ZECO HOLDINGS LIMITED
We're building the future
Registered Office:
Stand 7753, Corner Canberra Road / Greenock Road, Workington, Harare, Zimbabwe

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 2020

Chairman's Statement

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

Operating overview
The Zimbabwean economy during the year under review was affected by Covid-19 pandemic and lockdowns reducing all business activities which were already being affected by the already inflationary environment. Restrictions experienced under lockdowns curtailed businesses and the movement of people was severely constrained. Businesses were operating short hours thus significantly scaling down operations as the country followed strict WHO guidelines which included social distancing.

Performance review
The group recorded revenues of ZWL 4.155 million (inflation adjusted $6.496 m) for the year ended December 31, 2020 as compared to ZWL1.939 million (inflation adjusted $19.954m) in 2019. The group recorded a loss of ZWL 3.153 million (Inflation adjusted +$23.486 million) as compared to a loss of ZWL$67.871 million (inflation adjusted +$1 129.587 m) the previous year. Total assets were ZWL 1 304.143 million (Inflation adjusted $1 047.153m) as at 31 December 2020.

Please note that the group has not declared a dividend for the period.

Delward Engineering T/A ZECO
The group subsidiary based in Bulawayo rely on infrastructure projects for its core business activities. Due to the challenging economic environment, no major projects were undertaken during the period under review.

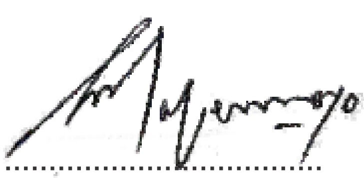
Crittall Hope
Crittall Hope operates in the construction sector and its performance was subdued by lockdowns and suspension of most construction work. Positive performance is expected this year due to the country reopening and resuscitation of projects.

Outlook

The operating environment and macro-economic conditions remain subdued with uncertainty due to the COVID-19 and envisaged new waves of the pandemic. However positive moves are happening in the industry as new projects are being resuscitated thus positively impacting demand for our products. The envisaged bumper harvest is expected to help reduce imports and stabilize prices and with it, raw materials.

Despite challenging operating circumstances, we believe the business will continue to thrive based on our dedicated staff and unrelenting desire to continuously improve. The company will pursue new strategic directions in order to preserve and enhance shareholder value.

Acknowledgments
On behalf of the board, I would like to thank all ZECO stakeholders, Management and Staff for their continued invaluable support. **We apologize for the late publication of these results which was due to Covid-19 related issues.**



Dr Eng. B. Rafemoyo
Chairman

Statement of Financial Position
As at December 31, 2020

	Note	INFLATION ADJUSTED 2020 ZWL$	INFLATION ADJUSTED 2019 ZWL$	HISTORICAL 2020 ZWL$	HISTORICAL 2019 ZWL$
Assets					
Non-current assets					
Property, plant and equipment	25	183,003,537	897,003,489	537,285,583	230,678,641
Deferred tax		29,916	134,323	29,916	29,916
Total non-current assets		**183,033,453**	**897,137,812**	**537,315,499**	**230,708,557**
Current assets					
Inventory	10	1,391,348	3,601,713	1,391,348	802,163
Trade and other receivables	11	143,399	3,322,795	143,399	740,044
Related party receivable	12	13,641	61,248	13,641	13,641
Financial assets at fair values	13	5,726	25,710	5,726	5,726
Cash and cash equivalents	14	185,285	1,355,236	185,285	301,834
Total current assets		**1,739,399**	**8,366,702**	**1,739,399**	**1,863,408**
Assets of discontinued operations	20	862,380,269	417,021,178	765,088,469	92,877,768
Total assets		**1,047,153,121**	**1,322,525,692**	**1,304,143,367**	**325,449,734**
Equity and liabilities					
Equity					
Derived Equity		333,055,748	333,055,748	11,967,508	11,967,508
Revaluation reserve		-	-	976,707,419	286,707,678
Retained earnings		621,852,368	598,369,216	223,223,436	(60,330,291)
Total equity		**954,908,116**	**931,424,964**	**1,211,898,363**	**238,344,895**
Non current liabilities					
Shareholders loan	18	28,320	383,194	28,320	85,344
Deferred tax	19	26,400,875	247,006,224	26,400,875	55,012,522
Related party payables	12	1,033,544	4,640,611	1,033,544	1,033,544
Total non current liabilities		**27,462,739**	**252,030,029**	**27,462,739**	**56,131,410**
Current liabilities					
Trade and other payables	15	8,300,952	28,497,159	8,300,952	6,346,806
Related party payables	12	776	3,485	776	776
Total current liabilities		**8,301,728**	**28,500,644**	**8,301,728**	**6,347,582**
Liabilities associated with discontinued operations		56,480,537	110,570,055	56,480,537	24,625,847
Total equity and liabilities		**1,047,153,121**	**1,322,525,692**	**1,304,143,367**	**325,449,734**

Statement of profit or loss and other comprehensive income
As at December 31, 2020

	Note	INFLATION ADJUSTED 2020 ZWL$	INFLATION ADJUSTED 2019 ZWL$	HISTORICAL 2020 ZWL$	HISTORICAL 2019 ZWL$
Income					
Revenue	5	6,496,782	19,954,359	4,155,225	1,939,199
Cost of sales	6	(671,950)	(2,882,601)	(450,973)	(280,136)
Gross profit		**5,824,833**	**17,071,757**	**3,704,252**	**1,659,063**
Other income	7	124,513	1,984,623	53,972	192,869
Operating profit		**5,949,346**	**19,056,380**	**3,758,224**	**1,851,932**
Expenditure					
Administration costs	8	(11,788,755)	(18,656,306)	(7,479,106)	(1,813,052)
Total expenditure		**(11,788,755)**	**(18,656,306)**	**(7,479,106)**	**(1,813,052)**
Loss before tax		**(5,839,409)**	**400,074**	**(3,720,882)**	**38,880**
Income tax		**-**	**(481,743,382)**	**-**	**(46,816,655)**
Loss for the year from continuing operations		**(5,839,409)**	**(481,343,308)**	**(3,720,882)**	**(46,777,775)**
Discontinued operations					
Profit/(loss) for the year from discontinued operations		**373,286**	**(217,054,335)**	**566,930**	**(21,093,716)**
Loss before monetary gain		**(5,466,123)**	**(698,397,642)**	**(3,153,951)**	**(67,871,491)**
Monetary gain		28,949,276	1,827,985,012	-	-
Profit/(loss) for the year		**23,483,153**	**1,129,587,370**	**(3,153,951)**	**(67,871,491)**
Attributable to:					
Equity holders of the parent company:		**23,483,153**	**1,129,587,370**	**(3,153,951)**	**(67,871,491)**
Loss per share (cents)					
Weighted average number of shares in issue		**463,337,661**	**463,337,661**	**463,337,661**	**463,337,661**
Basic loss per share from continuing operations		**(0.01)**	**(1.04)**	**(0.01)**	**(0.10)**
Basic loss per share from discontinued operations		**0.00**	**(0.47)**	**0.00**	**(0.05)**
Basic profit/(loss) per share		**0.05**	**2.44**	**(0.01)**	**(0.15)**
Diluted earnings per share from continuing operations		(0.01)	**(1.04)**	**(0.01)**	**(0.10)**
Diluted earnings per share from discontinued operations		0.00	**(0.47)**	**0.00**	**(0.05)**
Diluted earnings per share		**0.05**	**2.44**	**(0.01)**	**(0.15)**

Statement of Changes in Equity
As at December 31, 2020

INFLATION ADJUSTED HISTORICAL

INFLATION ADJUSTED	Derived equity ZWL$	Revaluation reserve ZWL$	Retained earnings ZWL$	Total ZWL$
Restated balance as at January 1, 2019	**333,055,748**	**-**	**(531,218,154)**	**(198,162,406)**
Profit for the year	-	-	1,129,587,370	1,129,587,370
Balance as at December 31, 2019	**333,055,748**	**-**	**598,369,216**	**931,424,963**
Profit for the year	**-**	**-**	23,483,153	**23,483,153**
Balance as at December 31, 2020	**333,055,748**	**-**	**621,852,368**	**954,908,116**

HISTORICAL	Derived equity ZWL$	Revaluation reserve ZWL$	Retained earnings ZWL$	Total ZWL$
Balance as at January 1, 2019	**11,967,508**	**26,608,613**	**(19,067,414)**	**19,508,707**
Loss for the year	-	-	(67,871,491)	**(67,871,491)**
Realisation of revaluation	-	(26,608,613)	26,608,613	**-**
Revaluation reserve	-	286,707,678	-	**-** **286,707,678**
Balance as at December 31, 2019	**11,967,508**	**286,707,678**	**(60,330,292)**	**238,344,894**
Loss for the year	-	-	(3,153,951)	**(3,153,951)**
Realisation of revaluation	-	(286,707,678)	286,707,678	**-**
Revaluation reserve	-	976,707,419	-	**976,707,419**
Balance as at December 31, 2020	**11,967,508**	**976,707,419**	**223,223,436**	**1,211,898,362**

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Statement of Cashflows As at December 31, 2020

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZWL$	**2019 ZWL$**	**2020 ZWL$**	**2019 ZWL$**
Cash flows from operating activities				
Profit/(loss) before tax- continuing operations	23,483,153	400,074	(3,720,882)	38,880
Profit/(loss) for the year- discontinued operations	373,286	(217,054,335)	566,930	(21,093,716)
	23,856,439	**400,074**	**(3,153,951)**	**(21,054,836)**
Adjustments for non-cash items				
Interest received	(169)	(759)	(162)	(74)
Profit on disposal	-	(94,061)	-	(9,141)
IAS 29 effects	-	172,031,689	-	-
Net cash flows after working capital changes	**23,856,270**	**172,336,943**	**(3,154,114)**	**(21,064,051)**
Working capital changes				
Decrease/(Increase) in trade and other inventories	2,210,365	(2,692,322)	(589,185)	(599,626)
Decrease/(increase) in trade and other receivables	3,179,396	(888,187)	596,645	(197,815)
Increase/(decrease) in related party receivables	47,607	(39,229)	-	(8,737)
Increase/(decrease) in related party payables	(3,607,067)	4,508,964	-	1,004,224
Increase or decrease in trade and other payables	(20,196,207)	4,957,404	1,954,146	1,104,099
Increase/(decrease) in financial assets at fair value	19,984	-	-	-
Increase/(decrease) in deferred tax liability	(220,605,349)	207,942,856	(28,611,647)	46,312,440
Decrease in deferred tax asset	(104,407)	-	-	-
Decrease in current related party payables	(2,708)	-	-	-
Increase/decrease in discontinued operations liabilities	(54,089,517)	94,376,636	31,854,690	21,019,295
Increase/decrease in discontinued operations assets	268,476,389	2,695,468	(2,110,222)	600,327
Net cash outflows from working capital changes	**(24,671,514)**	**310,861,590**	**3,094,427**	**69,234,207**
Taxation	**-**	**(481,743,382)**	**-**	**(46,816,655)**
Cash inflows/(outflows) from operating activities	**(815,244)**	**1,455,152**	**(59,686)**	**1,353,502**
Cash flows from investing activities				
Proceeds from sale of property and equipment	-	41,043	-	9,141
Acquisition of property, plant and equipment	-	-	-	-
Net cash flows from investing activities	**-**	**41,043**	**-**	**9,141**
Cash flow from financing activities				
Interest received	169	759	162	74
Shareholder's loan	(354,874)	(4,622,397)	(57,024)	(1,029,487)
Net cash flow from financing activities	**(354,704)**	**(4,621,638)**	**(56,862)**	**(1,029,413)**
Increase/(decrease) in cash and cash equivalents	**(1,169,951)**	**1,496,195**	**(116,549)**	**333,228**
Movement of cash and cash equivalents				
Cash and cash equivalents at beginning of year	1,355,236	(140,959)	301,834	(31,394)
Increase/(decrease) in cash and cash equivalents	**(1,169,951)**	**1,496,195**	**(116,549)**	**333,228**
Cash and cash equivalents at end of year	185,285	1,355,236	185,285	301,834

Notes

1 Nature of business

ZECO Holdings Limited specializes in steel fabrication and installation, manufacture and rehabilitation o wagons, and mining rolling stock and manufacture of window frames and door frames.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out bel

2.1 Basis of preparation and presentation

The company's financial statements for the year ended 31 December 2020 have been prepared in accor with the requirements of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (C(The financial statements to be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). The company's financial statemen been prepared based on the statutory records that are maintained under the historical cost basis and ar presented in Zimbabwean Dollars (ZWL). The principal accounting policies applied in the preparation of t company financial statements are in terms of IFRS except for the non-compliance with IAS 21 (The Effe Change in Foreign Exchange Rates), and its consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflationary Economies) and have been appli consistently in all material respects with those of the previous annual financial statements. In the currer the company has adopted the requirements of IAS 29, and IFRS 16 (Leases).

IAS 21 (The Effects of Changes in Foreign Exchange Rates)

As noted in the company's 2019 financial statements, Government promulgated Statutory Instrument ("; on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as legal tend prescribed that for accounting and other purposes, certain assets and liabilities on the effective date wo deemed to be Zimbabwe Dollars at the rate which was at par with the United States Dollar (USD). Guida issued by the Public Accountants and Auditors Board (PAAB) noted that the requirements of SI 33 wer contrary to the provisions of IAS 21.The management has always ensured compliance with IFRS but we unable to do so in respect of the comparative financial information due to the conflict between IAS 21 ar statutory requirements. In respect of the current financial year financial information, and as a result of th absence of an observable foreign exchange market throughout the period, the company continues to be to meet the full requirements of IAS 21. Due to the material and pervasive impact of these technicalities management would like to advise users to exercise caution in their use of these inflation adjusted financ statements.

New and ammended IFRS 16 - Leases

In the current year, the company has applied IFRS 16 (as issued by the IASB in January 2016) that is e for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requireme with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right of-use asset and liability at commencement for all leases, except for short-term leases and leases of low value assets.
In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchang date of initial application of IFRS 16 for the company is 1 January 2020. The company applies the defini lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 Janu 2020. In preparation for the first-time application of IFRS 16, the company carried out an implementatior The project has shown the new definition in IFRS 16 will not significantly change the scope of contracts meet the definition of a lease for the company.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Functional and presentation currency

The financial statements have been presented in Zimbabwe Dollars ('ZWL'), being the functional and presentation currency. The company had been using United States Dollars ('USD') as its presentation and functional currency since 2009 until the 22nd of February 2019, when Statutory Instrument ('SI') 33 of 2019 wa issued as an amendment to the Reserve Bank of Zimbabwe Act (Chapter 22:15) which introduced a local curr

The authorities formally changed the country's functional currency with effect from 22 February 2019 and the company only concluded the necessary system configurations on 31 March 2019. The company maintained amounts prior to the configuration date at an exchange rate of 1USD:1ZWL. On date the of configuration, foreign currency balances were converted at a rate of 1USD:2.5ZWL. Subsequently, foreign currency amounts were translated on a daily basis using the interbank rates as published by the RBZ and all local transactions were now being conducted in local currency.

3.2 Hyperinflation

On 11 October 2019, the Public Accountants and Auditors Board ("PAAB") issued a pronouncement on the application of IAS 29. The pronouncement requires the entities operating in Zimbabwe with financial periods ending on or after 1 July 2019, prepare and present financial statements in-line with the requirements of IAS 29.

The management has made appropriate adjustments to reflect the changes in the general purchasing power on the Zimbabwe dollar and for the purposes of fair presentation in accordance to IAS 29, these changes have been made on the historical cost financial information. Various assumptions have been made, with the significant assumption being use of consumer price indices ("CPI"), for the various years. This was due to the limitation of data available resulting in default to the CPI. The source of the price indices used was the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to December 2020.

Year end	INDICIES	FACTO
CPI as at 31 December 2018	88.81	27.8
CPI as at 31 December 2019	551.63	4.4
CPI as at 31 December 2020	2474.50	1.0
Average		
CPI average for 2019	240.27	10.3

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

- All items in income statements are restated by applying relevant monthly adjusting factors;
- The net effect of the inflation adjustments on the net monetary position of the company 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 a 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 a the reporting date;
• Non-monetary assets and liabilities 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;

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

3.3 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. This is a change in the accounting policy from a cost approach in the prior year. The company will conduct regular valuations going forward given the volatility in the economic environment to ensure that carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting date. The change in policy was done in line with the requirements of IAS 8 and was applied prospectively as required.

Any revaluation increase arising on the revaluation of such property plant and equipment is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation

of such property plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued property, plant and equipment is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, plant or equipment, the attributable revaluation surplus remaining in the assets revaluation reserve is transferred directly to retained earnings.

Depreciation is recognised is recognised in profit or loss so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment items other than land are depreciated over their estimated useful life. The maximu estimated useful lives are as follows:

Buildings	2.5%
Plant and machinery	6.25%
Cranes	10%
Motor vehicles	12.5%
Computer equipment	10%
Office equipment	10%
Furniture and fittings	10%
Tools and equipment	10%

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.4 Financial Instruments

3.4.1 Financial assets

(a) Classification and measurement under IFRS 9

With effect from 1 January 2018, the company classifies its financial assets into the following categories, depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI); or
- Financial assets fair value through profit or loss (FVPL).

A financial asset is classified at amortised cost if it is held in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest on the principal amount owing. The company's debt instruments are currently classified as financial assets at amortised cost.

A financial asset is classified at fair value through other comprehensive income (OCI) if it is held both to collect contractual cash flows and to sell, and if the contractual cash flows are solely payments of principal and interest on the principal amount owing. The company has no financial assets classified as assets at fair value through OCI. If the financial asset does not satisfy the criteria to be classified as an asset at amortised cost or at fair value through OCI, the asset is classified as an asset at fair value through profit or loss. Listed equities held by the company are classified as assets at fair value through profit or loss.

For an equity instrument that are held for other than to generate investment returns that would otherwise be classified as assets at fair value through profit or loss, the company may make an irrevocable election at the tim initial recognition to account for the equity investment as an asset at fair value through OCI. When this election is made, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit an

The company has not taken this election on any of its assets.

Classification of debt instruments
Debt instruments are contracts that entitle the company to fixed or determinable payments from another e such as loans, government and corporate bonds and trade receivables. The company's debt instruments i trade, loan and other receivables, cash and deposits with banks, and bonds and other similar instruments

Based on the factors indicated above, all of the debt instruments currently held by the company were clas as financial assets at amortised cost as they are all held in order to collect contractual cash flows, and th contractual cash flows are solely payments of principal and interest on the principal amount owing.

The company reclassifies debt instruments between amortised cost and fair value categories only if its business model for managing those assets changes

Classification of equity instruments
Equity instruments are contracts that evidence a residual interest in the issuer's net assets. Such instrun do not contain a contractual obligation to pay any cash flows as cash flows are, amongst other factors, su to the financial performance of the issuer.

The equity instruments held by the company do not meet the criteria to be classified as financial assets a amortised cost nor at fair value through OCI. The company has also not elected to classify any of its equi instruments as assets at fair value through OCI. Consequently the company's equity instruments have be classified as financial assets at fair value through profit or loss.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss in fai value gains and losses on equities. Dividend income from such assets is recorded in 'Investment income' the right to the payment has been established.

When the company elects to classify equity instruments as assets at fair value through OCI, the fair value gains and losses are recognised directly in OCI. In such instances, there is no subsequent reclassificatio fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from su investments continue to be recognised in profit or loss as investment income when the company's right to receive payments is established.

Subsequent measurement
Financial assets at fair value through profit and loss are subsequently measured at fair value. Net gains ar losses including any interest on dividend income are recognised in the profit and

Financial asset at amortised cost are subsequently measured at amortised cost using the effective intere method. Interest income, foreign exchange gain and losses and impairment are recognised in profit or los

3.4.2 Impairment
(a) Impairment of financial assets under IFRS 9
The company uses forward looking probability weighted expected credit loss models to determin impairment allowance on the financial assets at amortised cost and at FVOCI. The company recognises a separate loss allowance for such losses at each reporting date.

3.4.3 Financial liabilities
The company's financial liabilities include borrowings and trade and other payables. These are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Su liabilities are subsequently measured at amortised cost using the effective interest rate method, which en that any interest expense on the balance of the liability carried in the statement of financial position is at a constant rate over the period to the date of repayment. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any intere coupon payable while the liability is outstanding.
The principal or the most advantageous market must be accessible by the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3.4.4 Offsetting financial assets and liabilities
Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the company has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.4.5 Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

3.5 Fair value measurement
The company measures financial instruments and non-financial assets such as investment properties, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurem is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
(i) In the principal market for the asset or liability or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.
Level 1 – Quoted (unadjusted) market prices active markets for identical assets or liabilities
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

3.6 Income tax
3.6.1 Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Corporate tax assets arising from companies within the company are not offset against

liabilities in other entities within the company. Corporate tax liabilities and assets are disclosed separately in the Statement of Financial Position. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable rights exists to set off current tax assets against current income tax liabilities and the deferred tax assets relates to the same taxable entity and the same taxation authority.

3.6.2 Value added taxed (VAT)
Revenues, expenses and assets are recognised net of the amount of Value Added Taxes except:
(i) Where the Value Added Tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
(ii) Receivables and payables that are stated with the amount of VAT included.

Outstanding net amounts of VAT recoverable from, or payable to, the taxation authority are included as part of receivables or payables in the statement of financial position

3.6.3 Deferred tax
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

3.7 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises costs of purchase, direct materials and, where applicable, direct labour costs, costs of conversion and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs are assigned using the first-in-first-out method for raw materials, work in progress and finished goods, and using the weighted average cost method for maintenance spares. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.8 Prepayments and deposits
The company makes advance payments in respect of some key goods and services associated with its overall operations. The prepayments are initially recognised as assets in the balance sheet and subsequently expensed to profit or loss or capitalised to other assets on delivery.

3.9 Cash and cash equivalents
In the statement of cash flows, cash and cash equivalents comprise:
• cash on hand; and
• balances with banks.

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. Cash and cash equivalents have a maturity of less than three months. Cash and cash equivalents are carried at cost which, due to their short term nature, approximates fair value.

3.10 Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3.11 Leases
The company adopted IFRS 16 on 1 July 2019 as a replacement of IAS 17 Leases.

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

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

3.12 Retirement benefit costs
Payments to defined contribution retirement benefit plans are recognised as an expense when employees rendered services entitling them to the contributions.

Retirements benefits are provided for the company's employees through an independently administered defined contribution fund and the Zimbabwe government's National Social Security Authority (NSSA). Witl company's independent fund, contributions are charged to profit or loss so as to spread the cost of pensic over the employee's working life within the company. The amounts payable to the National Social Security Authority are determined by the systematic recognition of legislated contributions. Payments to the two retirement benefit schemes are charged as an expense as they fall due.

3.13 Termination benefits
Termination benefits are recognised at the earlier of when the company can no longer withdraw the offer fc benefits or when the entity recognises costs for a restructuring that involves the payment of termination be The calculation takes into account the employees' basic salary at agreed rate over the years of service.

3.14 Revenue recognition
Revenue is measured based on the consideration to which the company expects to be entitled in a contra with a customer and excludes amounts collected on behalf of third parties. The company recognises reve when it transfers control of a product or service to a customer.

Sale of goods
For sales of steel metal products, revenue is recognised when control of the goods has transferred, being the goods have been collected by the customer from the company's premises, or shipped to the custome specific location (delivery). Following collection or delivery, the customer has full discretion over the mann which it handles the goods, and also bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the company when the goods are collected by, or shipped to, the customer a appropriate, as this represents the point in time at which the right to consideration becomes unconditiona only the passage of time is required before payment is due.

Interest income
Interest income from financial assets is recognised when it is probable that the economic benefits will flov the company and the amount of income can be measured reliably. Interest income is accrued on a time b by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that as net carrying amount on initial recognition.

Rental income
Rental income from the company's building is recognised on the basis of the amount of time that the tena have used of the company's offices.

3.15 Cost of sales
Cost of sales comprises of raw materials, packaging and consumables used and any other direct handlin incurred.

3.16 Borrowings
a Unsecured
The company did not obtain any new borrowings during the year under review.

b Borrowing powers
In terms of the company's Articles of Association, management may exercise the powers of the company borrow as they deem necessary.

3.17 Financial risk management
The company is exposed through its operations to the following financial risks:-
a. Foreign exchange risk
b. Credit risk
b. Liquidity risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

(a) Foreign currency risk management
The company is mainly exposed to the United States Dollar and Rand.

The company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

(b) Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The company defines counterparties as having similar characteristics if they are related entities.

(c) Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Borrowing facilities in the form of bank overdrafts and acceptance credits are negotiated with approved and registered financial institutions at acceptable interest rates. Expended overdraft facilities are repayable on demand. Approved financial institutions with sound capital bases are utilised to both borrow funds and invest surplus funds.

The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments:

	0 - 12 months ZWL	1 - 5 years ZWL	>5 years ZWL	Total ZWL
INFLATION ADJUSTED 2020				
As at 31 December 2020				
Shareholders loan	-	28,320	-	28,320
Trade payables	-	8,300,952	-	8,300,952
Other payables	-	1,034,320	-	1,034,320
	-	**9,363,592**	**-**	**9,363,592**
INFLATION ADJUSTED 2019				
As at 31 December 2019				
Shareholders loan	-	383,194	-	383,194
Trade payables	-	28,497,159	-	28,497,159
Other payables	-	4,644,095	-	4,644,095
	-	**33,524,449**	**-**	**33,524,449**

3.18 Capital management
The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company's overall strategy remain: unchanged from previous years. The capital structure of the company consists of debt and equity of the company comprising issued capital, reserves and retained earnings. The company is not subject to any externally imposed capital requirements.

Gearing ratio

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZWL	2019 ZWL	2020 ZWL	2019 ZWL
Debt	35,764,467	280,530,673	35,764,467	62,478,992
Equity	954,908,116	931,424,964	1,211,898,363	238,344,895
Net debt to equity ratio	4%	30%	3%	26%

(i) Debt is defined as long term and short term borrowings
(ii) Equity includes all capital and reserves of the company that are managed as capital.
(iii) Target debt to equity ratio is 0%.
(iv) The company does not consider overdraft to be debt as it uses it intermittently to cover short term working capital requirements.

4 Critical accounting estimates and judgments
In the application of the company's accounting policies, which are described in note 3, management are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Useful lives and residual values of property, plant and equipment
The company assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in note 3.3 and no changes to those useful lives have been considered necessary during the year.

Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value. The inflation adjusted carrying amount of the company's property, plant and equipment is ZWL183 003 537(2019: ZWL897 003 489), with the historical carrying amount being ZWL537 285 583 (2019: ZWL230 678 641).

4.2 Provision for impairment of receivables
The provision for impairment of receivables is a specific provision made for trade and other receivables which is reviewed on a monthly basis. In determining the recoverability of a trade receivable the company considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the end of the reporting period as well as the value of security held over that receivable. The inflation adjusted carrying amount of the company provision for credit losses as at 30 December 2020 was ZWL422,203(2019: ZWL422,203), with the historical carrying amount being ZWL 143 399 (2019: ZWL740 044).

4.3 Revaluation of property, plant and equipment
As a result of the change in functional currency, the revalued property, plant and equipment to align the values of the property, plant and equipment with the Zimbabwean dollar. An exchange rate of US$1 to ZWL81.79 was used to determine the valuation, with the revaluation gain recognised in the revaluation reserve through other comprehensive income. This exchange rate reflected the implied fair market rate of exchange based on procurement arrangements that the company had with local suppliers of raw materials. The revaluation was made in an attempt to more fairly present the company's Statement of Financial Position as at this date in Zimbabwe Dollars. Comparative financial information and that from the period from 1 July 2018 to 22 February 2019,has been prepared on the assumption that the United States Dollar and the Zimbabwe Dollar were at par. As required by IAS 21, foreign monetary assets and liabilities in existence at 30 June 2019 have been translated to Zimbabwe Dollars at appropriate closing market rates c exchange, with any exchange differences between 22 February 2019 and 31 December 2019 having been adjusted f through the company's Income Statement. Since the entity undertook its asset re-basing exercise in February 2019 the Zimbabwe Dollar has experienced significant devaluation against major currencies. If sustained, the devaluation could result in a material understatement of the company's asset base and consequently shareholders' equity. The company continues to measure all property, plant and equipment using the cost model whereby, after initial recogni of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

4.4 Functional Currency
The company's financial statements are presented in Zimbabwean Dollars, which was determined to be the parent company's functional currency. The company applied this judgement after Government promulgated Statutory Instrument 33 of 2019 (SI 33) on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on this effective date would be deemed to be Zimbabwe Dollars at a rate which was at par with the United States Dollar (USD).

4.5 Exchange Rate
The company entered into foreign currency transactions throughout the year. Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. In determining transactional and closing exchange rates, the company made use of the prevailing interbank rate and trading arrangements.

		INFLATION ADJUSTED		HISTORICAL	
		2020 ZWL$	2019 ZWL$	2020 ZWL$	201 ZWL
5	**Revenue**				
	Sales	6,496,782	19,954,359	4,155,225	1,939,19
	Total revenue	**6,496,782**	**19,954,359**	**4,155,225**	**1,939,19**
6	**Cost of sales**				
	Direct materials	671,950	1,493,930	450,973	145,18
	Direct labour	-	791,254	-	76,89
	Production overheads	-	597,418	-	58,05
	Total cost of sales	**671,950**	**2,882,601**	**450,973**	**280,13**
7	**Other income**				
	Sundry income	124,344	832,880	53,810	80,941
	Interest Received - Bank	169	759	162	74
	Rent Received	-	1,150,973	-	111,854
	Total other income	**124,513**	**1,984,623**	**53,972**	**192,86**
8	**Administration costs**				
	Audit fees	171,905	345,127	171,905	33,540
	Employee costs	6,539,148	7,832,421	4,501,285	761,168
	Contribution to pension fund	1,081,006	209,592	213,343	20,369
	Administration expenses	3,996,696	10,269,323	2,592,573	997,991
	Total administration costs	**11,788,755**	**18,656,463**	**7,479,106**	**1,813,05**
9	**Income tax expense**				
	Deferred tax	-	481,743,382	-	46,816,655
	Total income tax expense	-	481,743,382	-	46,816,655
10	**Inventory**				
	Raw materials-contents	-	822,554	-	183,197
	Work in progress	1,126,617	2,581,793	1,126,617	575,010
	Finished goods	264,731	197,366	264,731	43,956.70
	Total inventory	**1,391,348**	**3,601,713**	**1,391,348**	**802,163**

		2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
11	**Trade and other receivables**				
	Trade	1,937,705	3,328,192	1,937,705	741,246
	Other	19,965	12,316	19,965	2,743
	Discontinued operations	(1,814,271)	(17,713)	(1,814,271)	(3,945)
	Total trade and other receivables	**143,399**	**3,322,795**	**143,399**	**740,044**

12 Related Party balances
The company's related parties include companies under common control, key management and others as described below:

Related party receivables				
Delward Engineering (Private) Limited	10,947	49,152	10,947	10,947
Zimplastics (Private) Limited	2,694	12,096	2,694	2,694
Total	**13,641**	**61,248**	**13,641**	**13,641**
Related party payables				
Non-current liabilities due to:				
Crittal Hope (Private) Limited	-	-	-	-
Pinnacle Holdings	1,033,544	4,640,611	1,033,544	1,033,544
Total	**1,033,544**	**4,640,611**	**1,033,544**	**1,033,544**
Discontinued operations				
Non-current liabilities due to:				
Pinnacle Properties (Private) Limited	46,000	5,864,411	1,306,105	1,306,105
Shareholders loan	57,024	-	57,024	-
Zimplastics (Private) Limited	5,000	22,450	5,000	5,000
Crittal Hope (Private) Limited	2,683	12,047	2,683	2,683
Total	**110,707**	**5,898,908**	**1,370,812**	**1,313,788**
Current liabilities due to:				
Native Investments (Private) Limited	776	3,485	776	776
Discontinued operations				
Jetmaster (Private) Limited	2,233	10,026	2,233	2,233
Total	**3,009**	**13,511**	**3,009**	**3,009**

13	**Other financial assets**				
	Other financial assets	5,726	25,710	5,726	5,726
	Total other financial assets	**5,726**	**25,710**	**5,726**	**5,726**
14	**Cash and cash equivalents**				
	Cash at bank	185,285	1,355,235	185,285	301,834
	Total cash and cash equivalents	**185,285**	**1,355,235**	**185,285**	**273,237**
15	**Trade and other payables**				
	Trade	2,732,119	7,201,395	2,732,119	1,603,874
	Other	10,585,683	24,378,968	10,585,683	5,429,614
	Continued operations	13,317,803	31,580,364	13,317,803	7,033,489
	Discontinued operations	(5,016,851)	(3,083,205)	(5,016,851)	(686,683)
	Total trade and other payables	**8,300,952**	**28,497,159**	**8,300,952**	**6,346,806**

		2020 ZWL$	2019 ZWL$	2020 ZWL$	2019 ZWL$
16	**Reconciliation of income tax expense**				
	Loss before tax	(5,839,409)	(11,622,014)	(3,720,882)	38,880
	Notational tax expense at a rate of 25.75%	958,127	(2,992,672)	958,127	(10,012)
	Allowable deductions				
	Interest received	169	440	162	73.74
	Non deductible expenses				
	Subscriptions	151,111	1,092	66,275	390
	Legal fees	292,140	72,649	188,177	8,205
	Income tax due (receivable)	**1,401,547**	**2,441,577**	**1,212,741**	**(1,358)**

ZECO Holdings has cumulative assessed loss from prior periods hence no tax charge is applicable.

17 Share capital
Authorised
600 000 000 ordinary shares at USD nil par value

Issued and fully paid
463 337 661 ordinary shares at USD nil par value

18	**Shareholders loans**				
	Pinnacle Holdings	-	256,038	-	57,024
	Delward Engineering (Private) Limited	28,320	127,157	28,320	28,320
	Total	**28,320**	**383,194**	**28,320**	**85,344**
19	**Deferred taxation**				
	Deferred tax liabilities				
	At 01 January	55,012,522	39,063,368	55,012,522	8,700,082
	Charge to profit or loss	(28,611,647)	207,942,856	(28,611,647)	46,312,440
	At 31 December	**26,400,875**	**247,006,224**	**26,400,875**	**55,012,522**
	Deferred tax asset				
	At 01 January	29,916	134,323	29,916	29,916
	Charge to profit or loss		-		-
	At 31 December	**29,916**	**134,323**	**29,916**	**29,916**

20 Discontinued operations

Zimplastics (Private) Limited and Delward T/A ZECO (Private) Limited
The subsidiaries' operations were discontinued as it had been negatively affected by changing market dynamics and competition from cheap imports mainly from the East. The businesses had become unsustainable with no prospects of recovery. Delward T/A ZECO (Private) Limited became a discontinued operation during the year under review.

Revenue	6,371,655	-	4,687,068	-
Cost of sales	-	-	-	-
Gross profit/(loss)	**6,371,655**	-	**4,687,068**	
Administration expenses	(5,998,369)	(86,282)	(4,120,137)	(8,385)
Operating loss before tax	**(5,998,369)**	**(86,282)**	**(4,120,137)**	**(8,385)**
Taxation	-	(216,968,053)	-	(21,085,331)
Profit/(loss) for the year from discontinued operations	**373,286**	**(217,054,335)**	**566,930**	**(21,093,716)**

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZWL$	**2019 ZWL$**	**2020 ZWL$**	**2019 ZWL$**
Assets				
Property, plant and equipment	860,377,507	417,003,465	763,085,707	92,873,823
Trade receivables	1,814,271	17,713	1,814,271	3,945
Inventory	183,196	-	183,196	-
Cash and bank	5,295	-	5,295	-
Assets classified as held for sale	**862,380,269**	**417,021,178**	**765,088,469**	**92,877,768**
Liabilities				
Deferred tax liability	50,062,045	101,449,515	50,062,045	22,594,547
Pinnacle Holdings (Private) Limited	1,306,105	5,864,411	1,306,105	1,306,105
T & S Marketing (Private) Limited	5,000	22,450	5,000	5,000
Trade and other payables	5,016,851	3,083,205	5,016,851	686,683
Shareholders loan	57,024	-	57,024	-
Related party payables	2,683	12,047	2,683	2,683
Bank overdraft	28,597	128,401	28,597	28,597
Jetmaster	2,233	10,026	2,233	2,233
Liabilities associated with assets classified as held for sale	**56,480,537**	**110,570,055**	**56,480,537**	**24,625,847**
Net assets associated with discontinued operations	805,899,732	423,161,908	708,607,931	68,251,921

21 Loss per share (cents)

Basic loss per share

Loss for the year from continuing operations	(5,839,409)	(481,343,308)	(3,720,882)	(46,777,775)
Profit/(loss) for the year from discontinued operations	373,286	(217,054,335)	566,930	(21,093,716)
Loss for the year	**(5,466,123)**	**(698,397,642)**	**(3,153,951)**	**(67,871,491)**
Weighted average number of shares in issue	463,337,661	463,337,661	463,337,661	463,337,661
Basic loss per share from continuing operations	(0.01)	(1.04)	(0.01)	(0.10)
Basic loss per share from discontinued operations	0.00	(1.04)	0.00	(0.05)
Basic loss per share (cents)	**(0.0)**	**(1.51)**	**(0.01)**	**(0.15)**

Basic loss per share is calculated by dividing the net loss attributed to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the group and held as treasury shares.

Diluted loss per share (cents)

For diluted loss per share (cents), the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group does not have any dilutive potential ordinary shares.

Net loss used to determine diluted loss per share:				
Loss for the year from continuing operations	(5,839,409)	(481,343,308)	(3,720,882)	(46,777,775)
• Loss for the year from discontinued operations	373,286	(1,314,709)	566,930	(21,093,716)
• **Loss for the year**	**(5,466,123)**	**(482,658,017)**	**(3,153,951)**	**(67,871,491)**

The weighted average number of ordinary shares in issue for the purpose of diluted loss per share, reconciles to the weighted average number of ordinary shares used in the calculations of basic loss per share as follows:

	2020 ZWL$	**2019 ZWL$**	**2020 ZWL$**	**2019 ZWL$**
Weighted average number of ordinary shares in issue	463,337,661	463,337,661	463,337,661	463,337,661
Diluted loss per share from continuing operations	(0.01)	(1.04)	(0.01)	(0.10)
Diluted loss per share from discontinued operations	0.00	(0.00)	0.00	(0.05)
Diluted loss per share (cents)	**(0.01)**	**(1.04)**	**(0.01)**	**(0.15)**

22 Retirement benefit obligations

National Social Security Authority (NSSA) Scheme

The company and its employees also contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act. The company's obligations under the scheme are limited to specific contributions legislated from time to time.

Contributions to the schemes, recognised in profit or loss were as follows:

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZWL$	**2019 ZWL$**	**2020 ZWL$**	**2019 ZWL$**
National Social Security Authority	208,819	104,381	6,374	12,807
Total contributions	**208,819**	**104,381**	**6,374**	**12,807**

23 Going concern

The company has reported a deficit of ZWL 5,839,409 (2019:deficit ZWL 3,720,882) for the year ended 31 December 2020. As at that date:

- the company recorded negative cash flows of ZWL$116,549 in the current year.
- the company recorded negative working capital of ZWL$6,562,329 in the current year.

Whilst management have put in place measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future operating results and cash flows. Management have concluded that the combination of these circumstances create material uncertainties over future operating results and cash flows. Management have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business. However, after considering the uncertainties described above, management have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The following are some of the key initiatives in place that support the continued preparation of the company's financial statements on a going concern basis:

- The company reduced its salaries and wage bill by about during the year under review.
- The company no longer gives management allowances and no longer has permanent employees. All employees are engaged on contract basis.
- The company also hires workers according to the number of ongoing projects so as to minimise on their staff costs.
- The company is actively applying for new tenders so as to increase revenue generation.
- The company is pursuing new strategic initiatives so as to preserve value.

Impact of COVID-19

In response to the novel Coronavirus (COVID-19), which has caused global economic disruption, ZECO Holdings has implemented active prevention programs at its sites and contingent plans to minimize the risk related to COVID-19 and continue its operations. Management has considered the potential impact of the COVID-19 pandemic in the company's significant accounting judgements and estimates and there are no changes to the significant judgements and estimates disclosed in the company's financial statements, other than for those disclosed in this financial report. Impact of COVID-19 Looking ahead, following the outbreak of the COVID-19 pandemic, the company sees increased uncertainties and further market volatility.

In the event of a prolonged pandemic there may be an effect on the financial performance of the company. The company has taken measures to ensure that its employees and partners continue to be safe while conducting business. Measures have been taken to minimise the impact of the pandemic and to continue operations in the company's businesses. Business continues to function though somewhat constraint. Given the evolving nature of COVID-19, uncertainties will remain. The company is unable to reasonably estimate the future impact of COVID-19. However, the financial situation of the company is currently subdued and it does not believe that the impact of the COVID-19 pandemic will in the future have a material adverse effect on the company's financial condition or liquidity as the company is actively pursuing business in the construction sector that has seen increased activity. Therefore, based on the company's current cash balance and expected yearly cash outflow, the company expects that it will be able to meet its financial obligations and therefore continues to adopt a going concern assumption as the basis for preparing its annual financial statements.

HISTORICAL

25 Property, plant and equipment

	Land ZWL$	Buildings ZWL$	Plant and machinery ZWL$	Cranes ZWL$	Furniture and fixtures ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	Computer equipment ZWL$	Tools and equipment ZWL$	Total ZWL$
Year end December 31, 2019										
Opening net book value	518,950	30,916,846	663,530	95,000	-	-	455	2,042	-	**32,196,823**
Revaluation/Adjustment	16,083,350	154,997,738	25,236,781	522,136	667,156	770,071	26,955	118,433	59,198	**198,481,818**
Closing net book value	**16,602,300**	**185,914,584**	**25,900,311**	**617,136**	**667,156**	**770,071**	**27,410**	**120,475**	**59,198**	**230,678,641**
At December 31, 2019										
Cost	16,602,300	185,914,584	25,900,311	617,136	667,156	770,071	27,410	120,475	59,198	**230,678,641**
Accumulated depreciation	-									**-**
Net book value	**16,602,300**	**185,914,584**	**25,900,311**	**617,136**	**667,156**	**770,071**	**27,410**	**120,475**	**59,198**	**230,678,641**
Year end December 31, 2020										
Opening net book value	16,602,300	185,914,584	25,900,311	617,136	667,156	770,071	27,410	120,475	59,198	**230,678,641**
Revaluation	64,359,900	720,710,024	100,404,247	2,392,368	2,586,274	2,985,231	106,257	467,029	229,485	**894,240,814**
Discontinued operations - Delward	(65,422,746)	(396,591,841)	(114,740,503)	(3,009,504)	(3,253,430)	(3,714,409)	(117,183)	(495,573)	(288,683)	**(587,633,872)**
Closing net book value	**15,539,454**	**510,032,767**	**11,564,055**	**-**	**-**	**40,893**	**16,484**	**91,931**	**-**	**537,285,583**
At December 31, 2020										
Cost/Valuation	15,539,454	510,032,767	11,564,055	-	-	40,893	16,484	91,931	-	**537,285,583**
Accumulated depreciation	-	-	-	-	-	-	-	-		
Net book value	**15,539,454**	**510,032,767**	**11,564,055**	**-**	**-**	**40,893**	**16,484**	**91,931**	**-**	**537,285,583**

INFLATION ADJUSTED

25 Property, plant and equipment

	Land ZWL$	Buildings ZWL$	Plant and machinery ZWL$	Cranes ZWL$	Furniture and fixtures ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	Computer equipment ZWL$	Tools and equipment ZWL$	Total ZWL$
Year end December 31, 2019										
Opening net book value	14,457,947	861,343,330	18,485,946	2,646,700	-	-	12,676	56,890	-	**897,003,489**
Depreciation for the year	-									**-**
Closing net book value	**14,457,947**	**861,343,330**	**18,485,946**	**2,646,700**	**-**	**-**	**12,676**	**56,890**	**-**	**897,003,489**
At December 31, 2019										
Cost	14,457,947	861,343,330	18,485,946	2,646,700	-	-	12,676	56,890	-	**897,003,489**
Accumulated depreciation	-									**-**
Net book value	**14,457,947**	**861,343,330**	**18,485,946**	**2,646,700**	**-**	**-**	**12,676**	**56,890**	**-**	**897,003,489**
Year end December 31, 2020										
Opening net book value	14,457,947	861,343,330	18,485,946	2,646,700	-	-	12,676	56,890	-	**897,003,489**
Depreciation for the year	-	-	-	-	-	-	-	-	-	**-**
Discontinued operations - Delward	(9,164,547)	(687,604,442)	(14,546,737)	(2,646,700)			(11,952)	(25,575)		**(713,999,952)**
Closing net book value	**5,293,400**	**173,738,888**	**3,939,209**	**-**	**-**	**-**	**724**	**31,315**	**-**	**183,003,537**
At December 31, 2020										
Cost/Valuation	5,293,400	173,738,888	3,939,209	-	-	-	724	31,315	-	**183,003,537**
Net book value	**5,293,400**	**173,738,888**	**3,939,209**	**-**	**-**	**-**	**724**	**31,315**	**-**	**183,003,537**

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Independent auditor's report

To the members of ZECO Holdings Limited

Report on the audit of the financial statements

We have audited the financial statements of **ZECO Holdings Limited** set out on pages 11 to 31 which comprise the statement of financial position as at December 31, 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the company's financial statements do not present fairly the financial position of the company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, (IFRSs).

Basis for Adverse Opinion

Non-compliance with IFRS: International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates in the prior period and inappropriate application of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors

As explained in note 3.1 on the inflation adjusted financial statements, the company applied the United States Dollar (US$) as its functional and reporting currency for the period 1 July 2018 to 22 February 2019 and the Real Time Gross Settlement Dollar (RTGS$) or Zimbabwe Dollar (ZWL) for the period 23 February to 30 June 2019, in order to comply with Statutory Instrument 33 (SI33) of 2019, issued on 22 February 2019. In addition, to comply with SI33, the company changed its functional and reporting currency with effect from 23 February 2019. We, however, believe that the change in currency occurred from 1 October 2018. Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out local Foreign Currency Accounts (FCAs) (RTGS$) from the FCA Nostro US$ Accounts effective 1 October 2018. Although the exchange rate between US$ and RTGS$ was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between the two currencies. In February 2019, a Monetary Policy Statement was issued introducing the RTGS$ and the interbank foreign exchange market. This Monetary Policy statement was followed by, Statutory Instrument 142 of 2019 which specified that for all domestic transactions, ZWL (which comprises RTGS$, Bond Notes and Bond Coins) was the sole legal tender effective 24 June 2019.

The events in the preceding paragraphs, triggered a requirement for the company to assess whether there was a change in functional and reporting currency from US$ to RTGS$. We believe that events in the market and subsequent promulgation of the RTGS$ as a formal currency supported a change in functional currency from US$ to RTGS$ prior to 22 February 2019 and that transactions in the market indicated different exchange rates between the two currencies despite the legal 1:1 RTGS$: US$ exchange rate and this applied from 1 October 2018. The company chose to comply with the requirements of the law by adopting the date of change in functional and reporting currency as of 22 February 2019. This therefore impacted the basis for measuring transactions that occurred between 1 October 2018 and 22 February 2019. Consequently, our audit report for the year ended 31 December 2019 was modified as the effects were considered material and pervasive.

There has been no restatement of the opening balances to resolve this matter which resulted in the adverse audit report in the prior period in accordance with IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors as the issues to do with IFRS compliance and consistent market exchange rates have persisted in the current period. Consequently:

- All corresponding numbers remain misstated on the inflation adjusted Statement of Profit or Loss and other Comprehensive Income, inflation adjusted Statement of Financial Position, the inflation adjusted Statement of Changes in Equity, and the inflation adjusted Statement of Cash Flows; this also impacts comparability of the current year's figures.
- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the inflation adjusted Statement of Cash Flows, the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Changes in Equity.

Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied from 1 July 2019 to 31 December 2020 it is noted that its application was based on inappropriate numbers as a result of the non-compliance with IAS 21 / IAS 8 as described above.

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

Exchange rates used (Non-compliance with IAS 21)

As outlined in Note 3.1 to the company inflation adjusted financial statements, for the year ended 31 December 2020, the company translated foreign denominated transactions and balances using exchange rates determined from the interbank market and trading arrangements. In view of the continued distortions in the foreign exchange market during the year, the company indicated that it could not establish observable and consistent market wide spot exchange rates that meet the requirements of IAS 21, the same pattern contributed to the adverse opinion in prior year on this matter.

Had exchange rates contemplated by IAS 21 been available on the market, virtually all balances and amounts on all financial statements would have been affected in a material manner except for Intangible Assets, Right of Use Assets , Assets of a disposal company Held for Sale ,Share Capital, Share Premium, Lease Liabilities and Provisions and other Liabilities. However, owing to the lack of market wide information on observable spot rates available to the company and the other matters discussed above it is not possible to quantify the impact of this on the company's inflation adjusted financials for the year under consideration.

Independent auditor's report

To the members of ZECO Holdings Limited

Report on the audit of the financial statements

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

Material uncertainty related to going concern

The company incurred a net loss of **ZWL$3,153,951** in the current year (2019, loss of ZWL$67,871,491) which resulted in positive retained earnings of **ZWL$223,223,436 as at December 31, 2020, (2019:** negative **ZWL $60,330,291**. We draw your attention to **note 23** where further details on going concern have been disclosed. As stated in **note 23**, these events or conditions, along with other matters as set forth in note 20, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

- We evaluated the company's going concern assessment by challenging the underlying data used to prepare the key assumptions applied within the company's cash flows;
overall profitability and cash flows, and its effect on the timing of the company's cash flows;
- We performed audit procedures to identify events subsequent to year end in order to identify revenues that have been received and evidence further of cost cutting measures.
- We have considered the adequacy of going concern disclosures as set out in note 23.

We considered the conclusion reached by the company to prepare the financial statement on the basis of a going concern, and the resultant disclosures, to be appropriate.

Key Audit Matters

Except for the matters in the Basis for Adverse Opinion section, we have determined that there were no key audit matters.

Other information

Management are responsible for the other information. The other information comprises the Management's Responsibility Statement and the Historical Cost Financial Information, which we obtained prior to the date of this report. The other information does not include the inflation adjusted financial statements and our auditor's report thereon. Our opinion on the inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items included therein and affected by the failure to comply with the referred standard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, (IFRSs), and for such internal control as the members determine as 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, management is 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 members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 controls.

- 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 controls.

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

- Conclude on the appropriateness of management's use of 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.

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

Independent auditor's report

To the members of ZECO Holdings Limited

Report on the audit of the financial statements

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion. We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, 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.

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) with regards to the requirement to comply with the International Financial Reporting Standards.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Fanuel Pange (PAAB Practicing Certificate Number 0457).

MGI

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17-05-2021

MGI (Mazhandu) Chartered Accountants
Registered Public Auditors

Harare
17 May 2021