,936,252	112,382,926	149,096,890	**4,015,662,925**
Accumulated depreciation and impairment	(252,699,461)	(288,426,128)	(1,270,985,771)	(171,374,219)	(4,449,156)	-	**(1,987,934,735)**
Net book amount	**305,412,754**	**255,294,520**	**1,183,428,223**	**26,562,033**	**107,933,770**	**149,096,890**	**2,027,728,190**
Year ended 31 December 2020							
Opening net book amount	305,412,754	255,294,520	1,183,428,223	26,562,033	107,933,770	149,096,890	**2,027,728,190**
Additions	19,112,046	5,231,300	49,234,971	8,812,987	38,017,401	58,673,941	**179,082,646**
Transfers in/out	-	77,230,236	41,832,359	-	-	(119,062,595)	**-**
Foreign exchange difference	-	-	(1,276,620)	-	-	-	**(1,276,620)**
Disposals Cost	-	-	(19,032,749)		(7,816,475)	-	**(26,849,224)**
Accumulated depreciation on disposals	-	-	11,263,962	-	347,969	-	**11,611,931**
Revaluation - Cost	37,030,140	(87,677,889)	(255,086,536)	-	2,997,049	-	**(302,737,236)**
Revaluation - Accumulated depreciation	3,932,465	122,933,459	217,002,648	-	21,810,196	-	**365,678,768**
Depreciation and usage - current year	(4,935,903)	(69,706,282)	(168,007,176)	(21,189,438)	(24,336,856)	-	**(288,175,655)**
Closing net book amount	**360,551,502**	**303,305,344**	**1,059,359,082**	**14,185,582**	**138,953,054**	**88,708,236**	**1,965,062,800**
As at 31 December 2020							
Cost	614,254,401	538,504,295	2,270,085,419	206,749,239	145,580,901	88,708,236	**3,863,882,491**
Accumulated depreciation and impairment	(253,702,899)	(235,198,951)	(1,210,726,337)	(192,563,657)	(6,627,847)	-	**(1,898,819,691)**
Net book amount	**360,551,502**	**303,305,344**	**1,059,359,082**	**14,185,582**	**138,953,054**	**88,708,236**	**1,965,062,800**

	HISTORICAL COST						
All figures in ZWL	Freehold properties	Leasehold properties	Equipment	Service Stocks	Motor vehicles	Capital work in progress	Total
Year ended 31 December 2019							
Opening net book amount	3,680,557	2,627,659	15,281,602	609,502	803,578	1,128,585	**24,131,483**
Additions	-	5,707,996	16,627,641	3,500,316	1,841,550	20,776,542	**48,454,045**
Foreign exchange difference	-	-	176,432	-	-	-	**176,432**
Disposals Cost	-	-	(1,233,307)	-	(978,788)	-	**(2,212,095)**
Accumulated depreciation on disposals	-	-	779,241	-	474,914	-	**1,254,155**
Revaluation - Cost	120,198,907	106,960,513	499,999,160	-	22,790,353	-	**749,948,933**
Revaluation - Accumulated depreciation	(55,231,346)	(54,217,796)	(255,380,395)	-	551,456	-	**(364,278,081)**
Depreciation and usage - current year	(564,618)	(4,167,378)	(12,730,150)	(901,782)	(1,422,147)	-	**(19,786,076)**
Closing net book amount	**68,083,500**	**56,910,994**	**263,520,224**	**3,208,036**	**24,060,916**	**21,905,127**	**437,688,796**
Year ended 31 December 2020							
Cost	123,879,464	115,296,168	530,851,528	4,109,818	24,456,692	21,905,127	**820,498,797**
Accumulated depreciation and impairment	(55,795,964)	(58,385,174)	(267,331,304)	(901,782)	(395,777)	-	**(382,810,001)**
Net book amount	**68,083,500**	**56,910,994**	**263,520,224**	**3,208,036**	**24,060,915**	**21,905,127**	**437,688,796**
Year ended 31 December 2020							
Opening net book amount	68,083,500	56,910,994	263,520,225	3,208,036	24,060,915	21,905,126	**437,688,796**
Additions	15,128,303	65,968,478	57,809,222	4,956,575	13,792,009	52,839,044	**210,493,631**
Transfers in/out	-	13,100,434	6,025,093	-	-	(19,125,527)	**-**
Foreign exchange difference	-	-	800,013	-	-	-	**800,013**
Disposals	-	(18,297)	(6,465,570)	-	(3,196,538)	-	**(9,680,405)**
Accumulated depreciation on disposals	-	18,297	3,940,146	-	77,585	-	**4,036,028**
Revaluation - cost	474,710,097	338,306,020	1,668,571,800	-	109,762,151	-	**2,591,350,068**
Revaluation - accumulated depreciation	(194,710,780)	(122,987,683)	(823,385,290)	-	11,398,475	-	**(1,129,685,278)**
Depreciation and usage - current year	(2,659,620)	(47,992,904)	(111,456,566)	(2,756,596)	(16,941,517)	-	**(181,807,203)**
Closing net book amount	**360,551,500**	**303,305,339**	**1,059,359,073**	**5,408,015**	**138,953,080**	**55,618,643**	**1,923,195,650**
As at 31 December 2020							
Cost	614,254,400	538,504,292	2,270,455,780	8,164,609	145,580,627	55,618,643	**3,632,578,351**
Accumulated depreciation and impairment	(253,702,900)	(235,198,953)	(1,211,096,707)	(2,756,594)	(6,627,547)	-	**(1,709,382,701)**
Net book amount	**360,551,500**	**303,305,339**	**1,059,359,073**	**5,408,015**	**138,953,080**	**55,618,643**	**1,923,195,650**

AFRICAN SUN

LIMITED

(Incorporated in Zimbabwe on 2 July 1971 under Company Registration Number 643/71)

AUDITED CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 PROVISIONS FOR OTHER LIABILITIES

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

The provisions balance is made up of the following:

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**
Leave pay	(2,730,473)	4,393,555	(2,730,473)	979,424
Contractual claims	31,893,502	27,520,890	31,893,502	6,135,037
Claims from former employees	2,305,295	3,749,220	2,305,295	835,787
Other	56,784,709	7,550,996	56,784,709	1,683,290
	88,253,033	**43,214,661**	**88,253,033**	**9,633,538**

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

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

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

(d) Other
This amount include provision for exit costs from all foreign entities and interest on contractual obligations.

14 EXPENSES BY NATURE

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**
Inventory recognised in cost of sales	170,776,529	300,160,686	108,905,580	34,415,247
Outside laundry in cost of sales	12,461,195	20,678,144	7,417,368	2,422,251
Employee costs in costs of sales	223,095,765	344,764,920	129,134,739	37,815,488
Other cost of sales	107,868,152	185,939,283	63,596,559	21,435,863
Cost of sales	**514,201,641**	**851,543,033**	**309,054,246**	**96,088,849**
Employee costs in operating expenses	372,851,474	544,927,010	224,492,718	59,105,294
Equity settled share based payments	10,287,146	-	8,043,669	-
Depreciation, usage and amortization	288,175,654	301,482,278	181,807,203	19,786,076
Short term, low value and variable lease expenses	175,978,880	157,347,917	112,400,902	44,938,775
Repairs and maintenance	86,743,858	130,617,907	56,822,250	14,054,799
Sales and marketing	66,080,767	157,347,917	35,983,408	17,889,852
Other expenses	577,844,381	891,359,646	333,204,806	63,196,563
Operating expenses	**1,577,962,160**	**2,183,082,675**	**952,754,956**	**218,971,359**
Total cost of sales and operating expenses	**2,092,163,801**	**3,034,625,708**	**1,261,809,202**	**315,060,208**

15 INCOME TAX CREDIT/(EXPENSE)

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**
Income tax credit/(expense) is made of the following;				
Current income tax expense	(5,469,837)	(388,772,393)	(4,513,161)	(38,264,294)
Deferred tax credit/(charge)	355,624,068	(288,476,385)	145,720,942	(4,819,450)
Income tax credit/(expense)	**350,154,231**	**(677,248,778)**	**141,207,781**	**(43,083,744)**

16 (LOSS)/ EARNINGS AND NET ASSET VALUE PER SHARE

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**
i) (Loss)/ earnings per share				
Basic and diluted (loss)/earnings per share (ZWL cents)	(174.64)	97.36	(8.31)	12.35
Headline (loss)/earnings per share (ZWL cents)	(173.81)	97.95	(7.91)	12.43
Reconciliation of (loss)/earnings used in calculating earnings per share is as follows;				
(Loss)/earnings attributable to owners of the parent	(1 504 986 062)	839 027 909	(71 653 155)	106 455 023
Adjustments for;				
Loss from disposal of property and equipment	7 114 668	5 081 672	3 529 457	691 391
Headline (loss)/earnings attributable to owners of the parent	**(1 497 871 394)**	**844 109 581**	**(68 123 698)**	**107 146 414**
Weighted average number of shares used as the denominator is as follows;				
Number of shares in issue	861,771,777	861,771,777	861,771,777	861,771,777
Weighted average number of shares in issue for earnings and net asset value per share	861,771,777	861,771,777	861,771,777	861,771,777
(ii) Net assets value and net tangible asset value per share				
Net asset value per share (cents)	**238.63**	**343.91**	**218.40**	**54.52**
Net tangible asset value per share (cents)	**238.63**	**343.91**	**218.40**	**54.52**
Net asset value as per statement of financial position	2,056,421,997	2,963,677,009	1,882,066,591	469,814,929

17 OTHER RESERVES

17.1 Equity settled share based payments reserve

In terms of the Group's share option scheme summarised under note 5(c), options were granted on 19 March 2020. The estimated fair value of the options granted was ZWL0.28. The Group recognised total expenses of ZWL 8 043 669 in respect of share options granted. The options granted vest after 3 years and, accordingly, the fair value will be amortised over those periods. The fair value at the grant date was determined by the indpendent broker based on the Volume Weighted Average Price ("VWAP") for the Group on the Zimbabwe Stock Exchange (ZSE). The share options exercise price is US$0.03 per share.

Movements in Share Options during the year;

		INFLATION ADJUSTED		HISTORICAL	
	Number of share options	**As at 31 December 2020 Audited ZWL**	**As at 31 December 2019 Audited ZWL**	**As at 31 December 2020 Audited ZWL**	**As at 31 December 2019 Audited ZWL**
Outstanding at the beginning of the year	-	-	-	-	-
Granted during the year	7,540,503	10,287,146	-	8,043,669	-
Outstanding at the end of the year	**7,540,503**	**10,287,146**	**-**	**8,043,669**	**-**

All options expire, if not exercised four years after the date of grant.

17.2 Foreign currency translation reserve ("FCTR")

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

Movements in FCTR during the year

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**
Balance at the beginning of the year	527,070,939	(137,089,653)	54,037,995	(3,554,078)
Recognised during the year	547,245,438	664,160,592	325,192,458	57,592,073
Balance at the end of the year	**1,074,316,377**	**527,070,939**	**379,230,453**	**54,037,995**

17.3 Revaluation reserve

The revaluation reserve relates to revaluations of property and equipment of the Group. The Group changed its accounting policy relating to subsequent measurement of property and equipment from the cost model to the revaluation model with effect from 30 June 2019. This was mainly because on the date of change in functional currency all balances were deemed to be ZWL balances at par with US$ resulting in the Group's property and equipment which were predominately acquired in foreign currency being grossly undervalued. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Increases in the carrying amount arising on the revaluation of property and equipment is credited to a revaluation reserve in shareholder's equity.

Movements in revaluation reserve during the year

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**
Balance at the beginning of the year	796,731,381	-	294,163,180	-
Recognised during the year	55,460,212	796,731,381	1,155,666,909	294,163,180
Balance at the end of the year	**852,191,593**	**796,731,381**	**1,449,830,089**	**294,163,180**

18 CAPITAL COMMITMENTS

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**
Authorised by Directors and contracted for	9,588,252	-	9,588,252	-
Authorised by Directors, but not contracted for	1,088,215,681	5,058,399,113	1,088,215,681	1,127,621,907
	1,097,803,933	**5,058,399,113**	**1,097,803,933**	**1,127,621,907**

Capital commitments relate mainly refurbishments and acquisition of other items of property and equipment and will be financed mainly from normal operating cash flows.

19 KEY RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions with related parties

(i) Operating lease rentals payable to Dawn Properties
African Sun Limited leases seven of its hotels from Dawn Properties Limited ("Dawn"). The two entities have one common major shareholder; Arden Capital Management (Private) Limited ("Arden") which holds 66.81% (2019: 66.81%) of the issued share capital of Dawn.

The Group was charged ZWL112 million (Restated) (2019 : ZWL75 million (Restated)) by Dawn Properties Limited. All leases with Dawn are at arms length.

(b) Balance arising from transactions with related parties

	INFLATION ADJUSTED		HISTORICAL	
All figures in ZWL	**As at 31 December 2020 Audited**	**As at 31 December 2019 Audited**	**As at 31 December 2020 Reviewed**	**As at 31 December 2019 Audited**
Payables to related parties				
Payables to Dawn	114,902,227	220,029,020	75,998,200	24,578,572
Payables to Arden Capital	-	937,714	-	40,256
	114,902,227	**220,966,734**	**75,998,200**	**24,618,828**

The payables to Dawn arose from lease rentals and valuation consultancy fees and are due one month after billing.

All balances due to and from related parties are unsecured.

20 EVENTS AFTER REPORTING DATE

20.1 Dawn Properties Limited ("DPL") transaction update

Acquisition of 91,17% of DPL
The Company made an offer to the shareholders of DPL to acquire all the issued ordinary shares in DPL, based on 1 issued ASL ordinary share for every 3,98 DPL issued ordinary shares ("the Original Offer"). Pursuant to the Original Offer, DPL Shareholders holding 2,240,283,488 ordinary shares in DPL, representing 91.17% of the DPL issued ordinary shares accepted the Original Offer and surrendered their shares to the Company on 20 January 2021. In terms of IFRS 3, on this date the Company acquired control considering that 91.17% is a controlling interest interms of the Zimbabwe Companies and other Business Entities Act (Chapter 24:31). On this date the Company being the acquirer has significant influence and can effect changes in DPL's operations..

African Sun Limited's intention to acquire the remaining shares
DPL Shareholders holding 216,888,620 ordinary shares in DPL, representing 8.83% of the DPL issued ordinary shares ("Remaining Shares") did not accept the Original Offer. In terms of section 238 (1) of the Companies and Other Business Entities Act [Chapter 24:31] ("the COBE"), the Company notified the holders of the Remaining Shares of its intention to acquire the Remaining Shares within a period of 120 days from the date of the squeeze out notice published on 25 January 2021, on the same terms that applied to the shares whose holders accepted the Original Offer. The Remaining Shares will be acquired via a Tag Along in terms of Section 239 of the COBE or Drag Along in terms of section 238(2) of the COBE.

20.2. COVID-19 induced lockdowns

The Group's steady recovery in Q4 2020 took a dip at the beginning of 2021 as globally countries tightened travel restrictions in response to a different strain of the Covid-19 virus and surging new cases (second wave). The Zimbabwe government responded by implementing a second lockdown at the beginning of the year. The lockdown was lifted at the end of February 2021. Unlike in the first lockdown, our hotels continued to operate albeit at depressed occupancies. Since the easing of the second lockdown, the Group achieved 24% occupancy in March 2021, an improved performance relative to other months since June 2020. We remain cautiously optimistic for the rest of the year on the back of local and international vaccine rollout programmes.

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Independent Auditor's Report on the Audit of Inflation Adjusted Consolidated Financial Statements
To the Shareholders of African Sun Limited

Introduction

We have audited the accompanying inflation adjusted consolidated financial statements of African Sun Limited and its subsidiaries (the "Group") set out on pages 10 to 62, which comprise the inflation adjusted statement of financial position as at 31 December 2020, the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity, and the inflation adjusted statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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 financial position of the group 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 the requirements of the Companies Act and Other Business Entities Act of Zimbabwe (Chapter 24:31).

Basis for Adverse Opinion

Impact of application of International Accounting Standard (IAS 29) "Financial Reporting in Hyperinflationary Economies" on consolidating the South African Foreign Subsidiary.

The Group applied the requirements of IAS 29 by restating the consolidated results of the South African foreign subsidiary, to which IAS 29 does not apply in the current and comparative years. The financial statements of foreign subsidiaries that do not report in the currencies of hyperinflationary economies should be translated in accordance with International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates", including comparatives. The reasons for a different accounting treatment have been outlined in note 2.1.3. The effects of the misstatement on the various line items disclosed in note 2.1.3 would be material individually and pervasive in aggregate on the financial statements.

Impact of incorrect date of application of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" on comparative financial information and retained income

The Group did not comply with IAS 21 in the prior financial period, as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19"). Had the assessment required by IAS 21 occurred in the correct period from 1 October 2018, the adjustments that were recognised in the comparative 2019 period would have been materially different. Therefore, the departure from the requirements of IAS 21 were pervasive in the prior period. The misstatements in the historical comparative information impacted the determination of the inflation adjusted amounts as is required in the application of IAS 29 in prior years. The financial effects on the inflation adjusted consolidated financial statements of this departure were not determined. Furthermore, our opinion on the current period's financial results is modified because of the possible effects of the matter on the retained income and the comparability of the current period's financial results with that of the prior year.

Basis for Adverse Opinion (continued)

Reliability of ZWL valuation of Property, Plant and Equipment based on attributes of Market participants as prescribed in IFRS 13 ''Fair Value Measurements''.

As set out in note 8 to the inflation adjusted financial statements, the Group performed a revaluation of Property, Plant and Equipment as at 31 December 2020, that amounts to ZWL 1 965 million (2019: ZWL 2 028 million). The Group engaged professional valuers to determine fair values in USDs, and management subsequently determined the ZWL equivalent fair values by translating those USD valuations using the closing ZWL/USD auction exchange rate as at 31 December 2020.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. While we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD auction exchange rate in the determination of the final ZWL fair valuations presented.

IFRS 13 requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

We were therefore unable to obtain sufficient evidence to support the appropriateness of simply applying the closing ZWL/USD auction exchange rate in determining the ZWL fair value of Property, Plant and Equipment, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of Property, Plant and Equipment in ZWL. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZWL valuations of Property, Plant and Equipment to the auction exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of Property, Plant and Equipment reflects the implications on market dynamics of the auction exchange rate.

Consequently, we were unable to obtain sufficient evidence to support the appropriateness of the property, plant and equipment balances, as well as that of depreciation, revaluation reserve, and the related deferred tax impact.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the 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

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

Key Audit Matter	How the matter was addressed in the audit
Provision for Expected Credit Losses	
As disclosed in Note 3.1, the provision for expected credit losses amounted to ZWL$ 38,053 million (2019: $71,846 million) for the year ended 31 December 2020. 42% (2019: 22%) of the trade receivables were in the +120day category. The Group, which uses a lifetime Expected Credit Loss (ECL) for trade receivables, applied the Simplified approach in determining the (ECL) in trade receivables. Most of the long outstanding amounts related to Tour Operators, whose cash flows have been adversely impacted by the economic effects of the Covid-19 pandemic. Significant judgement is required by the directors in assessing the provision for credit losses, which is determined with reference to the historical loss rates adjusted for by forward looking information. Accordingly, for the purposes of our audit, we identified the provision for expected credit losses as representing a significant risk of material misstatement.	In evaluating the provision for expected credit losses (ECL), we reviewed the provision for credit losses calculations prepared by management, with a particular focus on the forward-looking information and taking into account the impact of COVID 19. We performed various procedures, including the following: • Tested the design and implementation of controls with respect to the determination of the provision for expected credit losses; • Tested the completeness of trade and other receivables included in the ECL calculation; • Evaluated and tested relevant inputs and assumptions used in each stage of the ECL calculation; • Assess the reasonability of forward-looking information used by management; • Reviewed and challenged the judgements and decisions made by management in estimating the expected credit losses to identify whether indicators of possible management bias exists; • Evaluated whether management's current modelling approach is appropriate; • Tested the ageing of trade receivables, through review of payment trends on a sample basis, to ensure that they are properly aged; and • For identified long outstanding trade receivables, inspected documentation to ascertain the recovery of amounts from the customers. Based on the audit procedures performed the allowance for credit losses was determined to be appropriate.

Key Audit Matter	How the matter was addressed in the audit
Going Concern	
There is an unprecedented level of economic uncertainty arising from the impact of the COVID-19 pandemic. Assessing the impact of the outbreak of the pandemic on the appropriateness of the going concern assumption, under which the consolidated financial statements have been prepared, resulted in considerable focus and time being spent by both the directors and the audit team. • The Group made a net loss of ZWL 1,5 billion for the ended 31 December 2020 (2019 profit: 839 million), and as of that date, the Group's current assets exceeded its current liabilities by ZWL 272 million (2019 :760 million) •The Group is predominantly tourism-based business, which has been adversely affected by the Covid 19 pandemic. •The Group has successfully established capital facilities amounting to USD 2 million, which would be strengthened by a further government supported tourism sector relief facility of ZWL 150 million which agreement has been signed. Given the inherent uncertainty associated with the COVID 19 pandemic, it is currently difficult to determine a reasonable worst-case scenario. Accordingly, management modelled a range of scenarios. The directors have assessed the ability of the Group and Company to continue as a going concern and are of the view that the preparation of these financial statements on a going concern basis is appropriate. The judgements applied with respect to reaching the director's going concern conclusion are disclosed in Accounting Policy Note 2.1.2 to the annual financial statements. As a result of the uncertainty of the impact of the COVID-19 pandemic on the Group, and the judgement required to conclude on going concern, we identified this as a key audit matter.	We reassessed our risk assessment on going concern and took into account the additional considerations of the impact of the COVID 19 pandemic on the Group and Company when assessing the going concern conclusion. In evaluating the directors' judgements in determining whether there are material uncertainties which may cast doubt on the Group's ability to continue as a going concern, the following procedures were performed: • We tested the design and implementation of controls with respect to the going concern assessment and judgements applied; • We reviewed board minutes for meetings held during the year ended 31 December 2020 and subsequent to year end, to identify any matters that may affect the going concern of the Group; • We performed a ratio analysis to evaluate the entity's liquidity and solvency positions as at 31 December 2020; • We inquired of management's plans for future actions in respect of going concern, including, for example, enquiries about their plans to liquidate assets, borrow money or restructure debts, reduce or defer expenditures, or increase capital, in order to establish whether they are feasible and likely to improve the situation; • We performed procedures to test the accuracy and completeness of the cashflow projections • We inspected cash flow forecasts, challenged the reasonableness of the scenarios identified and key assumptions underlying the forecasts as well as the stress tests prepared by management; • We obtained written representations from management regarding their future action plans and the feasibility of the plans; • We inquired with the Group's legal advisers regarding the existence of litigation and claims and the reasonableness of management's assessments of their outcome and estimate of their financial implications; and • We recomputed the accuracy of liquidity assessments and interrogated the working capital assumptions embedded in the cashflow forecasts.

Key Audit Matter	How the matter was addressed in the audit
Going Concern (continued)	
	• We examined signed loan agreements for the undrawn banking facilities and ensured that the forecasted cash outflows were modelled in line with legal obligations and repayment of loan facilities • We performed review of subsequent events to identify factors that otherwise mitigate or affect the Group's ability to continue as a going concern. • We examined the disclosures in the financial statements with respect to going concern to ensure that reasonable information is disclosed concerning managements judgements and assumptions. Notwithstanding the existing uncertainties emanating from the COVID 19 pandemic, the going concern assumption was deemed to be appropriately applied in the preparation of the financial statements.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an adverse conclusion on those statements on 03 July 2020.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, as required by the Companies and Other Business Entities Act (Chapter 24:31), the historic cost financial information and the inflation adjusted Company Statement of financial position, which we obtained prior to the date of this auditor's report. The other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have concluded that the other information is materially misstated for the same reasons set out in the Basis for Adverse opinion section above.

Responsibilities of the directors for the inflation adjusted consolidated financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31) and relevant statutory instruments and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the inflation adjusted consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Auditor’s responsibilities for the audit of the inflation adjusted consolidated financial statements (continued)

We also provide those charged with governance 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.

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

Deloitte & Touche

DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS (ZIMBABWE)

PER: TAPIWA CHIZANA
PARTNER
REGISTERED AUDITOR
PAAB PRACTICE CERTIFICATE NUMBER: 0444

15 APRIL 2021