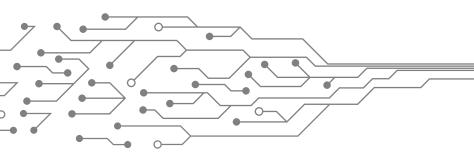


# 2020

## The Vision is Clear!



# **ANNUAL REPORT**



THE FLITURE IS HERE NOW!...

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Hotels



5 - star Rainbow Towers Hotel & Conference Centre



#### **VISION • MISSION • VALUES**

0

#### **OUR VISION**

To be Africa's premiere e-commerce gateway to a world of exciting products and experiences.

#### **OUR MISSION**

We exist to create and grow sustainable shareholder value through the deployment of innovative solutions that solve our customers' needs in an easy and pleasurable way.





Rainbow Tourism Group Limited, a company listed on the Zimbabwe Stock Exchange (ZSE) since 1999 presents the annual report for the year ended 31 December 2020. This report integrates both financial and sustainability information to demonstrate our commitment to responsible business practices and values.

#### **Reporting Scope**

This report contains information for Rainbow Tourism Group Limited and its subsidiaries incorporated and domiciled in Zimbabwe. In this report, unless otherwise noted or referenced to: "our", "we", "us", "the Group", "RTG Ltd", "the Company" refers to Rainbow Tourism Group Limited and its subsidiaries. This is the Company's second report presenting the Group's sustainability performance and prepared in accordance with applicable Global Reporting Initiatives (GRI) Standards - 'Core' Option. The GRI Content Index is contained on pages 76 - 78.

#### **Reporting Framework**

This report was prepared with due consideration of the following reporting requirements:

- The Companies and other Business Entities Act [Chapter 24:31].
- Statutory Instrument (SI) 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange (ZSE) Listing Requirements) Rules 2019.
- International Financial Reporting Standards (IFRSs).
- Global Reporting Initiative (GRI) Standards.
- Zimbabwe National Code of Corporate Governance 2015

#### **Data and Assurance**

The financial statements were audited by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with the International Standards of Auditing (ISAs). The independent auditor's report is found on page 46. Sustainability information and data contained in this report was reviewed by management but not externally assured. Compliance with GRI Standards was validated by The Institute for Sustainability Africa (INSAF) as subject matter experts. The Board of Directors approved the report before publication and validated the report for consistency with business operations.

#### Restatements

The Group did not make any restatements of data previously published except for the translation of financial statements as guided by 'IAS29- Accounting in Hyperinflationary Economies.'

#### **Forward looking Statements**

This report may contain forward looking statements. These statements are based on current estimates and projections by Rainbow Tourism Group Limited and currently available information. Forward-looking statements are not statements of historical fact and may contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates", or words of similar meaning. Future statements are not guarantees of future developments and results outlined therein. These are dependent on several factors; they involve various risks and uncertainties, and they are based on assumptions beyond our control. Readers are cautioned not to put undue reliance on forward looking statements.

#### Feedback on the Report

The Group values opinions and comments from all our stakeholders which may assist in improving our reporting. We welcome your feedback on this report and any suggestions you may have.

For feedback, please contact: Tapiwa Mari (Mr), Company Secretary, **Email:** tapiwa.mari@rtg.co.zw.

A. J. Manase Board Chairman

T. M. Madziwanyika Chief Executive

#### **GROUP STRUCTURE**

The Group has hotel operations in Zimbabwe through a combination of owned and leased hotels, a local tour operations subsidiary and an e-commerce business unit.



C

TOUR OPERATIONS



HOTELS



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**E-COMMERCE** 



HEXA Heritage Expeditions Africa



LEASED

Rainbow Towers Hotel & Conference Centre

Kadoma Hotel & Conference Centre

New Ambassador Hotel

#### **OWNED**

Bulawayo Rainbow Hotel A'Zambezi River Lodge Victoria Falls Rainbow Hotel



Gateway Stream Media

#### RTG Annual Report 2020

### O

#### **GROUP STRUCTURE** (continued)





#### **FLAGSHIP HOTELS**

5 Star \*\*\* Rainbow Towers Hotel & Conference Centre (City)

A 'Zambezi River Lodge (Resort)

4 Star ★ ★ ★





#### **OTHER HOTELS**

3 Star ★ ★ Victoria Falls Rainbow Hotel



3 Star ★ ★ 🚖 Kadoma Hotel & Conference Centre



**Bulawayo Rainbow** Hotel



3 Star ★ ★ ★ New Ambassador Hotel

#### CONFERENCING

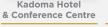


Harare International **Conference Centre** 

4

- 4500-seater auditorium.
  19 breakaway rooms.
  1500 parking bays.
  Exhibition space of 2000 environmentance
- 2000 square metres.
- Shop and tour desk.





• 11 indoor conference 8 conference rooms. largest room largest room accommodating up to 250 delegates. accommodating up to 600 delegates.

Hotel

Access through Gateway Stream

52,724 rooms

- 29 countries across Africa
- 596 hotels & lodges ranging from 3-star to 5-star
- 150 home stays
- Payment platform through Direct Payments Online (DPO). Any international credit card is accepted.



#### **Gateway Stream** can be accessed for free!



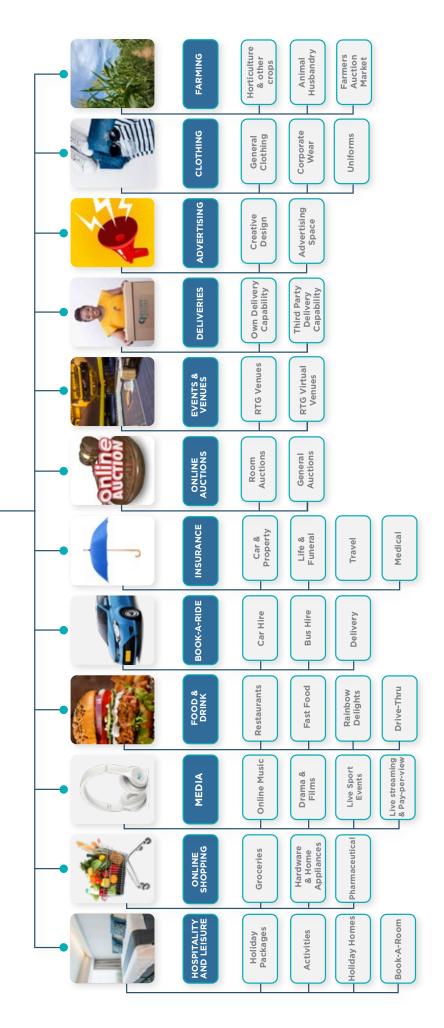


rooms.

# GROUP STRUCTURE (continued)

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# **GATEWAY STREAM**

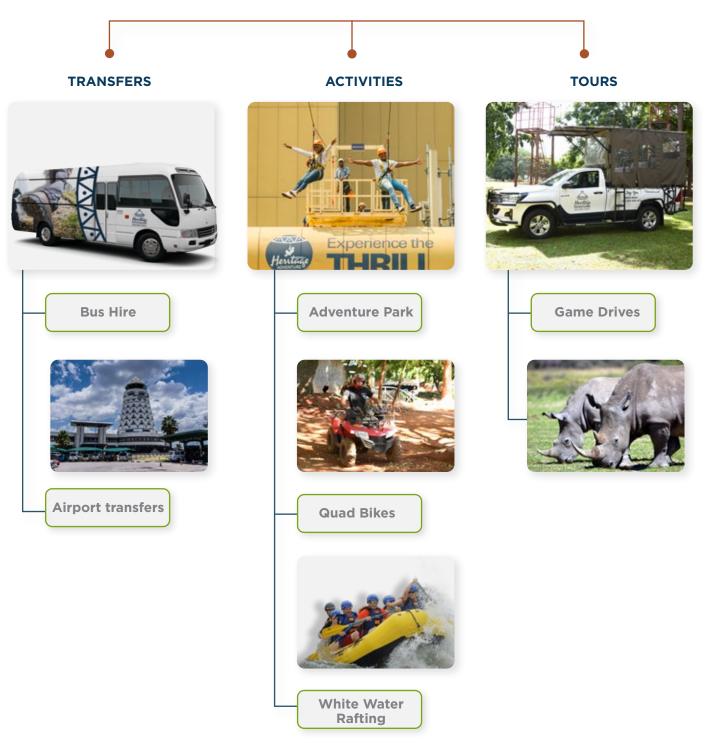




GROUP **STRUCTURE** (continued)

#### **HERITAGE EXPEDITIONS AFRICA**

-0







#### **OUR HISTORY**

When the vision is clear, the results will appear **1981** 

Zimbabwe Tourist Board is formed as a corporate body.

#### 1983

-0

1981

Government of Zimbabwe commissions the construction of a 5-star Hotel and Conference Centre in Harare and engages Sheraton Overseas Management Services (a subsidiary of ITT sheraton) to manage the 5-star hotel upon completion.

#### 1984

A parastatal, Zimbabwe Tourist Development Corporation (ZTDC) is formed.

#### 1985

The 5-star Hotel and Conference Centre construction is completed and the hotel starts operating under a management contract with the name Harare Sheraton Hotel. The Conference Centre is named Harare International Conference Centre and is operated by the Ministry of Environment and Tourism.

#### 1986

ZTDC takes over Victoria Falls Rainbow Hotel, which had been closed during Zimbabwe's liberation war. Victoria Falls Rainbow Hotel closes again due to security problems; ZTDC acquires two hotels, Ambassador Hotel and A' Zambezi River Lodge.

#### 1987

ZTDC establishes touring division as a joint venture under a different name, Zimbabwe Tours.

#### 1989

The Zimbabwe Tourist Development Corporation Act is amended to hive off the commercial side of ZTDC operations.

#### 1991

Zimbabwe Tourism Investment Company (Pvt) Ltd (ZTIC), a company wholly owned by Government, is registered under the Companies Act, Chapter 190. The first Board is appointed in November to turn around ZTDC loss-making operations, namely Hotels Division (A' Zambezi River Lodge, Victoria Falls Rainbow Hotel, New Ambassador Hotel - formerly Ambassador Hotel, and Christmas Pass Hotel), Tours Division (comprising Zimbabwe Tours), Conference Division (comprising Harare International Conference Centre) and the Investment Division (represented by the Harare Sheraton Hotel which was operated under a management contract with Sheraton Overseas Management Services).

#### 1992

First C.E.O. appointed and commercial business assets transferred from ZTDC and Ministry of Environment and Tourism to ZTIC. Operations start on 1 April.

#### 1994

ZTIC changes name to Rainbow Tourism Group (Private) Limited (RTG) with RTG still wholly owned by Government. Zimbabwe Tours becomes a joint venture on a shareholding structure of 60% for RTG and 40% for a strategic partner, Ireland Blyth Ltd (IBL) Mauritius, and is renamed Zimbabwe Mauritius Tours and Travel (Pvt) Ltd trading as Tourism Services Zimbabwe.

#### 1995

RTG acquires Rhodes Nyanga Hotel and Kadoma Ranch Motel.

#### 1996

Chimanimani Hotel is acquired on a shareholding of 75% for RTG and 25% for a strategic partner Bervin Investments. Zambezi Safari Lodges is commissioned on a shareholding of 50% for RTG and 50% for a strategic partner Conservation Corporation Zimbabwe.



#### 0 2000

1997

Christmas Pass Hotel, Mutare, is disposed. Bulawayo Sun Hotel is purchased and renamed Bulawayo Rainbow Hotel.

#### 1998

Touch the Wild Lodges and Safaris is acquired on a shareholding structure of 60% for RTG and 40% for IBL Mauritius. ITT Sheraton is bought by Starwood Hotels and Resorts Worldwide Inc.

#### 1999

Management contract of Harare Sheraton Hotel is renegotiated by RTG and Starwood Hotels and Resorts Worldwide Inc. and renamed Sheraton Harare Hotel and Towers. RTG is structured into four business units (Rainbow Hotels and Conferences division, Sheraton Harare Hotel and Towers Division, Touch the Wild (Pvt) Ltd and Tourism Services Zimbabwe). A voluntary retrenchment scheme is offered. Cabinet approval for RTG privatisation is given on 29 June. RTG's strategic partnership with Accor is approved on 19 October. RTG becomes the 72nd guoted company on the Zimbabwe Stock Exchange on 1 November.

#### 2000

RTG/Accor strategic partnership agreement is concluded; Accor's 35% shareholding becomes fully subscribed on 1 March. Chimanimani Hotel and Rhodes Nyanga Hotel are disposed of as they could not achieve critical mass in capacity and yield.







#### **OUR HISTORY**

When the vision is clear, the results will appear

#### 2001

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A' Zambezi River Lodge is rebranded to Hotel Mercure A' Zambezi.

2001

#### 2002

-0

Victoria Falls Rainbow Hotel is rebranded to Hotel Mercure Rainbow.

#### 2004

The management contract with IBL Mauritius is terminated by mutual agreement.

#### 2005

-0

Management agreement with Starwood comes to an end and is not renewed. Management of Sheraton Harare Hotel and Towers is localised. Business of Sheraton Harare Hotel and Towers and Harare International Conference Centre is merged. RTG successfully carries out a rights issue in September and new shareholders emerge. Accor, Laaico, and Ministry of Environment and Tourism get diluted.

#### 2006

The merged business successfully rebrands the Rainbow Towers Hotel and Conference Centre on 19 March. Management contract with Accor is terminated.

Hotel Mercure A' Zambezi and Hotel Mercure Rainbow are rebranded to A' Zambezi River Lodge and Victoria Falls Rainbow Hotel respectively under the Rainbow Hotels Division. The Group reverses losses of the past 3 years and wipes out foreign debt incurred over management contracts.

#### 2007

-0

South African marketing office is established and Tourism Services Zambia is registered. Regional expansion strategy is unveiled.

#### 2008

-0

RTG takes over management of the first regional hotel, Hotel Edinburgh in Kitwe, Zambia. RTG also signs a management contract for Savoy Hotel in Ndola, Zambia. Rainbow Hospitality Business School (RHBS) is established.

#### **2010**

The refurbishment of A' Zambezi River Lodge commences. Matetsi Water Lodge is acquired as a going concern on 1 March. RTG also enters into a longterm lease over Hotel Mozambique in Beira and commences operations in July. Rainbow Hotels in Zimbabwe acquires ISO 9001:2008 certification in March.

#### 2011

A' Zambezi River Lodge refurbished and rebranded to a 4-star hotel. The hotel is opened mid-May. RTG seeks to recapitalise and to dispose its subsidiaries, namely TTW, Matetsi Water Lodge and TSZ in order to focus on core hotel operations and retire short term debt.

#### 2012

RTG embarks on a recapitalisation exercise to address short-term debt burden. RTG secures a US\$10 million loan and concludes a US\$4.5 million rights issue. The Group disposes of some of its subsidiaries which were TTW and TSZ to focus on core hotel operations. Hotel Edinburgh in Kitwe, Zambia is closed.

#### 2013

The recapitalisation exercise is completed through a \$10 million loan which is used to restructure short term debt and through a rights issue which raises \$4.5 million. RTG also places into liquidation Matetsi. In 2013, the Group makes a profit of \$1 million up from a \$6 million loss during the previous year. This is the Group's first significant profit since the introduction of a multicurrency system in 2009.



#### **O** 2020

2014

The Rainbow Beitbridge Hotel which is located in the border town of Beitbridge, with a rooms capacity of 136 rooms is opened for trading on 15 January.

#### 2016

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RTG exits non performing markets. Rainbow Beitbridge Hotel closes on 31 May and Rainbow Hotel Mozambique closes on 30 September.

#### 2018

RTG concludes its balance sheet restructuring exercise by raising \$22.5 million by way of a rights issue linked to debentures. RTG establishes two tour operations subsidiaries Journeys by Exotic domiciled in the USA and Heritage Expeditions Africa domociled in Zimbabwe.

#### 2019

RTG declares and pays a dividend for the first time since 2006 for the year ended 31 December 2018. RTG was conferred with the award for "The listed Company with the highest profitability by the Zimbabwe Independent Newspaper (Alpha Media Holding).

#### 2020

RTG refurbishes Rainbow Towers Hotel and Conference Centre at a project cost of US\$4,6million.

RTG expands Gateway Stream into 12 revenue channels which include; Hospitality & Leisure, Online Shopping, Media, Food & Drink, Book-A-Ride, Insurance, Online Auctions, Events & Venue, Deliveries, Advertising, Clothing and Farming.

RTG launches Gateway Stream Music and pay-per-view platform.

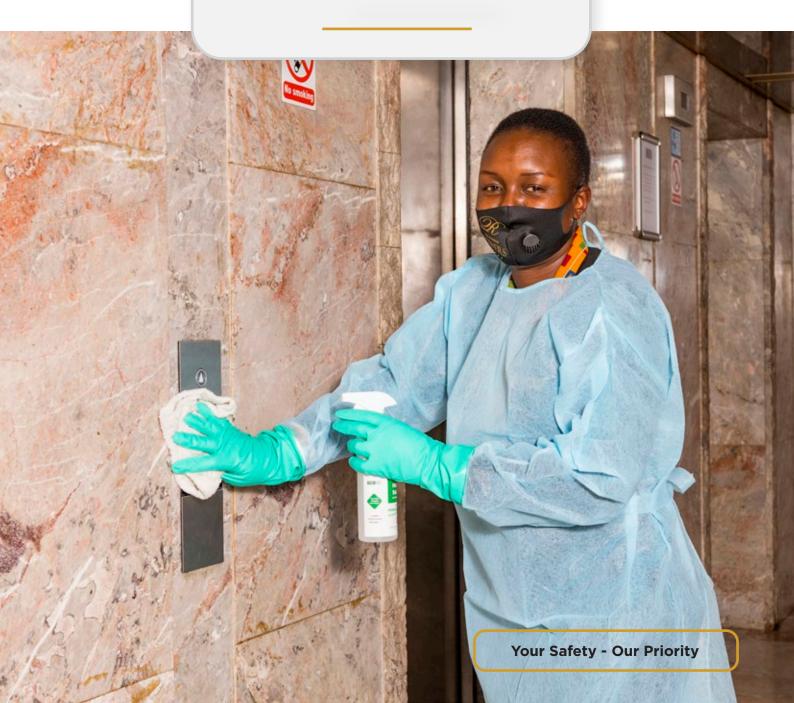
#### OUR SERVICE **PROMISE**

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#### FRESH FOOD FRESH PILLOW FRESH SMILE

Our service promise is expressed through the above three pillars of freshness. Rainbow Tourism Group offers all round refreshing experiences to its customers. From the time you check-in, your experiences will be of freshness in all respects.





#### RECOGNITION AND AWARDS



О

Overall winner- Innovation & Technology Category for the Gateway Stream mobile and web application: Zimbabwe Quoted Companies Survey.



Overall winner- RTG Chief Executive Tendai M. Madziwanyika receives the award for Innovation & Technology Category for the Gateway Stream mobile and web application: Zimbabwe Quoted Companies Survey.



First runner-up Gateway Stream "The Future is here now" Advert: Marketers Association of Zimbabwe Best TV advert category.



Second Runner-up Service Excellence Hospitality Sector: Customer Contact Centre of Zimbabwe (CCAZ)



First runner-up Zimbabwe Stock Exchange (ZSE) Listed Companies Award: Stakeholder Practice & Sustainability Reporting: Institute of Chartered Secretaries and Administrators in Zimbabwe.

#### STANDARDS AND CERTIFICATIONS

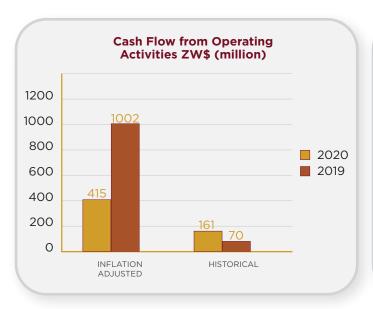
Standards Association of Zimbabwe

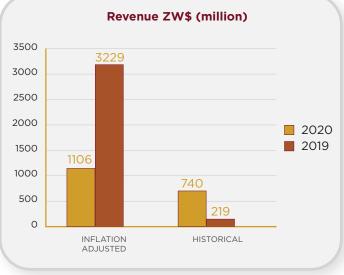
- ZW ISO 9001:2015- Quality Management Systems
- RTG Corporate Office
- Rainbow Towers Hotel & Conference Centre
- A 'Zambezi River Lodge
- Victoria Falls Rainbow Hotel
- Kadoma Hotel & Conference Centre
- Bulawayo Rainbow Hotel
- New Ambassador Hotel

#### **INDUSTRY ASSOCIATIONS & MEMBERSHIPS**

- Tourism Business Council of Zimbabwe
- Hospitality Association of Zimbabwe

#### GROUP PERFORMANCE HIGHLIGHTS



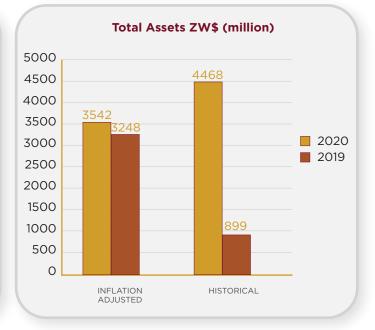


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**Operating Profit ZW\$ (million)** 

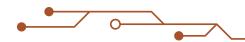
HISTORICAL

INFLATION ADJUSTED





#### RTG Annual Report 2020



#### FINANCIAL PERFORMANCE HIGHLIGHTS

	INFLATION AD	JUSTED	HISTORIC	AL
	2020	2019	2020	2019
	ZW\$	ZW\$	ZW\$	ZW\$
PROFITABILITY RATIOS				
EBITDA %	46%	31%	37%	31%
Return on Equity (ROE)	19%	47%	5%	10%
ROOMS				
Total RevPAR	2.090	604	1.398	404
Net RevPAR	1.787	516	1.195	346
SHARE PERFORMANCE				
Basic and diluted earnings per share	14.32	37.16	7.13	2.12
Headline earnings per share	13.68	37.16	6.82	2.12

-0

#### SUSTAINABILITY PERFORMANCE HIGHLIGHTS

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SUSTAINABILITY PERFORMANCE		
	2020	2019
Total Employees (number)	810	1,270
Female Employees %	38%	34%
Energy Consumption (KwH)	5 013 062	9 323 738
Community Investments (ZW\$)	884 000	212 797
Payments to Government (ZW\$)	112 575 962	8 516 449

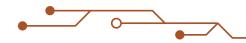
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#### LEADERSHIP AND GOVERNANCE

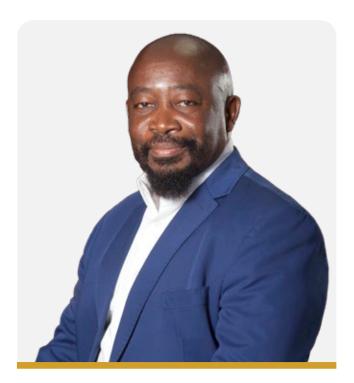
#### **BOARD OF DIRECTORS**

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#### Arthur J. Manase Board Chairman

Mr. Manase is a Legal Practitioner with over 30 years of experience. Mr. Manase has a wealth of expertise in corporate governance. He is the General Manager of the National Social Security Authority. Mr. Manase has previously served on the Reserve Bank of Zimbabwe Board and the Estate Agents Council. He was previously appointed to represent Zimbabwe on the Permanent Court of Arbitration at the Hague. He is a Certified Arbitrator as well as a Certified Compliance Professional.



#### Tendai M. Madziwanyika Chief Executive

Mr. Madziwanyika has been Chief Executive of the Company since November 2012. Prior to this, he held senior positions in the FMCG and hospitality industries including being the Managing Director of a listed hospitality group in Zimbabwe. He is a past President of the Zimbabwe Council for Tourism. He holds a Bachelor of Accounting Science (B Compt.) from the University of South Africa and a Master of Business Administration (with distinction) from Hull University (United Kingdom).



#### LEADERSHIP AND GOVERNANCE (continued)



#### Ken Chibota Non-Executive Director

A Chartered Accountant by profession, Mr. Chibota worked for Philips International in the Netherlands and in Zimbabwe for 22 years and as a Philips Distributor with Destiny Electronics for 12 years. He rose in Philips to be the Finance Director. In 1998, he was elevated to the position of Chief Executive Officer of Philips Zimbabwe and from 2004 of Destiny Electronics unti 2015. He was then offered a Philips Distributorship in Healthcare for Zimbabwe and Malawi which he manages under Horizon Health Services as the owner and Chief Executive Officer. Over the years, Mr. Chibota participated as a board member in several public and private companies.



#### Monica V. Hanga Non-Executive Director

Ms. Hanga holds a Masters' degree in Business Administration, a Post-Graduate Diploma in Labour Law and BSc Honours Degree in Psychology, all attained at the University of Zimbabwe. She has seventeen years' experience working in the Ministry of Public Service, Labour and Social Welfare. Her areas of expertise include labour law, international labour standards, social protection, dispute resolution, policy development and coordination at the national, regional and international level. She is currently serving as the Professional Assistant to the Minister in the same Ministry.



#### Douglas Hoto Non-Executive Director

Mr. Hoto is the Group Chief Executive Officer of First Mutual Holdings Limited. He has previously worked as Chief Executive Officer for Altfin Holdings Limited. Mr. Hoto has over 25 years' experience as an Actuary and has worked in various roles in the insurance industry in Zimbabwe and the SADC region. He is the founding Chairman of Zimstat, Chairman of the Actuarial Society of Zimbabwe and a Fellow of the Faculty of Actuaries of Scotland and also served on the board of the Insurance Pension Commission(IPEC). Mr Hoto is currently the Vice Chairman of the University of Zimbabwe Council. He holds a Bachelor of Science Honours Degree in Mathematics (UZ).

#### LEADERSHIP AND GOVERNANCE (continued)



#### Cynthia D. Malaba

Non-Executive Director

Mrs. Malaba is currently running a Financial Services consulting business. She is a director in a listed Mining entity, a Financial Services and Micro lending company as well as chairs a Development and Cultural Trust. Mrs Malaba has previously worked in a listed blue-chip company as Supply Chain Director and General Manager - Operations. Previously, she was the Head of Internal Audit and Risk for the same company as well as the Vice President of the Institute of Internal Auditors. Mrs Malaba is a Chartered Accountant registered with both the Zimbabwe Institute and the South Africa Institute. Mrs Malaba holds a Bachelor of Accountancy Degree from the University of Zimbabwe, a Bachelor of Commerce and Accounting and post graduate diploma in Auditing from the University of South Africa. Cynthia has had an opportunity to visit and work in regional and global markets.



#### Douglas Mavhembu Non-Executive Director

Mr. Mavhembu is the Deputy Director- International Tourism Directorate in the Ministry of Tourism and Hospitality Industry. He has worked in various senior capacities within the same Ministry. Mr Mavhembu was the Co-Chairperson for the Zimbabwe/ Zambia Joint Technical Committee on the UNWTO General Assembly held in Victoria Falls. He holds a Master of Science degree in Tourism and Hospitality Management from the University of Zimbabwe, a Bachelor of Business Administration in Tourism Management from Azaliah University and various certificates in Tourism and Hospitality Management. He is a member of the renowned Professional Tourism Institutes.



#### LEADERSHIP AND GOVERNANCE (continued)



#### Napoleon K. Mtukwa Finance Director

Mr. Mtukwa is the Finance Director. He is a fellow of the Association of Certified Chartered Accountants (ACCA). He is also a member of the Institute of Chartered Accountants England & Wales (ICAEW). Mr Mtukwa has previously held accounting positions at Unilever Zimbabwe and Mobil Oil. He holds an Honours Degree in applied accounting and a Master of Business Administration Degree from the University of Zimbabwe. He has vast experience at senior management level including years of serving in the position of Group Finance Manager and Group Management Accountant for Rainbow Tourism Group.



#### Ivan M. Murambiwa Non-Executive Director

Mr. Murambiwa is the Director of the National Archives of Zimbabwe. His educational qualifications include a BA Honours in History and a Masters in Business Administration, both from University of Zimbabwe, as well as a Master of Philosophy (Heritage Management) from Trinity Hall University of Cambridge (UK). He is a recipient of a Cambridge Commonwealth Trust Scholarship in 1990. In 1991 Mr. Murambiwa became a Fellow of the Cambridge Commonwealth Society.



#### **Givemore Taputaira** Non-Executive Director

Mr. Taputaira is a professional and business leader, with over 19 years experience in ICT and Business development projects. He has worked for various companies including a listed hospitality company as Project Manager, ICT Director, Projects Director and Development Director. In his different roles, Givemore has worked on various projects, in the country and across Africa and worked with various regional and international partnerships and brands to deliver value. He holds a Bachelor of Science General degree and a Masters' in Business Administration degree from the University of Zimbabwe. He is currently the co-founder and Managing Director at Digital Edge Solutions.



#### SENIOR MANAGEMENT



Ο

Tendai M. Madziwanyika Chief Executive



Napoleon K. Mtukwa Finance Director



Shupai Marware Commercial Director



**Tichaona Hwingwiri** Operations Director



Laurence Dhemba Human Resources Director



Samson Chitsato Head: Internal Audit & Risk



**Tapiwa Mari** Company Secretary



Taremeredzwa Chipepera Head: Business Information Systems



**Pride Khumbula** Corporate Communications & Innovations Manager



Mevis Chikava - Guedes Brand Manager



Fortune Gowera - Makamanzi Sales & Commercial Services Manager (RSA Office)



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- Victoria Falls
- Hwange
- Eastern Highlands
- Matopos
- Kariba
  - Masvingo
  - Gonarezhou
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#### CORPORATE GOVERNANCE

#### **CORPORATE GOVERNANCE**

Corporate Governance is an important aspect of business that helps RTG meet its obligations to all of its stakeholders. We believe that the highest levels of corporate governance are required to increase long-term value for our stakeholders and to improve organizational practice at all levels. The foundation of RTG's operations is enshrined in ethical business practice, honesty, and a dedication to principles that enhance and maintain stakeholders' trust.

The Corporate Governance Framework of the Group contains comprehensive rules, regulations, and procedures outlined in the Board Charter, as well as numerous policy documents and board committee terms of reference. The Board reviews these documents regularly, and the related board committees are revised to reflect changes in applicable legislation and regulations, as well as international best practices in corporate governance.

In light of legislative developments in Zimbabwe, the Group will review its governance practices and align with the new Companies and Other Business Entities Act (24:31), SI134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rule (2019), and the National Code on Corporate Governance in Zimbabwe (2015).

#### **Board Structure**

The Board's composition reflects varying skills, experience, and diversity among its members to provide sound judgment on strategic issues, effective oversight, and guidance to management. The Board is made up of ten (10) members which are chaired by a Non-Executive Director, and two Executive Directors namely the Chief Executive Officer and the Finance Director. The Board also comprises eight (8) males and two (2) females.

#### **Board Responsibilities**

The Board's primary responsibility is to safeguard and maximize long-term shareholder value. It oversees how management represents the long-term interests of all stakeholders and is at the heart of our corporate governance practice. The Board operates independently, in good conscience, with due diligence and consideration, and in the best interests of the Group and its shareholders when performing its duties.

The Board meets at least once every quarter to review and monitor the performance of the Group and executive management. Certain matters are considered at all board meetings including the Chief Executive Officer's Report and Board Committee Reports. Special Board meetings or Special Committee meetings can be held to deliberate on ad-hoc matters that arise in between scheduled meetings.

Dealing in Securities

The Board has established a formal trading policy prohibiting the Group's management, officers, and employees from dealing in the Group's securities during the Group's closed periods, as defined by the Zimbabwe Stock Exchange (ZSE) Listing Rules.

#### **Business Ethics**

The Group adheres to strong ethical standards and good corporate practices. There is a code of ethical business conduct in effect, which is regularly implemented by disciplinary actions. The Group has a strict policy prohibiting staff and management from participating in or being affiliated with corrupt activities. Non-executive directors provide the necessary objectivity for the Board's effective functioning and carry sufficient weight in the Board's deliberations and resolutions.

#### **Board delegation of authority**

The Chairman and Chief Executive Officer positions are independent and distinct, according to the Articles of Association, and the Board composition is balanced between the eight non-executive directors and the two executive directors, namely the Chief Executive Officer and the Finance Director. This allows for the separation of responsibilities and enhancement of the Board's oversight role over the management function.

#### Stakeholder channels for communicating with the Board

The Group has platforms in place which allow stakeholders to communicate directly with the Board of Directors on material issues. These platforms include the Annual General Meeting, Analyst Briefings, Press Pronouncements, Annual Reporting to stakeholders, and exercise of meeting Proxy Forms, etc.

#### **Board Charter**

The Board has an approved Charter which details inter alia how the Board conducts its business.

#### **Remuneration Policy**

The Human Resources. Remuneration, and Corporate Governance Committee oversees the Group's remuneration policy. External stakeholders, such as shareholders, will participate in the determination of executive remuneration through nominated directors, according to the regulation. The rest of the staff's remuneration is guided by the policy and collective bargaining

agreements processes.

#### **Board Committees**

The Articles of Association of the Group enable the Board to delegate authority to committees made up of chosen members. The Audit and Risk Committee, the Human Resources, Remuneration and Corporate Governance Committee, the Marketing, Communications and Strategy Committee, and the Finance and Investment Committee are the four committees that make up the Board.

#### CORPORATE **GOVERNANCE** (continued)

Board and Committee Meetings Attendance				
Committee	Members	Responsibilities		
Audit & Risk	C.D. Malaba (Chairperson) D. Hoto	The Committee comprises of two non-executive directors. The Committee deals inter-alia with compliance, internal control and risk management.		
Human Resources, Remuneration and Corporate Governance	D. Hoto (Chairman) A.J Manase D. Mavhembu	The Committee comprises of three non- executive directors. The primary function of the Committee is to assist the Board by reviewing policies relating to senior executives remuneration and the current industry practice with regards to executive remuneration. The Committee also makes recommendations to the Board on its composition and the balance between executive and non-executive directors. Skills and diversity are also taken into account in this process.		
Marketing, Communications & Strategy	M. I. Murambiwa (Chairman) M. V. Hanga D. Mavhembu	The Committee comprises of three non-executive directors. The purpose of the Committee includes to review and advise on the Group's marketing, sales and overall strategy initiatives.		
Finance and Investments	K. Chibota (Chairman) G. Taputaira M. I. Murambiwa	The Committee is composed of three non-executive directors. The Committee assists the Board in its consideration and approval of various matters including: ongoing oversight pertaining to capital structure and funding; capital management and planning initiatives; due diligence on acquisitions, divestments including proposals which may have material impact on the Group's capital position.		

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Board and Committee Meetings Attendance						
Board Member	Appointed	Main Board	Audit & Risk	Remunerations & Governance	Marketing, Communications & Strategy	Finance & Investments
A.J Manase	2019	4/4	N/A	2/3	N/A	N/A
T.M Madziwanyika	2012	4/4	3/3	3/3	3/3	3/3
N.K Mtukwa	2014	4/4	3/3	3/3	3/3	3/3
D. Hoto	2012	4/4	3/3	3/3	N/A	N/A
D. Mavhembu	2013	4/4	N/A	3/3	3/3	N/A
K. Chibota	2019	4/4	N/A	N/A	N/A	3/3
C.D. Malaba	2018	4/4	3/3	N/A	N/A	N/A
P. Mujuru	2019 (resigned on 8 March 2021)	4/4	N/A	N/A	2/3	3/3
S. Masanga	2018 (resigned on 27 April 2020)	1/2	1/1	N/A	N/A	N/A
M. Murambiwa	2019	4/4	N/A	N/A	3/3	3/3
*Mr. T. M. Madziwanyika (Chief Executive) and Mr. N. K. Mtukwa (Finance Director) attend all board committee meetings by invitation						

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#### THE COMPANY'S RESPONSE TO THE COVID-19 PANDEMIC

The first quarter of 2020 saw the emergence and spread of the COVID-19 pandemic, which disrupted the global economy. The tourism and hospitality industry was the worst affected as most countries across the globe shut borders, grounded flights and introduced national lockdowns and restrictions.

The Government of Zimbabwe promulgated, on 28 March 2020, Statutory Instrument 83 of 2020, Public Health (COVID-19 Prevention, Containment and Treatment) (National Lockdown) Order 2020 (SI 83 of 2020). SI 183 of 2020 provided for, inter alia, a national lockdown and closure of all business activities for a period of 21 days up to 19 April 2020 in an effort to mitigate against the threat of the virus. This was later extended by another 14 days to 17 May 2020. In full support and compliance of this Government directive the Group closed all six hotels for the duration of national lockdown period.

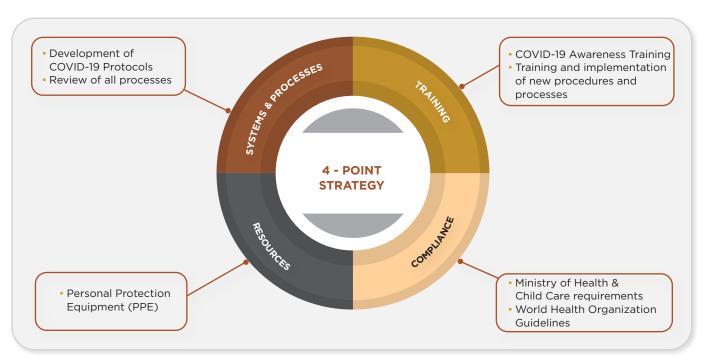
In responding to the global pandemic the Company immediately put in place measures to ensure the safety and wellbeing of employees and guests, whilst safeguarding the viability and continued going concern status of the business.

The Company's ISO Certification to the ZW ISO 9001:2015 standard, which is premised on the risk-based thinking approach, helped in the swift adjustment of all processes and procedures in line with the World Health Organisation (WHO) and the Ministry of Health and Child Care protocols and guidelines.

The Company is proud to have stood with the Government and the people of Zimbabwe in welcoming and looking after more than 1400 returning citizens requiring mandatory quarantine upon entering the country. This decision was made at a time where fears and myths around COVID-19 were at their highest as science kept shifting and changing whilst almost all infections in the country were imported with very little community spread. The Company invested significantly in Personal Protective Equipment for staff and training.

We are proud of our teams and applaud them for their commitment and selflessness as they stay true to the essence of hospitality – looking after others – in times of happiness and challenges.

#### **COVID-19 THE NEW NORMAL - OUR FOUR POINT STRATEGY**





# Risk-based ZW ISO 9001:2015 requires the highest level of COVID-19 awareness and preparedness.



#### **BUSINESS CONTINUITY STRATEGY**

FOCUS AREA	ACTION TAKEN
1. Systems, Processes & Technology	<ul> <li>Developed and implemented COVID-19 protocols as guided by the World Health Organisation and the Ministry of Health &amp; Child Care (MOHCC) that address hygiene standards, social distancing and health which include;</li> <li>Daily temperature checks.</li> <li>Mandatory hand sanitisation at all entry points and within the hotels.</li> <li>Enhanced cleaning and hygiene as well as regular disinfecting of all hotels.</li> <li>Reviewed all Best Operating Procedures (BOPs) to align with COVID-19 protocols.</li> <li>Invested in signage and collateral to create awareness on the dangers of COVID-19.</li> </ul>
2. Training	<ul> <li>Conducted awareness training for all staff across the Group in collaboration with CellMed Holdings the Company's medical insurance provider.</li> <li>Trained all staff in the COVID-19 protocols and the reviewed BOPs.</li> <li>Engaged a Resident Registered General Nurse for handling any related challenges caused by the pandemic.</li> </ul>
3. Compliance	<ul> <li>Implemented COVID-19 protocols as recommended by the Ministry Of Health &amp; Child Care and the World Health Organisation.</li> <li>Reviewed business operating hours.</li> <li>Tested staff across the Group.</li> <li>Decongested work place with staff working from home as much as possible.</li> </ul>
4. Resourcing	<ul> <li>Procured Personal Protective Equipment (PPE) for all staff including; face masks, face shields, boiler suits, disposable aprons &amp; gowns, shoe coverings, gloves, digital thermometers and hand sanitisers.</li> <li>Recruited resident nurses for all hotels to assist with guests and staff wellbeing.</li> <li>Set up sick bays at all its hotels.</li> <li>Introduced resident working shifts where staff stayed at the hotel for a shift period to reduce the risk of cross-contamination.</li> <li>Seconded staff from non-operational hotels (Victoria Falls) to operational hotels and Gateway Stream.</li> </ul>
5. Cost containment	<ul> <li>Implemented an aggressive cost constriction program across all facets of the business.</li> </ul>
6. Elimination of Capital Expenditure	• Suspended all Capital Expenditure activity until the time business activity resumed.
<b>7.</b> Elimination of all variable and most fixed costs for closed hotels.	• Eliminated variable costs of all closed hotels which included casual temporary labour, electricity, water, licences and others. The Company re-negotiated, where possible, the fixed-cost structures such as security to ensure alignment with a closed hotel.
8. Movement of Supplies of the	Donated all perishable stock items and some dry goods from the hotels to selected
hotels that are closed	communities.
9. Emerging Business Opportunities	<ul> <li>Gateway Stream Delivery</li> <li>The Company activated the Gateway Stream online shopping and delivery app at a time where there was a shift of consumer buying patterns from physical shopping to online shopping to reduce the risk of contracting the virus.</li> </ul>

#### OUR RESPONSIBLE BUSINESS CULTURE

#### OUR RESPONSIBLE BUSINESS AND SUSTAINABILITY PRACTICES

The sustainability strategy of Rainbow Tourism Group rests upon the philosophy of being a responsible business that generates value through excellence and sustainable business practices. At the heart of anything we do, we want to ensure that our guests and stakeholders experience something magical through refreshing hotels and amazing experiences. The Group's strategy is to ensure our hotels live by our service promise of Fresh Food, Fresh Pillow, and Fresh Smile' which we uphold through responsible business and sustainability practices. To this effect, the Group is certified by the Standards Association of Zimbabwe under the ZW ISO 9001:2015 - Quality Management System. This necessitates the Group to monitor and adhere to all quality procedures in all areas of service delivery, including food quality and safety, security, hotel room standards, and business processes. Our sustainability strategy aims to 'Green our Hotels' by ensuring that we are aware of risks and opportunities from climate change, electricity, water, waste, and our employees. We have systems in place to monitor how we respond to these sustainability issues through policies, procedures, and values we set across the Group. To accomplish this, the Group will continue to implement the sustainability strategy which includes greening hotels and business practices while building a strong shared vision and values across the Group and stakeholders.

#### **Supply Chain Management**

The Group has a Procurement Policy that guides supply chain management to ensure consistency, best prices, and quality in all procurement. Our supply chain covers - hotel supplies, services, and infrastructure project supplies. Management's approach to procurement is to ensure acquisition is direct from the source or primary producer. Our supply chain is made up of small fresh produce suppliers and large suppliers. However, the bulk of our supplies are sourced from regional and international suppliers to guarantee the quality expected by the diversity of our guests who include domestic and international visitors.

The Group's practice is to always have a reasonable lead time of goods to guarantee food availability at all times. Our supply chain is managed through our Procurement Department which inspects goods at source whether locally or internationally supplied to ensure quality and food safety. In doing so, the Department operates a screening system based on ZW ISO 9001:2015 - Quality Management System. For infrastructure related projects, all procurement is managed internally to ensure quality and cost effectiveness.

#### **Human Rights**

Operating without infringing on human rights is one of society's baseline expectations on the business. RTG does not take this responsibility lightly, as such, it ensures all employees are treated with respect and dignity. RTG's operations have a salient impact on the human rights of four groups: customers, personnel, purchasing chains, and communities in which we operate. We conduct our business within the confines of the ILO Code and International Human Rights Standards and the Labour Act in Zimbabwe (Chapter 28:01). In view of global developments on human rights as informed by the United Nations Guiding Principles on Human Rights and Business, the Group plans to undergo training on business and human rights to broaden our understanding and practices. Annually, the Group undertakes two (2) hours of training on employee rights.

# PH Delights

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#### STAKEHOLDER ENGAGEMENT



RTG Chief Executive demonstrating the Gateway Stream mobile and web application to the Honourable Minister of Public Service, Labour and Social Welfare Professor Paul Mavima.

#### STAKEHOLDER ENGAGEMENT

The Company believes our success in the tourism industry in Zimbabwe has been anchored by the strong stakeholder relations we have built over the years. Stakeholder engagement is a critical shared responsibility across our value chain. We engage stakeholders to understand their concerns, priorities, and views which are instrumental in how we continue to innovate and be responsive to their needs. Our stakeholder engagement is coordinated by our Corporate Communications and Innovations Manager.

Management's approach to stakeholder engagement is designed to place the responsibility of engagement upon each function in the Group. Heads of Departments are expected to engage stakeholders they relate to and report to senior management on material issues. Management evaluates and formulates strategies for responding to material concerns raised. Outcomes of stakeholder engagement are analysed to enable identifying risks and opportunities.

#### **Stakeholder Engagement Process**

The Group conducts a stakeholder mapping analysis which determines the level of influence, interest, and impacts each stakeholder has on the business. This process allows us to identify which stakeholders should be prioritized during the engagement. Further, the outcomes provide the basis for our business strategy.

#### **Stakeholders and their categories**

The Group has defined stakeholders as those who it has material impacts on and those who can significantly affect the achievement of our business objectives. For this report, stakeholders were identified based on those with whom the Group has significant relationships and those who define the business operating environment. Our stakeholders are categorised into:

- Internal Employees, Management and Board of Directors.
- External Suppliers, Government, Guests, Customers Shareholders and Communities.

#### STAKEHOLDER ENGAGEMENT (continued)

#### During the year, our stakeholder engagements were as follows:

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Stakeholder	Material issues Raised	Mitigation Measures	Engagement Channel	Frequency of Engagements
Employees	<ul> <li>Health risks associated with COVID-19</li> <li>Access to information</li> <li>Engagement and inclusion</li> <li>Job security</li> </ul>	<ul> <li>Training on health and safety</li> <li>Updates on developments in the organization</li> <li>Development, review, implementation and monitoring of Human Resource Policy and Procedures</li> <li>Cost of living adjustments</li> <li>Staff retention initiatives</li> </ul>	<ul> <li>Physical and Virtual meetings.</li> <li>Staff newsletter and noticeboards</li> <li>National Works Council</li> </ul>	<ul><li>Monthly</li><li>Quarterly</li><li>Annually</li></ul>
Guests Customers	<ul> <li>Safe and hygienic environment</li> <li>Quality affordable services and products</li> <li>Communication channels for feedback and complaints resolution</li> </ul>	<ul> <li>Implementation of COVID-19 protocols</li> <li>Product enhancement</li> <li>Digital channel for feedback</li> </ul>	<ul> <li>Direct letters and emails</li> <li>Sales team engagement, TV, website &amp; social media</li> <li>Internet generated emails</li> <li>online guest feedback channel</li> </ul>	<ul> <li>All the time</li> <li>Weekly and monthly</li> </ul>
Government and Regulators	Regulatory compliance	Adherence to government policies	<ul> <li>Physical and virtual meetings with relevant ministries</li> <li>Statutory returns</li> </ul>	<ul><li>Adhoc</li><li>Annually</li><li>Periodic</li></ul>
Shareholders and Potential Investors	<ul> <li>Corporate governance</li> <li>Dividend declaration</li> <li>Business viability</li> <li>Profitability</li> </ul>	<ul> <li>Compliance with corporate governance standards</li> <li>Strong business performance</li> </ul>	<ul> <li>Board meetings</li> <li>Annual General Meeting</li> <li>Analyst briefings</li> <li>Annual report</li> </ul>	<ul><li>Quarterly</li><li>Annually</li></ul>
Suppliers	<ul> <li>Ethical business practices</li> <li>Timely payments</li> <li>Regulatory compliance</li> </ul>	<ul> <li>Service level agreements</li> <li>Supplier assessments</li> <li>Compliance with regulatory requirements</li> </ul>	<ul> <li>Physical and virtual meetings</li> <li>Emails</li> <li>Telephone</li> </ul>	<ul><li>Adhoc</li><li>Daily</li></ul>
Communities	<ul> <li>Responsible business practices</li> <li>Investment in local communities</li> <li>Job creation</li> </ul>	<ul> <li>Development and implementation of CSI strategy</li> <li>Investment plan</li> <li>Prioritise local communities</li> </ul>	<ul> <li>Focus Group meetings with communities</li> </ul>	• Adhoc
Media	<ul> <li>Regular and transparent updates on material Group developments</li> </ul>	<ul> <li>Media Briefings and press releases</li> <li>Media tours</li> <li>Response to all queries</li> </ul>	<ul> <li>Analyst briefings</li> <li>Physical and virtual meetings</li> <li>All media platforms (electronic and print)</li> </ul>	<ul> <li>Quarterly and as requested</li> </ul>
Industry	<ul> <li>Fair pricing</li> <li>Collaboration and lobbying government</li> </ul>	<ul><li>Participation in NEC engagements</li><li>Participation in industry forums</li></ul>	<ul> <li>Physical and virtual meetings</li> <li>Emails</li> </ul>	• Adhoc

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#### STAKEHOLDER ENGAGEMENT (continued)

The Group's approach to identifying material topics is based on stakeholder feedback through departments that engage directly with these stakeholders. Management is instrumental in evaluating the significant impacts the business has on stakeholders and operations. A combination of these approaches helped identify the material issues used to determine topics to report.

#### **Materiality Process**

The materiality assessment was conducted through a questionnaire survey completed by senior management from the Group's departments. The process involved

identifying key issues for the business based on trending issues in the tourism sector, issues core to the achievement of the RTG strategy, and issues raised by stakeholders. The issues were streamlined and categorised with the assistance of consultants. The final list was shared with senior management who then ranked each topic based on their experiences during the reporting period.

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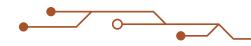
#### **Material Issue**

The following issues were identified as material to the Group during the year:

Social Topics	Environmental Topics
• Job security and labour practices	• Water
<ul> <li>Guest safety and security</li> </ul>	Wastewater management
Training and education	• Energy
Cyber Security	• Food Waste
• Human rights	Climate change
• COVID-19 and Employee Health and Safety.	
	<ul> <li>Job security and labour practices</li> <li>Guest safety and security</li> <li>Training and education</li> <li>Cyber Security</li> <li>Human rights</li> </ul>

#### MATERIALITY MATRIX





#### OUR RESPONSIBLE BUSINESS CULTURE (continued)

#### **REPORTING PRACTICE**

The Group's reporting practice migrated to providing financial and non-financial information in a single integrated annual report format. This approach provides our stakeholders and readers with a complete picture of the Group and its performance for the financial year.









#### Report Boundary

The Group operates hotels in Harare, Victoria Falls, Bulawayo, and Kadoma. These locations contribute significant economic, environmental, and social impacts considered material for reporting. As such, these hotels defined the report boundary.



#### **Report Data**

The report used qualitative, quantitative data and information to explain how the Group performed on material topics considered important to our stakeholders. Information used for this report was extracted from Group records, policies, and the respective person in charge of the topic areas.

#### **Report Period**

The reporting period for the Group spans over 12 months from 1 January to 31 December each year. There were no changes to the reporting period.

#### **Report Declaration**

The Group's Management takes responsibility to confirm that this report was prepared in accordance with applicable GRI Standards - 'Core' option. A GRI Content Index is provided on Pages 76-78.

#### **RISK MANAGEMENT AND COMPLIANCE**

The Internal Audit function has overall responsibility for risk management across the business. A consolidated risk management report is presented to the Audit and Risk Committee before being presented to the main Board of Directors for review and decisions on mitigation measures.

The report covers the following risk categories:

#### **Cyber Risk**

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Our cyber risk management is integrated with our safety and security system to ensure information of the Group, our guests and stakeholders is safe and protected at all times. Cyber Security has significant impacts which include; loss of corporate information, theft of financial information such as bank details or payment card details, or theft of money. The Group, therefore, has put in place safety protocols to guard against cyber risk, this is managed under the Business Information Systems Department. Our internal audit department carries out regular audits to ensure IT security systems are functioning at all times and remedial action is taken where attempts could have occurred.

#### **New Business Line Risk**

When a new business line is launched, it may pose a danger to current operations or future operations. As a result, the Group performs risk assessments for new business lines, which may include competition, protection and brand reputation, the macroeconomic climate, outdated technologies, and enforcement issues. The Directors are in charge of assessing and handling the danger line.

#### **General Risk**

The category of general risks is made up of financial risks, commercial risks, strategic risks, people risks, reputational risks, physical and security risks, information technology risks, and political risks. Our internal audit department conducts regular audits on these risk areas against policies in place and provides a Risk Matrix to help management make decisions on mitigation measures.

RTG Annual Report 2020



#### OUR RESPONSIBLE **BUSINESS CULTURE** (continued)

#### **COMPLIANCE MATTERS**

It is the Group's culture and directors' responsibility to ensure the Group operates in full compliance with all applicable laws and regulations. The Group manages compliance matters through quarterly submissions of compliance reports, corporate governance reports and engages in internal and external audits. During the year, the Group complied with the following instruments and regulations:

- The Companies and other Business Entities Act [Chapter 24:31]
- Zimbabwe Stock Exchange (ZSE) Listing Rules, as amended Securities and Exchanges Commission of Zimbabwe (SECZ),
- Tourism Act [Chapter 14.20]
- Regional, Town and Country Planning Act [chapter 29:12]
- Public Accountants & Auditors Board Zimbabwe (PAABZ) – Pronouncements Exchange Control Act [Chapter 22:05]
- Consumer Protection Act [Chapter 14:44]
- Labour Act [Chapter 28:01]

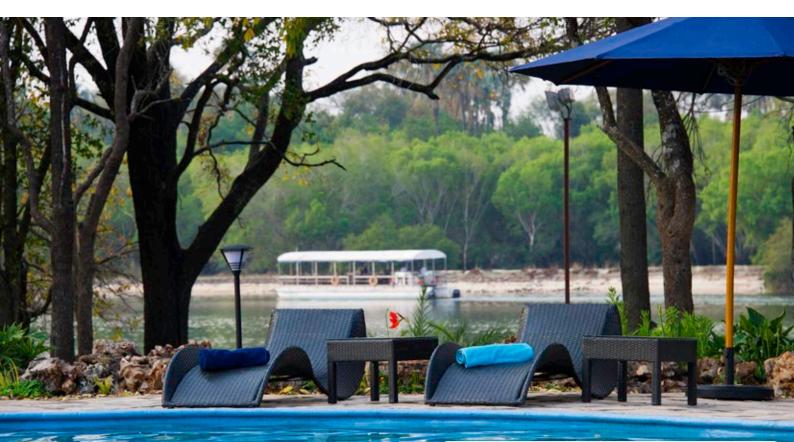
#### **Dematerialization of Securities**

The Securities Act [Chapter 24:25] (the Securities Act) authorizes the Zimbabwe Stock Exchange to convert paperbased share certificates into an electronic format. The Securities Exchange Commission granted Chengetedzai Depository Group the right to create, operate, and build a central securities depository system where securities will be exchanged in dematerialized/electronic form, in accordance with the Securities Act.

In terms of section 72 of the Securities Act, a shareholder who so wishes to participate in an established central securities depository system may do so by electing to convert his or her securities into dematerialized form. Section 72 supersedes all other provisions to the contrary in the Group's Act [Chapter 24:03] and by implication the Group's articles and memorandum of association.

Section 72 of the Securities Act requires that the conversion of securities of a listed Group into dematerialized form must be authorized by the directors of that Group. In 2015, the RTG Board passed a resolution authorizing and empowering the Group to convert its securities into dematerialized form and deal in such dematerialized securities. This resolution is subject to the requirements of the Securities Act [Chapter 24:25] and in particular the individual consent of the holder of securities in the Group.

RTG's shareholders may accordingly, through Chengetedzai Depository Group at any time apply for the conversion of their share certificate into electronic instruments and deal with their respective securities in that form.





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#### SUSTAINABILITY PERFORMANCE

#### **GUEST SAFETY AND SECURITY**

The safety and security of guests, visitors and employees is a key management responsibility and priority for our business. Without guest safety and security, our commitment to the provision of refreshing guest experiences would not be achievable. The Group manages the issue through training on emergency evacuation procedures, security awareness campaigns, induction of guests at check-in and during conferencing, as well as induction of new employees and contractors, risk profiling, monthly assessments of security equipment, and fire drills. Guest safety and security are managed by the Loss Control department which conducts quarterly performance assessments. The business is committed to 100% protection of life, property, and revenue.

The Group categorises security into physical and information technology which is managed under the Loss Control Department. Management's approach to safety and security is to integrate the latter into risk management.

#### **Physical Security Management**

Management's approach to physical security rests upon a **7-pillar strategy** presented below:

- 1. Inventory Management
- 2. Systems and processes
- 3. Perimeter boundaries
- 4. Investigation and recoveries
- 5. Life, Fire and safety
- 6. Revenue protection
- 7. Security systems

#### Information Technology (I.T) Security

The Group ensures guests and company information is secure and protected at all times. To protect our guests and company information, we have data access controls, privacy, data loss prevention, network access and security measures in place. Management's approach is to perform frequent awareness training on emerging trends in I.T. intrusion attempts so that all employees are aware of any new types of intrusions that might result in data loss. There were no significant incidents of physical or I.T. security breaches recorded inside our hotels, facilities, or operations during the year.

#### **OUR EMPLOYEES**

Employees play a crucial role in the Group's ability to provide outstanding services to our guests and stakeholders. Management's approach is guided by the Human Resources Policy which provides the minimum standards that should be considered in employee recruitment and welfare.

#### **Human Capital Development**

The Group has a human capital policy in place which guides the training of employees. We also have an Exposure Program (EP) which allows our employees to interface with international best practices through different options. Our policy requires that management identify training needs and track performance. The Human Resources Department conducts assessments on the effectiveness of training after 3 months to determine whether there has been an improvement in skills and performance. However, during the current period, the Group focused on internal training whilst external training was frozen due to COVID-19 pandemic restriction measure and low business activities.

#### **Total Employee Base by Contract Type**

Contract Type	2020	2019
Casual (Count)	220	549
Contract (Count)	62	269
Permanent (Count)	528	452
Total	810	1,270

During the year, our employee base decreased by 36% as a result of a decision to suspend casual and contract recruitment due to low business activity as a result of the COVID-19 pandemic which affected business activities. The business did not retrench permanent employees.

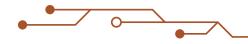
#### **Employment Impact**

During the year, our employment impact represented by recruitment and turnover was as presented below:

Gender	2020	2019
Male (Count)	21	42
Female (Count)	11	34
Total	32	76

#### Turnover

Gender	2020	2019
Male (Count)	24	47
Female (Count)	12	21
Total	36	68



#### SUSTAINABILITY **PERFORMANCE** (continued)

#### **Employee Diversity**

Management takes cognisance of the need to achieve gender parity within the Group. The Group tries, by all means, to ensure there is no segregation and provides equal opportunities.

#### **Employee Base by Gender**

Gender	2020	2019
Male (Count)	478	723
Female (Count)	332	547
Total	810	1,270

#### **Job Security**

Job security emerged as a critical issue due to the uncertainty created by the pandemic. Employees expressed deep concern about job security and the possibility of salary cuts. The Company committed to saving all jobs during the COVID-19 pandemic and has not reneged on this position to date. As part of our commitment to managing the job security issues, we created an open channel of communication such as engaging employees through their representatives and communication from senior leadership which was key in providing employees with the assurance that their jobs were protected. The business also relied on the restructuring of the remuneration and benefits matrix in difficult times to avoid retrenchment and labour re-deployments. The Gateway Stream business unit helped secure jobs. Despite our commitment to save jobs, we faced a bigger challenge with Victoria Falls employees who spent 12 months at home whilst remaining on the Company's payroll due to the COVID-19 pandemic business disruption. The business has noted the importance of having significant financial resources for tough times and diversification.

#### **Industrial Relations**

The Group has an established Employee Works Council (EWC) which meets monthly and bi-annually. Hotel Management convenes a monthly State of the Hotels' meeting with low-level employees where they present the performance of the business. During the year, our employee engagement levels were as follows:

	2020	2019
Employee Engagement	84%	81%
Industry Level	70%	70%

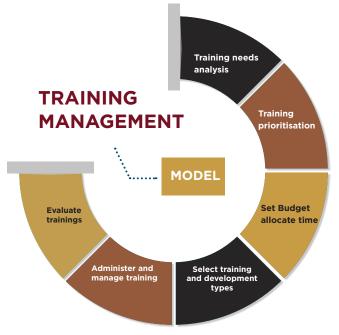
The engagement score was 14% above the industry level which is an increase from the previous year.

#### **Training and Education**

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Training and education are pivotal to ensuring that

employees possess the requisite knowledge necessary to effectively carry out their job duties. It gives employees the knowledge and ability to create a customer-focused experience which is key in the tourism and hospitality sector. Additionally, it builds employee confidence which resultantly leads to improved performance and productivity.



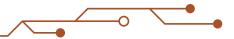
RTG is committed to identifying the training and development needs of its employees which reflect the skills, competency, and background gap between what their positions require and what the employee possesses. These needs are quantified in terms of cost and integrated into the organisational planning and review process. The appropriate Heads of Departments and Human Resource Managers develop and agree on these plans.

#### **Programs and Training initiatives**

Safety	Service	Systems	Business development
COVID-19     Protocols and     awareness     programs	Customer Service Excellence     Professional Image	<ul> <li>Gateway Stream training</li> <li>BOP Training</li> </ul>	• Digital Marketing

#### Average Training Hours Per Employee

Gender	Unit	2020	2019
Male	Hours	32	38
Female	Hours	32	44



# **Human Capital Skills Base**

Our Senior/Key/Technical staff members belong to the following professional bodies:

- Institute of Directors Zimbabwe (IODZ),
- The Association of Chartered Certified Accountants (ACCA),
- Institute of Chartered Accountants England and Wales

# (ICAEW),

- Institute of Chartered Secretaries and Administrators Zimbabwe (ICSAZ),
- Law Society of Zimbabwe (LSZ),
- Institute of Internal Auditors Zimbabwe (IIAZ),
- Marketers Association of Zimbabwe (MAZ),

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- Zimbabwe Institute of Engineers (ZIE)
- Institute of People Management of Zimbabwe (IPMZ) and
  Zimbabwe Association of Pension Funds



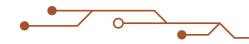
Corporate office staff have a daily voluntary workout session to improve wellbeing.

# **Employee Wellness Programs**

During the year, our wellness activities were as follows:



Activities	Topics	20	20	2	019
		Female	Male	Female	Male
BMI Weight Test	Health Check	-	-	162	40
Cholera & typhoid awareness	Health Awareness	142	260	-	-
Mental Health Wellness Training	Wellness of mind	20	33	-	-
Zumba Dance	Physical fitness	-	-	100	80
Sports	Soccer	-	-	-	84
Sports	Netball	-	-	42	-
Marathon	12km run	-	-	12	8
Dental Care	Cleaning and care	-	-	75	20
Cholesterol testing	Health checks	-	-	162	40
Blood pressure checks	Health checks	-	-	162	40
Nutrition Presentation	Health eating habits	-	-	162	40
Good Postures at work	Postures	70	112	162	40
Total attendance		232	405	1,039	392



The number of wellness activity programs were affected by the COVID-19 pandemic national lockdown restrictions during the period under review.

# **Employee Health and Safety**

Employee health and safety is a priority for the Group and managed under the Human Resources Department. Management's approach is to ensure a day is set aside each month for safety training. The days can be increased where necessary to ensure employees are kept abreast of expected safety standards.

Incidences	Unit	2020	2019
Total number of work related injuries	Count	4	3
Number of lost days as a result of the injuries	Count	7	23
Number of lost days due to absenteeism	Days	23	67
Work related fatalities	Count	0	0
Safety Training	Days	18	12

During the year, work related injuries increased by 33% relative to the lost days. No fatalities were recorded during the year. It is Management's approach to ensure incidents are at zero rates.

# **Collective Bargaining**

The Group allows employees to join trade unions and employment councils in our sector. Currently, most of our employees belong to the Zimbabwe Catering and Hotel Workers Union (ZCHWU) and the National Employment Council for the sector. The Group also participate in collective bargaining agreements and employees' coverage is presented below:

Employee Category	Unit	2020	2019
NEC Registered	Percentage	100%	100%
All Employees	Percentage	55%	59%

# WATER

Water is a limited resource that is used extensively in our hotels for food preparation, laundry and guest use. As such, Management's approach is to encourage conservation and initiatives that minimise wastage and ensure the supply of clean and safe water is provided to both our guests and staff in a cost-effective manner. All our hotels use borehole water only and partially use municipal water as and when necessary. For the previous years, flow meters to measure extraction from boreholes were unserviceable however, this was rectified during the period under review. During the year, water consumption by source was as follows:

Source	Unit	2020
Surface water	Cubic Metres	37,629
Groundwater	Cubic Metres	969,235
Municipal water	Cubic Metres	314,393
Total		1,321,257

# WASTE

A major waste source in our business is attributed to food and packaging materials. The Group is working towards zero tolerance for unmanaged waste. Management's approach is to ensure waste is minimised and disposed of responsibly and sustainably. The Group also partnered with a third party Not for Profit Organisation Zimbabwe Sunshine Group which assists in waste management. All non-biodegradable waste was sent to recycling facilities while the rest was disposed of through approved and licensed municipal facilities. During the year, the following waste was separated for recycling:

Waste	Disposal Method	Unit	2020	2019
Solid (Plastic and Cans)	Percentage	Tonnes	5	10

# ENERGY

Energy is core to how we deliver excellent service and facilities to our guests and stakeholders. Management's approach is to prioritise energy conservation and encourage our guests and staff to take precautionary measures. Our hotels have back-up generators to guarantee minimum interruption of our business. The Group is piloting a solar project at Kadoma Hotel & Conference Centre which will be extended to all hotels. Our goal is to rely on clean and renewable energy across our hotels.

The Group has individually managed air conditioning system installed at most of its hotels. This has resulted in decreased energy consumption. Management places the responsibility of energy management to the maintenance department which ensures all appliances and vehicles are working efficiently and report on consumption monthly. During the year, our energy consumption was as follows:

#### **Energy Consumption Outside the Group**

Energy Type	Unit	2020	2019
Petrol	Litres	39,390	75,121
Diesel	Litres	134,064	96,412
Total		173,454	171,533

Senior Management and administration staff is granted a constant fuel allocation for business purposes annually. Of this allocation, 60% is used by diesel cars while the remainder are petrol cars.

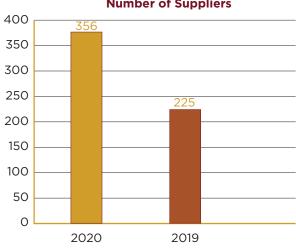
# **Energy Consumed by Hotels**

Energy Type	Unit	2020	2019
Diesel (Generators)	Litres	48,194	94,989
Electricity	Kwh	5,013,062	9,323,738

During the year, diesel for generators decreased by 49% and electricity by 46% due to fluctuation in hotel occupancy and volumes of conferences due to COVID-19 pandemic restrictions.

# **RESPONSIBLE PROCUREMENT**

Due to the nature of our industry which requires high quality safe food, we procure from local small-holder fresh producers who met international quality and food safety requirements. Our suppliers list grew by about 58% for the year due to the global disruptions in supply chains as a result of the COVID-19 pandemic which prompted consideration to procure locally.



#### **Number of Suppliers**

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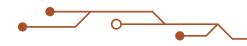
### **COVID-19 Impacts on the Group's Supply Chain**

The COVID-19 pandemic greatly affected the supply of goods and services across the world as a result of the restrictions put in place by governments and businesses to contain the spread of the virus. RTG was not immune to these disruptions. However, we rose to action by scanning through the alternative options that were available, while ensuring product quality was maintained. The pandemic mainly affected our international suppliers, hence the group resorted to buying from local businesses.



Activities include:

Zipline (including a kids zipline) • Abseiling • Climbing • Paintball Shooting • High Beam & Croc Bridge • Beach Volleyball • Quad Bikes



# INVESTING IN OUR COMMUNITIES





RTG Chief Executive Tendai Madziwanyika handing over linen to His Excellency The President of the Republic of Zimbabwe E.D. Mnangagwa towards government COVID-19 initiatives

A'Zambezi River Lodge team on a clean-up drive.

The Group believes in supporting the quality of life and well-being of local communities through different forms of initiatives across the country. Management's approach is to prioritise sustainable socio-economic empowerment of communities with long-term impacts, through employment, corporate social investment, tax payments and purchasing of local business goods and services. During the year, our initiatives were as follows:

Theme	Purpose	SDG	Beneficiaries	Value (ZWL)
Philanthropy	Improve the quality of life for children living in orphanages	2 ZERO HEINGER	Hupenyu Hutsva Children's home, Harare Children's Home	\$84,000
Health	Assist public institutions in the fight against COVID -19	3 GOOD HEALTH AND WELL-BEING	Wilikins Infectious Diseases Hospital, Thorngrove Hospital, Beatrice Infectious Diseases Centre, Civil Protection Unit	\$800,000
Total				\$884,000

# **GREENING OUR HOTELS**

The Group's goal of 'Greening the Hotels' continues to be motivated by the desire to ensure hotel rooms are responsive to climate change, environmental imperatives, and international guest appetite. We prioritised energy conservation, water, chemical usage, and waste to work toward being part of the league of Green Hotels in Africa. To achieve this, management included these critical areas in the scope of work during the refurbishment of selected hotels starting with Victoria Falls Rainbow Hotel in 2018 followed by Bulawayo Rainbow Hotel and the Rainbow Towers Hotel & Conference Centre in 2019 which extended into the first guarter of 2020.



#### Water and Chemicals

- Achieving Greening of our hotels could not be possible without the cooperation and support from guests.
- We give guests the opportunity to instruct housekeeping associates when to change sheets and wash towels as desired. These actions helped us to manage the water and chemicals we use to clean the laundry.



#### Clean Energy and Conservation

- The newly renovated rooms operate an automatic switch-off electricity system once a guest removes their room access card.
- We encourage our staff to switch off electricity in non-core areas when not in use.
- Piloting a solar project at Kadoma Hotel & Conference Centre which will be extended to all hotels. · Installed an individually managed air conditioning system which has resulted in
- decreased energy consumption.
- Our goal is to rely on clean and renewable energy across our hotels.



Over the past two years the Group has invested in refurbishing its hotels to world-leading standards, ensuring energy and water efficiency by;

- Replacement of bath tubs with showers.
- · Installation of energy efficient elevators.
- Installation of key card controlled in-room power access.
- Replacement of water reticulation system with the latest plumbing technology called Mepla (Bulawayo Rainbow Hotel).



# The table below shows the total rooms renovated from 2018 to 2020:

Hotels	Unit	2020	2019
Rainbow Towers	Rooms	183	183
Bulawayo Rainbow	Rooms	-	181
Victoria Falls	Rooms	-	-

# ECONOMIC VALUE GENERATION AND DISTRIBUTION

Our management approach to economic value generation and distribution is guided by the annual business strategy and priorities adopted for the year. Through the Gateway Stream, the Company has been able to unlock additional revenue generation channels which assisted our economic performance during the COVID-19 pandemic period. During the year, our economic value generation and distribution was as follows, based on historical figures:

	2020 (ZW\$)	2019 (ZW\$)
Economic Value Generated	523,844,794	167,184,723
Other Income and Interest earned	290,137,483	15,434,950
Gains on revaluation of property	2,598,918,740	563,406,446
	3,412,901,017	746,026,119
Economic Value distribution		
Operating costs	(478,826,371)	(29,250,134)
Employees Costs and benefits	(30,471,306)	(46,652,425)
Administration costs	(92,052,808)	(25,832,941)
Distribution costs	(15,717,736)	(19,010,731)
Payments to providers of capital	(12,442,115)	(3,045,934)
Tax Charge	(9,123,676)	(6,737,479)
Total Distribution	(638,634,012)	(130,529,644)
Economic value Created	2,774,267,005	615,496,475

# **Financial Implications of COVID-19**

The Group's 2020 performance was affected by the COVID-19 pandemic. Our hotels and tour operation divisions were significantly affected as tourism and hospitality industry was hard hit by the COVID-19 pandemic. The Group adopted a number of strategies to mitigate the effects of COVID-19. The measures implemented during the year under review resulted in the Group posting a profit despite losing 4 months of revenue generation owing to COVID-19 pandemic induced national lockdowns and international travel restrictions. The activation of Gateway Stream was pivotal as it aided in mitigating the effects of lost revenues.

# **Defined Contribution Plan Pension**

The Group prioritises the wellbeing of employees when they retire from employment. In this regard, management ensures that there are options for employees to join pension schemes whilst still gainfully employed. Some schemes are voluntary while there is a mandatory National Social Security Authority scheme for all employees. Below are payments made towards these schemes:

	2020 (ZW\$)	2019 (ZW\$)
Employees on Group Pension	5%	6%
RTG Pension Fund	1,662,821	497,079
National Social Security Pension (NSSA)	1,771,756	198,700
Catering Industry Pension Fund (CIPF)	401,612	86,878
Group Life Cover	521,172	100,741
Total Pension Contribution	4,357,361	883,398

During the year, total pension contribution increased by 393%.

# **Tax Payments**

The Group acknowledges that taxes are key to national development and governance systems which shape the business environment we operate in. As such, management prioritises compliance with all applicable statutory requirements and tax planning as a responsible business.

During the year, our tax payments in Zimbabwe were as follows:

	2020 (ZW\$)	2019 (ZW\$)
Value Added Tax (VAT)	43,198,703	6,461,433
PAYE and Aids Levy	68,941,370	1,848,760
Withholding Tax	435,889	206,256
Total Taxes	112,575,962	8,516,449



# STRATEGIC REVIEW

# **CHAIRMAN'S STATEMENT**



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The Group continued to be resilient in the face of significant uncertainty created by the COVID-19 pandemic.

Arthur J. Manase Board Chairman

# **1. INTRODUCTION**

The Group continued to be resilient in the face of significant uncertainty created by the COVID-19 pandemic. At a time when the tourism industry globally faced headwinds arising from the pandemic, the Group's fundamentals remained strong. Our efficient and lean organizational structure, built through the business restructuring processes as undertaken over the past several years, prepared the Group to adapt to the obtaining environment. By the time the COVID-19 pandemic spread, Rainbow Tourism Group (RTG) had already positioned itself as a tech-driven business and had undergone three years of development in this area. With the advent of the COVID-19 induced lockdowns, the Group quickly configured the Gateway Stream mobile and web application in recognition of the significant shift in consumer behavior that moved the market to adopt online commerce.

# **2. OPERATING ENVIRONMENT**

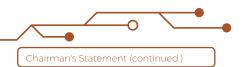
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The operating environment remained volatile during the first half of the year due to price distortions mainly affected by exchange rate inconsistencies. This has since improved following the introduction of the foreign exchange auction market which created exchange rate stability. The situation was compounded by the worldwide outbreak of the COVID-19 pandemic which brought the world to a standstill. The global tourism economy was heavily impacted by measures introduced to contain the spread of COVID-19, that included the grounding of airplanes, hotel closures and travel restrictions in virtually all countries of the world. This affected global tourism receipts and Zimbabwe was not spared.

Heightened cases of COVID-19 in South Africa meant the disruption of international arrivals into sub-Saharan Africa. This is due to the fact that South Africa remains the hub of tourism into the region. The effects of these disruptions led to closure of the Victoria Falls market as well as reduced numbers into city hotels. Although the restrictions were gradually lifted in South Africa as well as in Zimbabwe during the year, the fear and uncertainty surrounding the pandemic created great caution among travelers resulting in reduced business and leisure travel.

# **3. PERFORMANCE REVIEW**

Occupancy for the year under review closed at 26% compared to 47% recorded in 2019. The Group posted revenues of ZW\$1.1 billion, 66% below ZW\$3.2 billion



posted in 2019. Gross margins closed at 69%, slightly lower than 76% posted in 2019.

I am pleased to report that the Group posted an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margin of 42%, a growth of 31% compared to 32% posted in 2019. The growth in EBITDA margin was mainly because of various cost reduction initiatives adopted during the year in response to lower business volumes. The net profit margin for the year closed at 32% in 2020 compared to 28% in 2019.

With the closure of the two Victoria Falls hotels for the greater part of the year, the Group's performance was mainly sustained by its city hotels. The Group enjoys superior location advantage as 80% of its rooms stock sit on the commercial trunk of the country (the Harare Bulawayo trunk), with optimum dispersion. As a result, the Group benefited from the residual economic activity during the hospitality slowdown in 2020.

The Group's statement of financial position closed on a positive note. During the year, the Group repaid the debenture of ZW\$16.7 million in full. This instrument was issued in February 2018 at an interest rate of 6% and tenure of 7 years. The early repayment of the debenture released the Group's assets which were pledged as security. The Group's gearing now stands at 1%.

At the height of the COVID-19 pandemic in June 2020, where the science kept shifting and changing with the world unclear on how to navigate, Rainbow Tourism Group is proud to have stood with the Government and the people of Zimbabwe in welcoming and looking after more than 1 400 of our returning citizens. The company developed and implemented a four-point strategy that focused on; systems & processes, training, compliance as well as resourcing. These included incorporating guidelines as issued by the World Health Organisation (WHO) and the Ministry of Health and Child Care into its standard operating procedures and systems (as developed under ZW ISO 9001:2015 standard risk-based thinking approach). The Company invested significantly on Personal Protective Equipment for all staff and were thorough in equipping them with, information and procedures to be followed. The company's success thus far is attributed to its ability to adapt to the new normal. The risk-based thinking approach enshrined in the ZWS ISO 9001:2015 standard has been overriding principle in successfully adapting our processes in mitigating the risk presented by COVID-19.

# **4. TOUR OPERATIONS BUSINESS**

During the year under review, the Group wound up Journeys by Exotic operations in the United States of America (USA) following an assessment of its ability to continue to operate as a going concern. The increasing uncertainty in the US market due to heightened cases of Covid-19 necessitated the need to discontinue operations in that market effective 31 August 2020.

The Group's local tour operating arm, Heritage Expedition Africa(HExA) operation was severely affected by the effects of the pandemic. The Company resumed operations in September 2020 following the relaxation of the lockdown restrictions. However, the revenues grew in the last quarter of the year to close on ZW\$6.2 million, six times more that ZW\$1 million recorded in 2019. The Group remains optimistic that increased domestic tourism activity will drive an increase in Hexa revenues in 2021.

# **5. GATEWAY STREAM**

The Gateway Stream web and mobile application is a global diversified and unified online business ecosystem that delivers perpetual passive and active income through the ownership of markets where it connects customers with the highest quality of products and services. The challenges of Covid-19 and the subsequent lockdown have led to growth in business on the digital space. Gateway Stream has been positioned as a driver of revenue and continues to capitalize on the opportunity presented by the tech driven trade attracting social media natives once limited by borders. For the Group's business, Gateway Stream is an opportunity that would not have come at a better time. The platform entails various revenue generation channels which are expected to drive revenues into 2021 and beyond.

This clearly indicates that Gateway Stream will strategically play both a revenue replacement and a revenue growth role given the impact of covid-19. Through the Gateway Stream the company, redeployed staff from those hotels that were closed into different regions across the country thereby leveraging the Group's existing human resource base.

### **6. PRODUCT UPGRADES**

The Group undertook the refurbishment of Rainbow Towers Hotel during the first quarter of 2020. The project was completed within three months and was the hotel's first full room refurbishment since its construction in 1985. The scope of works included plumbing, electrical, ceiling works, new bathrooms, installation of two brand new guest elevators and new in-room furniture and fittings at a total project cost of an equivalent of US\$4.4 million. The hotel now offers world-leading rooms that can compete with other comparable 5-star rooms.

### **7. SUSTAINABILITY**

The Company continued on its sustainability reporting journey. Throughout the half-year period, the Group implemented Global Reporting Initiatives (GRI) Standards for guiding sustainable practices and decisions. The sustainability initiatives being implemented guarantee excellence, eco-friendly facilities and a life-time service experience for our guests and stakeholders.



# 8. CORPORATE SOCIAL RESPONSIBILITY

The company re-aligned its Corporate Social Investment strategy to focus on philanthropy initiatives targeted at the COVID-19 pandemic. As the Government made the responsible decision to introduce lockdown restrictions to mitigate the spread of the virus the company had to temporarily close its operations resulting in the need to manage food stocks. The company made food stuff donations to various children's homes in all the cities where it has operations. These included Hupenyu Hutsva and Harare Children's homes.

In response to the imminent need to capacitate the country's medical facilities in anticipation of the likely spike in COVID-19 infections the company responded to the call from Government for private sector participation to fight the pandemic. Drawing from the used linen stocks which were available at all the hotels across the country, the company donated a total of 3100 linen items comprising bed sheets, blankets, towels, pillows and pillow-cases, valued at ZW\$800,000.00. The items were channelled to the designated COVID-19 health facilities which included Wilkins and Beatrice Infectious Diseases Hospitals, Throngrove Infectious Diseases Hospital in Bulawayo, Victoria Falls and Kaodoma Ministry of Health and Child Care provincial centres.

The company launched and activated the Gateway Stream Music mobile and web application in November 2020. Having realised the existence of a significant gap with regards to access to information and strategies for local artists to help them to monetise their trade, the company hosted two workshops under the theme; "Gateway Stream Music Empowerment create your legacy today." A total of 200 artists, promoters and journalists were trained on how to transform their trade into a business to ensure that artists derive maximum value from their art.

# 9. DIRECTORATE

Mr. Simon Masanga and Dr. Mujuru resigned as directors of the Company during the year. On behalf of the board and management, I would like to thank them for their service and wish them the best in their future endeavours. I would like to welcome Mr. Givemore Taputaira and Ms. Monica Vimbai Hanga who were co-opted onto the board during the year.

# **10. DIVIDEND**

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Due to uncertainty around the current operating environment and the need to retain cashflow, the Board of Directors resolved to not declare a dividend for the year ended 2020.

# **11. OUTLOOK**

The tourism industry took a knock because of the Covid-19 pandemic. While the current situation is likely to persist into early 2021, we remain confident that the tourism industry will in time rebound and set the hotel business on a path towards recovery. A glimmer of hope has come from the ongoing vaccine efforts around the world and in Zimbabwe. This process is expected to facilitate the quick recovery of economies worldwide as well as gradual recovery of international travel.

Meanwhile, the Group continues to prepare for the inevitable rebound of the travel and tourism sector by continuing to recruit rooms and activities across Africa onto the Gateway Stream platform. Many travel and tourism players will require visibility when the industry rebounds. The Gateway Stream seeks to be a significant player in that space alongside global e-commerce giants that provide access to hospitality and leisure products.

The Group will continue to explore the various opportunities presented through its digitisation initiatives as driven by the Gateway Stream. Through the web and mobile application, the Group will provide a unified global diversified commercial ecosystem, one that creates ownership of markets with multiple, perpetual residual cashflow streams. These opportunities are all supported by the multi-app architecture of the Gateway Stream ensuring value to all its various stakeholders.

# **12. ACKNOWLEDGEMENTS**

On behalf of the Board, I would like to thank all RTG customers and business partners for their invaluable support. I also extend my gratitude to the Board of Directors and members of staff for their dedication, professionalism, and determination to succeed.

Together, we will continue to innovate and seize the opportunities available to us to create sustainable value for all stakeholders.

A. J MANASE CHAIRMAN

25 March 2021

# CHIEF EXECUTIVE'S REPORT



The core operational strategy remained the same despite the effects of the COVID-19 restrictions and lockdowns. The Company made notable progress towards the achievement of most of its strategic objectives in 2020.

Tendai M. Madziwanyika Chief Executive

# **1. INTRODUCTION**

The performance recorded by the Company during the year ended 31 December 2020, a period in which the COVID-19 pandemic disrupted businesses worldwide, demonstrates the Company's ability to overcome adversity. The experience gained during the Company's turnaround journey provided the impetus and agility to withstand the pressure emanating from the COVID-19 pandemic. The efficiencies inherent in the Company's systems of internal control and operational effectiveness did not fail. While the revenues that were recorded were below prior year, I am pleased to report that despite the ravages of the COVID-19 pandemic. This means that at a time when revenue was under threat, the business was able to reduce costs, at least to the same extent as the revenue decline.

The Group activated the Gateway stream online shopping and delivery services in response to the COVID-19 lockdown regulations. The activation follows a significant shift in customer behavior as occasioned by increased use of online platforms by the public. The Group will continue to expand the Gateway Stream platform with the launch of various other channels which will further enhance revenue generation capabilities. During the same period, Gateway Stream was named the overall winner in the Innovation and Technology category by the prestigious Zimbabwe Independent Quoted Companies Survey 2020. This award is proof of concept and market acceptance of the Gateway Stream platform.

# 2. MACRO-ECONOMIC ENVIRONMENT

Business activity recovered in the second half of the year following the relaxation of the Government-instituted national lockdown restrictions which were meant to contain and control the spread of the COVID-19 virus. This recovery was however, slowed down by a second wave of the COVID-19 pandemic in the month of December which resulted in the re-introduction of the national lockdown in January and February 2021. The core operational strategy remained the same despite the effects of the COVID-19 restrictions and lockdowns. The Company made notable progress towards the achievement of most of its strategic objectives in 2020. The Company is confident that the re-opening of the economy in March will result in improved business volumes going forward.

The introduction of a Foreign Exchange Auction System (FEAS) softened the effects of the parallel market rate on general prices in the market. However, the movement of the official exchange rate by 386% from 1US\$ : ZW\$16.73 in February 2020 to 1US\$:ZW\$82 as of 31 December 2020 resulted in an increase in prices of the Company's operational costs by 405%. The FEAS has brought about the much-needed currency and price stability that ensured certainty in business operations.

# **3.TOURISM INDUSTRY OVERVIEW**

# 3.1 Key global highlights

- According to the UNWTO Barometer of January 2021, international tourism declined by 74% in 2020. The world lost 1,2 billion arrivals representing US\$1.3 trillion in international tourism receipts in 2020. This decline in international tourism activities resulted in an estimated economic loss of over US\$2 trillion in global GDP, more than 2% of the world's GDP in 2019.
- This decline in international tourism was mainly caused by the COVID-19 pandemic which led to international tourism destinations going under travel restrictions. The closure of international borders, inter-city travel restrictions in global tourism destinations was compounded by the suspension of air travel which acutely decelerated tourism activity at domestic, regional and international level.

# 3.2 Tourism Overview – Zimbabwe

During the year, the local tourism industry was disrupted by the COVID-19 pandemic induced national lockdown restrictions. Resort hotels were the most affected as foreign business dwindled, following the grounding of international flights, closure of borders as well as restriction of inter-city travel. As a result, hotels in Victoria Falls were closed for the greater part of the year and only opening when there was viable demand. The gradual relaxation of lockdown restrictions from May led to the re-opening of national borders and the resumption of air travel with airlines such as Ethiopian Airlines, Emirates, Rwandair and SA Airlink resuming flights into the country.

There was an improvement in tourist arrivals in the fourth quarter of the year, particularly into city hotels driven by the domestic market following the gradual relaxation of restrictive measures. This improvement provided evidence that despite the impact of the second-wave lockdown, our tourism industry can quickly respond whenever the economy re-opens.

# 4. BUSINESS OPERATIONS REVIEW

During the year, the Group's operations comprised of the Hotels division, Heritage Expeditions Africa and Gateway Stream. The Group's diverse business portfolio and its optimum geographical dispersion helped it to navigate the uncertain business terrain resulting from the effects of the COVID-19 pandemic. Following efforts to restructure the business, the Group's operational structure can be summarized as follows;

- Hotels division with six owned and leased hotels, comprising 879 rooms.
- Tours division, under the Heritage Expeditions Africa brand which comprises of:
  - » Heritage Adventure park at the Rainbow Towers Hotel.
  - » Abseiling, white-water rafting, quad-biking and game drives in Victoria Falls.

- » Tours across the country.
- Gateway Stream which has 12 revenue channels;
  - » Gateway stream can be accessed for free in Zimbabwe.
  - » Payment from all over the world is simple by acceptance of all major credit cards.
  - » Deliveries are guaranteed within 24 hours across the country.

# 4.1 Hotels

The hotels business closed the year with occupancies of 26% from 47% recorded in 2019. The hotels performance was mainly driven by city hotels which operated for nine months of 2020. Rainbow Towers Hotel contributed significantly through hosting quarantine business following its re-opening post the national lockdown in May 2020. In total, the hotel housed 1,400 returnees at the height of the COVID-19 pandemic. Bulawayo Rainbow Hotel and Kadoma Hotel & Conference Centre gradually recovered as the lockdown restrictions were eased. The Group's Victoria Falls properties were significantly affected by the pandemic, with its effects on the traditional source markets visible early. The Victoria Falls hotels were closed for 9 months of the year due to the drastic decline in foreign tourists as borders remained closed and international airlines grounded. Business for this region improved in the fourth quarter of the year driven by the domestic tourism as the economy opened up.

# 4.2 Tour operations

The performance of the Group's tour operations arm, Heritage Expeditions Africa (HExA) was significantly affected by business interruptions owing to the national lockdowns. The activities undertaken in 2020 were mainly at the Adventure Park at Rainbow Towers Hotel and Conference Centre as well as transfers. In March 2020, the Group finalized the set-up of the white-water rafting business. However, commencement of operations were affected by COVID-19 as the Victoria Falls market remained closed for most of the year. During the year, HExA mirrored the hotel's performance with increased activities recorded in the fourth quarter of 2020 at the Adventure Park.

# 4.3 Gateway Stream

Following its activation during the first half of 2020, the platform has significantly expanded to more revenue channels which include online shopping (groceries and hardware), Insurance, Farming, , Clothing, Deliveries, Eats and Entertainment. The channels are expected to boost revenue generation for the Group in the medium to long term.

Following the conclusion of a deal on data provision with mobile network operators, the Company will be giving access to all Gateway Stream Services, free of bandwidth and airtime charges to the customer. The Group unlocked value from key service providers where we will be able to zero rate the application and offer the use of the platform free of data cost and airtime cost across all services.

This initiative of zero-rating data will prove to be vital in achieving the true purpose for which the Gateway Stream platform was formed: to be a one-stop-shop for enquiring and purchasing a wide-range of products and services seamlessly.

The Company activated the Gateway Stream Insurance channel during the last quarter through partnerships with renowned insurance companies. This product was accepted by the market as demonstrated by the volume of interest and sales achieved since activation. In addition, Gateway Stream Eats added an exciting channel through the introduction of Drive-Thru facilities at the Company's four city hotels; Rainbow Towers Hotel, New Ambassador Hotel, Kadoma Hotel & Conference Centre and Bulawayo Rainbow Hotel. With the grab-and-go experience and the curb side collection for customers who order on the platform. The channel is set to contribute significantly to Gateway Stream revenues and will become an anchor product making the hotels a destination for a unique eating experience.

Gateway Stream Music was launched in December 2020. This platform has drawn significant attention from the artists. Its proposition was to enable artists to monetize their music and art in this time of subdued live entertainment performances. To date the platform has over 23,000 songs listed and 2,400 artists signed up. Gateway Stream Music was the first to pioneer Pay-Per-View and live-streaming in Zimbabwe. The Group has partnered Gramma records to access diverse content and build the richest online catalogue of Zimbabwe's golden greats music. New partnerships from multiple corners of the entertainment sector have made the platform a destination for music and art lovers with documentaries, movies as well as sporting events now featuring on the platform.

# 4.4 Operational agility in the face of the pandemic

The EBITDA margin for the period under review closed at 42%, which is 31% above the prior year margin of 32%. This demonstrates that the business was able to contain costs to the same extent of the revenue decline. Such performance was mainly due to the following;

- Implementation of the Business Re-ignition Model a scientific approach to direct the business on when and how to re-open hotels by comparing fixed costs of a closed hotel to the minimum costs to be sustained by simply opening the hotel. This helped safeguard margins in the wake of the pandemic.
- Activation of a variable employment model where wages are computed based on actual work done. This helped to maintain staff costs in line with performance levels of the Company's operations.
- Activation of new business units such as Gateway Stream and Heritage Expeditions Africa to mitigate revenue loss from the hotels business.

# **5. PRODUCT UPGRADES**

The Group invested US\$4.6 million in the rebuilding and modernisation of 183 rooms of Rainbow Towers Hotel and

Conference Centre. The refurbishment was completed within a record three months, re-opening two weeks before the announcement of the first COVID-19 national lock down. This was fortuitous and essential to RTG winning the bid to host the quarantine business of returning citizens working abroad on cruise ships.

The project involved the gutting down of all fixed fittings and the reconstruction of the interiors as well as the installation of two brand new guest elevators. The decision to engage four contractors ensured the timely completion of the project. As a result, by the time the country was placed on total lockdown on 30 March 2020, the refurbishment project had been completed.

### 6. OUTLOOK

The Group remains optimistic about its future recovery prospects because the current recovery trends are in line with the UNWTO forecast which have maintained that tourism will be reignited in most regions initially through domestic activity. Corporate sustainability will remain a key driver to our business success and sustainable results. The industry has started showing signs of recovery as shown by growing domestic economic and business activity. In Zimbabwe the hospitality industry has benefitted from various conferencing activities driven by government and other sectors of the economy. The opening up of borders coupled with the commencement of regional flights by Fastjet, SA Airlink, Ethiopian Airways and BA Commair will help in driving regional travel. Additionally, vaccination rollout programs across the globe will have a positive impact on the gradual recovery of the tourism industry.

The tour operations arm of the business HExA is set to recover in tandem with travel and tourism trends. There has been increased activity in HExA operations which include tours and transfer services in Zimbabwe's tourism destinations.

The Gateway Stream mobile and web application which represents the future growth and transformation of RTG to a tech-driven business has so far performed very well. The Company has begun to experience growth in activity in the activated revenue channels which include online shopping, insurance, food & drink and accommodation. The Group is targeting to list 100,000 rooms by December 2021 in anticipation of the heightened upsurge in rooms contribution when the world eventually emerges from the clutches of the COVID-19 pandemic. The Group will continue to capacitate Gateway Stream to ensure sustained viability for its various revenue channels as it gives unmatched access to global markets. Gateway Stream's complimentarity to the existing hospitality and tourism services completes its future capacity to transform RTG into a tech-driven company.

T. M. MADZIWANYIKA CHIEF EXECUTIVE 25 March 2021



DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

# To the members of Rainbow Tourism Group Limited and its subsidiaries

It is the Directors' responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the Group. The external auditors are responsible for independently reviewing and reporting on the financial statements.

The consolidated financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards (IFRSs) except for non-compliance with IAS 21 and 29. The statements are based on appropriate accounting policies which are supported by reasonable and prudent judgements and estimates.

The Group's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Directors have been addressed and the Directors confirm that the systems of accounting and internal control are operating in a satisfactory manner.

In light of the current financial position, the Directors are satisfied that Rainbow Tourism Group Limited and its subsidiaries is a going concern and have continued to adopt the going concern basis in preparing the consolidated financial statements.

The Group's financial statements which are set out on Pages 50 to 74 were, in accordance with their responsibilities, approved by the Board of Directors on 25 March 2021 and are signed on its behalf by:

A. J. Manase Board Chairman

T. M. Madziwanyika Chief Executive

# REPORT OF THE **DIRECTORS**

Your Directors have pleasure in presenting their report and audited financial statements for the year ended 31 December 2020.

# **SHARE CAPITAL**

The authorised share capital of the Company remained unchanged from the previous year at ZW\$250 000 divided into 2,500,000,000 ordinary shares of \$0.0001 each, of which \$249,549.55 divided into 2,495,495,543 ordinary shares of \$0.0001 cents are in issue.

# RESERVES

The movement of the reserves of the Group is shown in the statement of changes in equity.

# DIVIDENDS

Due to uncertainty around the current operating environment and the need to retain cashflow, the Board of Directors resolved to not declare a dividend for the year ended 2020.

# DIRECTORS

Shareholders will be requested to appoint Mr. Givemore Taputaira and Ms. Monica Vimbayi Hanga who were co-opted into the board during the year as directors of the Company.

### **DIRECTORS' FEES**

Shareholders will be asked to approve payment of directors' fees of ZW\$6,314,720 for the year ended 31 December 2020.

# **AUDITORS**

A resolution seeking the re-appointment of Messrs. Grant Thornton Chartered Accountants (Zimbabwe) as auditors of the company until the next annual general meeting and approval of their remuneration for the past year's audit amounting to ZW\$4,485,720 will be submitted at the Annual General Meeting.

# **BORROWING POWERS**

In terms of the Articles of Association, the Company is authorised to borrow funds amounting to, but not exceeding twice the aggregate of:-

i. The amount of issued and paid up share capital of the company and

ii. The total amount of capital and revenue reserves of the company including share premium.

The directors confirm that during the year under review the company's borrowings were within the above limits.

#### **RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The directors are responsible for the maintenance of adequate accounting records and the preparation of the financial information included in this Annual Report. The Financial Statements have been consistently prepared in accordance with International Financial Reporting Standards, and where required, reflect our best estimates and judgements.

To fulfill this responsibility the Group maintained systems of internal control which are designed to provide reasonable assurance that the records accurately reflect the transactions of the Group and safeguard its interests.

The Group financial statements have been prepared on the going concern basis since the directors have every reason to believe that the Group has adequate resources to continue into the foreseable future.

For and on behalf of the Board

T. MARI COMPANY SECRETARY





Grant Thornton Camelsa Business Park 135 Enterprise Road, Highlands PO Box CY 2619 Causeway, Harare Zimbabwe

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# INDEPENDENT AUDITOR'S REPORT

To the members of Rainbow Tourism Group Limited and its subsidiaries

Report on the Audit of the Consolidated Financial Statements

# **Adverse Opinion**

We have audited the consolidated financial statements of Rainbow Tourism Group Limited and its subsidiaries ("the Group") set out on pages 50 to 74, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant group accounting policies.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the consolidated financial statements do not present fairly, in all material respects, the financial position of Rainbow Tourism Group Limited and its subsidiaries as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

# **Basis of Adverse Opinion**

# Non-compliance with IAS 21 on the accounting of comparatives and transactions for the period

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. During the prior financial year

Grant Thorton Zimbabwe Chartered Accountants Member of Grant Thornton International Ltd A list of partners may be Inspected at the above address

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up to 22 February 2019, the Group transacted using a combination of Nostro FCA (USD) and RTGS FCA (electronic payments), including mobile money, bond notes and coins. In terms of IAS 21, these would be considered separate currencies requiring translation to the functional and presentation currency at appropriate exchange rates.

In order to comply with SI 33/2019, the RTGS transactions for period 1 January 2019 to 22 February 2019 were accounted for on the basis of a rate of 1:1 between USD and RTGS. The Group changed the functional currency on 22 February 2019 in compliance with legislation. This was not consistent with IAS 21, in which compliance would have resulted in the reassessment of the functional currency at a date earlier than 22 February 2019.

In addition, during the period 22 February 2019 to 31 December 2020, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate for translations as required by IAS 21. The opinion on the prior year consolidated financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended 31 December 2020.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the Group's inability to comply with IAS 21 has been determined as significant. The effects on the financial statements of the non-compliance with IAS 21 are considered material and pervasive to the financial statements, taken as a whole.



# INDEPENDENT AUDITOR'S REPORT (continued)

# Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019 to 31 December 2020. However, its application was based on prior and current year's financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the consolidated financial statements.

Material uncertainty related to going concern

We draw attention to Note 28 of these financial statements which describes the uncertainties relating

to the possible effects of the COVID-19 pandemic on the Group's operations. Our opinion is not modified in respect of this matter.

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### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements.

Areas of focus	How our audit addressed the key audit matter
Revenue recognition IFRS 15 was applied on revenue recognition. There is a presumed fraud risk with regards revenue recognition as guided by International Standard on Auditing (ISA 240 Revised). There is a risk that the revenue is presented at amounts higher than what has been actually generated by the Group. This is a significant risk and accordingly a key audit matter.	<ul> <li>Our audit procedures incorporated a combination of tests of the Group's controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion. Our substantive procedures included but were not limited to the following</li> <li>Reviewed that revenue recognition criteria is appropriate and in line with the requirements of IFRS 15.</li> <li>Performed cut-off tests on year end balances to ensure revenue is recognised in the correct period.</li> <li>Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions</li> <li>Identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review.</li> <li>The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation).</li> <li>Analytical procedures and assessed the reasonableness of explanations provided by management.</li> </ul>
Valuation of property and equipment Rainbow Tourism Group has property and equipment with a carrying value of <b>ZW\$ 1 920 253 910</b> . The valuation of property and equipment involves judgement and assumptions and is therefore one of the key judgemental areas on which our audit was concentrated.	<ul> <li>Our procedures in relation to the valuation exercise included evaluating the competence, capabilities and objectivity of the team involved in doing the valuation exercise.</li> <li>Reviewed, on a sample basis, the accuracy and relevance of the input data provided used by management including the reasonableness of assumptions made.</li> <li>Reviewed the financial statements to ascertain whether the necessary adjustments and related disclosures had been captured correctly.</li> <li>Based on available evidence we found management's assumptions in relation to the valuation of property and equipment and the related disclosures in note 5 to be appropriate and reasonable.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT (continued)

### **Other information**

The Directors are responsible for the other information. The other information comprises the Chairman's Statement, the Chief Executive Review of Operations, Group Financial Review, Sustainability Report, Directors' Responsibility for Financial Reporting, Certificate of Compliance by Group Company Secretary and Declaration by the Group Chief Finance Officer, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the 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 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 nothing to report in this regard.

# Responsibilities of Directors for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and for such internal control as is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Directors are also responsible for overseeing the Group's financial reporting process.

# Auditor's responsibilities for the audit of the 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 Group's internal control.

• 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 the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions



# INDEPENDENT AUDITOR'S REPORT (continued)

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the 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 business activities within the group to express an opinion on the 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 those charged with governance 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.

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

In our opinion, except for the effects of the matters described in the basis of adverse opinion, the financial statements have been properly prepared, in all material respects, in accordance with the accounting policies and comply with the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this independent auditor's report is Edmore Chimhowa.

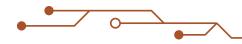
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Edmore Chimhowa **Partner** Registered Public Auditor (PAAB No: 0470)

Grant Thornton Chartered Accountants (Zimbabwe) Registered Public Auditors 30 March 2021

### HARARE



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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as at 31 December 2020

		INFLATION ADJUSTED		HISTORIC	AL COST
	Notes	2020 ZW\$	2019 ZW\$	2020 ZW\$	2019 ZW\$
	Notes	243	240	2113	2400
ASSETS					
Non current assets					
Property and equipment	5	1 920 253 910	1 755 070 592	3 744 082 868	748 815 929
Intangible assets	6	14 548 217	4 635 397	9 782 403	1 033 336
Right-of use assets	7	968 405 189	989 994 918	155 014 596	38 460 096
Biological assets	8	73 800	281 524	73 800	62 758
		2 903 281 116	2 749 982 431	3 908 953 667	788 372 119
Current assets					
Inventories	9	56 682 143	56 571 498	27 720 785	12 611 083
Trade and other receivables	10	221 548 007	284 024 533	221 548 007	63 315 576
Other financial assets	11	239 806 164	34 845 041	239 806 164	7 767 758
Cash and cash equivalents	12	70 350 924	122 367 960	70 350 924	27 278 622
		588 387 238	497 809 032	559 425 880	110 973 039
Total assets		3 491 668 354	3 247 791 463	4 468 379 547	899 345 158
		3 431 000 334	5247751405	4 400 373 347	000 040 100
Capital and reserves					
Share capital	13.1	10 408 205	10 408 205	249 550	249 550
Share premium	13.1	385 694 641	385 694 641	10 227 505	10 227 505
Revaluation reserve	13.5			3 171 641 965	572 723 225
Retained earnings		2 041 738 295	1 689 583 631	232 433 314	57 085 050
Total equity		2 437 841 141	2 085 686 477	3 414 552 334	640 285 330
		2 437 041 141	2 003 000 477	3 414 332 334	040 203 330
Non current liabilities					
Borrowings	14		62 381 430		13 906 250
Lease liabilities	7	122 918 189	119 056 963	122 918 189	26 540 525
Deferred tax	16	446 464 294	499 525 674	446 464 294	111 355 718
		569 382 483	680 964 067	569 382 483	151 802 493
Current liabilities					
Borrowings	14	8 911 475	25 618 457	8 911 475	5 710 941
Trade and other payables	15	430 894 524	411 076 382	430 894 524	91 638 344
Tax payable		3 871 703	17 367 901	3 871 703	3 871 703
Lease liabilities	7	7 639 875	7 386 856	7 639 875	1 646 700
Bank overdraft	12	33 127 153	19 691 323	33 127 153	4 389 647
		484 444 730	481 140 919	484 444 730	107 257 335
Total liabilities		1 053 827 213	1 162 104 986	1 053 827 213	259 059 828
Total equity and liabilities		3 491 668 354	3 247 791 463	4 468 379 547	899 345 158
		0.01000004	02.7701400		

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A. J. Manase Chairman

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T. M. Madziwanyika Chief Executive

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N. K. Mtukwa Finance Director

RTG Annual Report 2020

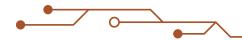


# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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for the year ended 31 December 2020

		INFLATION	ADJUSTED	HISTORIC	CAL COST
	Notes	2020	2019	2020	2019
		ZW\$	ZW\$	ZW\$	ZW\$
Revenue	17	1 106 355 087	3 228 706 229	740 028 564	219 355 239
Cost of sales		(343 555 510)	(767 901 741)	(216 183 770)	(52 170 516)
Gross profit		762 799 577	2 460 804 488	523 844 794	167 184 723
Other operating income	18	466 011 317	227 188 188	290 137 483	15 434 950
Administrative expenses		(551 249 238)	(1 066 917 543)	(471 294 550)	(72 485 366)
Distribution expenses		(127 422 333)	(279 820 377)	(85 397 511)	(19 010 731)
Other operating expenses		(88 674 343)	(352 229 247)	(78 623 513)	(29 250 134)
Profit from operations		461 464 980	989 025 509	178 666 703	61 873 442
Net finance costs	19	(25 972 046)	(44 833 331)	(12 442 115)	(3 045 934)
Net monetary loss		(92 461 946)	-	-	-
Profit before tax		343 030 988	944 192 178	166 224 588	58 827 508
		343 030 300	544 152 170	100 224 300	30 027 300
Income tax credit/ (expense)	21	9 123 676	(30 223 357)	9 123 676	(6 737 479)
Drofit for the year		252454664	012 000 001	175 340 004	52,000,000
Profit for the year		352 154 664	913 968 821	175 348 264	52 090 029
Other comprehensive income:					
Items that will not be reclassified subsequently to profit					
or loss				2 508 018 740	562 406 446
Gain on property revaluation, net of tax		-	-	2 598 918 740	563 406 446
Other comprehensive income, net of tax		-	-	2 598 918 740	563 406 446
Total comprehensive income for the year		352 154 664	913 968 821	2 774 267 004	615 496 475
Earnings per share	22				
Basic and diluted earnings per share (ZW\$ cents)		14.32	37.16	7.13	2.12
Headline earnings per share (ZW\$ cents)		13.68	37.16	6.82	2.12
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# **CONSOLIDATED STATEMENT OF CASHFLOWS**

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for the year ended 31 December 2020

		INFLATION	ADJUSTED	HISTORIC	AL COST
1	Notes	2020	2019	2020	2019
		ZW\$	ZW\$	ZW\$	ZW\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	23	431 944 224	972 988 756	161 189 906	70 481 093
Interest received		-	162 517	-	79 480
Investment income		1 542 175	9 654 328	754 211	4 721 514
Interest paid	19	(1 060 977)	(6 390 698)	( 518 878)	(3 125 414)
Income tax paid		(17 065 979)	(3 837 890)	(8 346 232)	(1 876 946)
Net cash inflows generated from operating activities		415 359 443	972 577 013	161 079 007	70 279 727
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments on purchase of property and equipment	5	(243 505 606)	(594 706 865)	(119 088 053)	(40 403 820)
Development of intangible assets	6	(10 440 871)	(2 415 106)	(5 106 178)	(164 080)
Proceeds from sale of property and equipment		15 701 469	-	7 678 909	-
Dividend received		-	1 722 132	-	117 000
Lease repayment		(28 252 086)	(63 602 360)	(13 541 389)	(4 321 084)
Net cashflows utilised in investing activities		(266 497 094)	(659 002 199)	(130 056 705)	(44 771 984)
CASH FLOWS FROM FINANCING ACTIVITIES		<i></i>			
Repayment of borrowings		(16 687 500)	- 10 671 329	(16 687 500)	- 725 000
Proceeds from borrowings Dividend paid		-	(58 594 443)	-	
		-	(30 394 443)	-	(3 980 851)
Net cashflows utilised in financing activities		(16 687 500)	(47 923 114)	(16 687 500)	(3 255 851)
Inflation effects of cash		(197 627 712)	(165 832 925)	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(65 452 863)	99 818 775	14 334 796	22 251 892
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		102 676 634	2 857 862	22 888 975	637 083
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	37 223 771	102 676 637	37 223 771	22 888 975



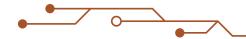
# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

		INFLATION ADJUSTED							
	Share capital	Share premium	Non- distributable reserve	Other capital reserve	Revaluation reserve	Retained earnings	Total equity		
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$		
Balance at 1 January 2019	10 408 205	385 694 641	942 508 064	6 826 624	-	(108 298 793)	1 237 138 723		
Total comprehensive income for the year	-	-	-	-	-	913 968 821	913 968 821		
Realisation of non-distributable reserve	-	-	(942 508 064)	-	-	942 508 064	-		
Dividend paid	-	-	-	-	-	(58 594 443)	(58 594 443)		
Realisation of other capital reserve	-	-	-	(6 826 624)	-	-	(6 826 624)		
Balance at 31 December 2019	10 408 205	385 694 641	-	-	-	1 689 583 631	2 085 686 477		
Total comprehensive income for the year	-	-	-	-	-	352 154 664	352 154 664		
			-						
Balance at 31 December 2020	10 408 205	385 694 641	_	-	-	2 041 738 295	2 437 841 141		

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				HISTORICAL CO	OST		
	Share capital	Share premium	Non- distributable reserve	Other capital reserve	Revaluation reserve	Retained earnings	Total equity
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Balance at 1 January 2019	249 550	10 227 505	16 711 500	244 999	9 316 779	(7 735 628)	29 014 705
Total comprehensive income for the year	-	-	-	-	563 406 446	52 090 029	615 496 475
Realisation of non-distributable reserve	-	-	(16 711 500)		-	16 711 500	-
Dividend paid	-	-	-	-	-	(3 980 851)	(3 980 851)
Realisation of other capital reserve				(244 999)	-	-	(244 999)
Balance at 31 December 2019	249 550	10 227 505	-	-	572 723 225	57 085 050	640 285 330
Total comprehensive income for the year	-	-	-	-	2 598 918 740	175 348 264	2 774 267 004
Balance at 31 December 2020	249 550	10 227 505		-	3 171 641 965	232 433 314	3 414 552 334



for the year ended 31 December 2020

#### 1 General information and statement of compliance

#### 1.1 Nature of business and incorporation

Rainbow Tourism Group Limited, is a limited liability company incorporated and domiciled in Zimbabwe. The Company is in the tourism services industry as hoteliers and providers of conference facilities. Its registration number is 4880/91. Its registered office and principle place of business is 1 Pennefather Avenue, Harare, Zimbabwe. The Company's shares are listed on the Zimbabwe Stock Exchange.

#### 1.2 Currency

These financial statements are presented in Zimbabwean Dollars (ZW\$) being the functional and reporting currency of the primary economic environment in which the Group operates.

#### 1.3 Basis of preparation

The financial statement of the company and of the Group are prepared under the historical cost conversion. For the purpose of fair presentation in accordance with International Accounting Standard (IAS) 29 "Financial Reporting In Hyperinflationary Economies", this historical cost information has been restated for changes in the general purchasing power of the ZW\$ and appropriate adjustments and reclassifications have been made. Accordingly, the inflation adjusted financial statement represent the primary financial statements of the Company and Group. The historical costs financials statements have been provided by way of supplementary information.

#### 1.4 Statement of compliance

These financial statements have been prepared in conformity with International Financial Reporting Standards, promulgated by the International Accounting Standards Board (IASB) which includes standards and interpretations approved by IASB. These financial statements have been prepared under the assumption that the Group operates on a going concern basis.

The financial statements for the year ended 31 December 2020 (including comparatives) were approved and authorised for issue by the Board of Directors on 25 March 2021. Amendments to the financial statements are not permitted after approval.

#### 2 New or revised Standard or Interpretation

2.1 At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

#### 2.2 IAS 29 'Financial Reporting in Hyper -Inflationary Economies'

The Group adopted IAS 29 – "Financial Reporting in Hyper -Inflationary Economies" effective 1 January 2019 as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board "PAAB". IAS 29 requires that the financial statements prepared in the currency of a hyper-inflationary economy be stated in terms of a measuring unit current at the balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index( CPI) prepared by the Reserve Bank Of Zimbabwe. The conversion factors unused to restate the financial statements at 31 December 2020, using a February 2019 base are as follows: Index Conversion

		Factor
31 December 2020	2,474.51	1
31 December 2019	551.63	4.486
31 December 2018	88.81	27.864
31 December 2017	61.13	40.500

#### **3** Summary of significant policies

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#### 3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below:

#### 3.2 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for nonmonetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

In the Group's financial statements, all assets, liabilities and transactions of the entities with a functional currency other than the US dollar, are translated into US dollars upon consolidation. The functional currency of the Group has remained unchanged during the reporting period.

#### 3.3 Revenue

#### 3.3.1 Rendering of services

Revenue represents sales (excluding any related taxes) of goods and services net of discounts provided in the normal course of business and is recognised when services have been rendered. Revenue is derived from hotel operations and includes the sale of food and beverage and rental of rooms. Revenue is recognised when rooms are occupied and food and beverages are sold.

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for the year ended 31 December 2020 (continued)

To determine whether to recognise revenues, the Group follows a 5 step process:

- 1. Identifying the contract with the customer
- 2. Identifying the performance obligations
- 3. Determining the transaction price
- **4.** Allocating the transactional price to the performance obligations
- Recognising revenues when/as performance obligation(s) are satisfied

The Group often enters into transactions involving a range of products and services, for example for rental of rooms and sale of food and beverages. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

#### 3.4 Other income

Other income is accrued on a time basis by reference to the principal amount outstanding and or received and effective interest rate applicable.

#### 3.5 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

#### 3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

## 3.7 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

#### 3.8 Property and equipment

Items of property and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred. The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each statement of financial position date.

Land and capital work-in-progress are not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write off their carrying value over their expected useful economic lives. It is provided on a straight line basis over the remaining useful lives at the following rates:

Buildings	2-4%
Leasehold improvements	5-20%
Furniture and equipment	10-15%
Motor vehicles	25-33%

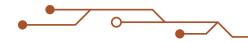
Land & Buildings are revalued after every three years by an independent appraiser based on market evidence of the most recent prices achieved in arms length transactions of similar properties. During the course of the year , management carried out a revaluation of all the Group's assets. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

#### 3.8.1 Impairment of property and equipment

The carrying amount of property and equipment is reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment loss is recognised directly through the statement of comprehensive income when the carrying amounts of the assets exceed the fair values of the respective assets.

### 3.8.2 Derecognition of property and equipment

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from use or disposal.



for the year ended 31 December 2020 (continued)

#### 3.9 Externally acquired intangible assets

Externally acquired and internally developed intangible assets are initially recognised at historical cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The useful economic life of the Group's intangible assets are as follows:

MICROSOFT USER RIGHTS	8 years
Mobile and web application	8 years

#### 3.10 Recognition and measurement of leases contracts

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

#### 3.11 Biological assets

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Biological assets are living animals that are managed by the Group. The biological assets of the Group comprise of cattle livestock. At initial recognition, biological assets are valued at fair value and where fair value cannot be reliably measured they are valued at historical cost. Fair value movements of the biological assets are recognised in profit or loss. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

### 3.12 Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Finance Director.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

3.12.1	Note 8	Biological assets
3.12.2	Note 11:	Other financial assets

# 3.13 Post-employment benefits - defined contribution schemes

Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

#### 3.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events

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and reliable estimate of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where 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.

#### 3.15 Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

#### 3.16 Earnings per share

Earnings per share is calculated by dividing profit/ (loss) after tax by the weighted average number of shares in issue throughout the year.

### 3.17 Financial instruments

#### 3.17.1 Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both: • the entity's business model for managing the financial

- asset
  the contractual cash flow characteristics of the financial
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

#### 3.17.2 Fair value through profit or loss

This category comprises only in-the-money derivatives (see financial liabilities section for out of- money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

#### 3.17.3 Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not

quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

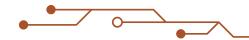
From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

#### 3.17.4 Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available for- sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method is recognised in profit or loss.

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve. On sale, the cumulative gain



for the year ended 31 December 2020 (continued)

or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

#### 3.17.5 Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. Other than financial liabilities in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

#### 3.17.6 Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see financial assets for in the money derivatives). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

#### 3.17.7 Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and other payable on maturity, as well as any interest or coupon payable while the liability is outstanding.

Liability components of convertible loan notes are measured as described further below. Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

#### 3.17.8 Fair value measurement hierachy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

#### 3.17.9 Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units (CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

#### 3.17.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of bank balances and amounts due from other banks and dealing securities.

#### 3.18 Cost of sales

Cost of sales includes the cost of materials, cost of direct labour in the production of services and production of food.

#### 3.19 Service stocks

During the year management carried out service stock impairement test which resulted in some stocks being written off.

### 3.20 Income tax

#### 3.20.1 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.

#### 3.20.2 Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except: Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint

for the year ended 31 December 2020 (continued)

ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except: "where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures. Deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets at each statement of financial position date are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each statement of financial position date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority. Deferred capital gains tax arises on the revalued property. The capital gains tax liability is computed on the revaluation adjustment based on rates ruling on the statement of financial position date.

# Significant judgements in applying the Group's accounting policies

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

The following are key assumptions concerning the future, and other key sources of estimation uncertainly at the balance sheet date that have risk of causing material adjustment to the carrying amounts of asset and liabilities within the next financial year.

### 4.1 Trade receivables

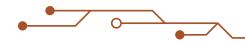
The Group assesses its trade receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

#### 4.2 Impairment testing

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

#### 4.3 Valuation of property, plant and equipment

On 31 December 2020, the Group carried out a directorsrevaluation on all categories of property and equipment. The estimate and associated assumptions were based on historical information, market observable inputs and other factors that were considered relevant. The Group also assessed the useful and residual values of property plan and equipment taking into account past experience and technology changes. The useful lives are set out in note 3.8 and no changes to those useful lives have been considered necessary during the year.



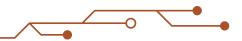
for the year ended 31 December 2020

#### PROPERTY AND EQUIPMENT 5

PROPERTY AND EQUIPMENT	INFLATION ADJUSTED						
	Land and buildings ZW\$	Leasehold improvements ZW\$	Capital work in progress ZW\$	Furniture and equipment ZW\$	Motor vehicles ZW\$	Total ZW\$	
	2 11 4	2 11 4	2114	2 11 4	2 11 4	2 11 4	
Carrying amount at 1 January 2019	818 383 253	191 546 918	7 284 595	182 829 451	8 279 392	1 208 323 609	
Additions	-	70 072 585	409 499 467	103 235 236	11 899 577	594 706 865	
Disposals	-	-	-	(1 587 452)	-	(1 587 452)	
Depreciation charge for the year	(12 113 710)	(9374 181)		(23 178 466)	(1 706 073)	(46 372 430)	
Carrying amount at 31 December 2019	806 269 543	252 245 322	416 784 062	261 298 769	18 472 896	1 755 070 592	
Additions	-	148 344 505	-	75 516 169	19 644 932	243 505 606	
Transfer within classes	-	52 409 330	(52 409 330)	-	-	-	
Disposals	-	-	-	(2 743 839)	-	(2 743 839)	
Depreciation charge for the year	(26 374 125)	(15 477 067)	_	(31 382 757)	(2 344 500)	(75 578 449)	
Carrying amount at 31 December 2020	779 895 418	437 522 090	364 734 732	302 688 342	35 773 328	1 920 253 910	

The Group's non-current assets were revalued by Directors as at 31 December 2020 using the market values to determine fair values. The markert values were the estimated amounts for which a property can be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

PROPERTY AND EQUIPMENT	HISTORICAL COST						
	Land and buildings	Leasehold improvements	Capital work in progress	Furniture and equipment	Motor vehicles	Total	
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	
Carrying amount at 1 January 2019	29 370 750	6 874 379	261 435	6 561 520	297 137	43 365 221	
Additions	-	4 760 665	27 821 005	7 013 704	808 446	40 403 820	
Disposals	-	-	-	(107 850)	-	(107 850)	
Revaluation surplus	475 520 713	104 724 053	-	81 276 726	6783 745	668 305 237	
Depreciation charge for the year	(822 994)	(636 873)		(1 574 723)	(115 909)	(3 150 499)	
Carrying amount at 31 December 2019	504 068 469	115 722 224	28 082 440	93 169 377	7 773 419	748 815 929	
Additions	-	72 548 877	-	36 931 690	9 607 486	119 088 053	
Transfer within classes	-	23 658 789	( 23 658 789)	-	-	-	
Disposals	-	-	-	(1 341 893)	-	(1 341 893)	
Revaluation	1 943 443 695	521 340 859	-	421 949 969	28 946 313	2 915 680 836	
Depreciation charge for the year	(12 898 443)	(7 569 164)		(15 347 948)	(2 344 502)	(38 160 057)	
Carrying amount at 31 December 2020	2 434 613 721	725 701 585	4 423 651	535 361 195	43 982 716	3 744 082 868	



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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

6 INTANGIBLE ASSETS	INFLATION ADJUSTED					
	2020	2019	2020	2019		
	ZW\$ ZW\$		ZW\$	ZW\$		
Opening carrying amounts	4 635 397	2 612 041	1 033 336	296 021		
Additions	10 440 871	2 415 106	5 106 178	164 080		
Revaluations	-	-	3 901 135	599 850		
Amortisation	(528 051)	(391 750)	(258 246)	(26 615)		
Closing carrying amounts	14 548 217	4 635 397	9 782 403	1 033 336		

7	LEAS	ES	INFLATION	ADJUSTED	HISTORICAL COST	
			2020	2019	2020	2019
			ZW\$	ZW\$	ZW\$	ZW\$
	7.1	Right-of-use assets				
		Cost	989 994 918	1 021 536 409	38 460 096	40 602 995
		Develoption			107 112 100	
		Revaluation	-	-	127 113 102	-
		Accummulated depreciation	(21 589 729)	(31 541 491)	(10 558 602)	(2 142 899)
			968 405 189	989 994 918	155 014 596	38 460 096
	7.2	Lease liabilities				
		Current liabilty	7 639 875	7 386 856	7 639 875	1 646 700
		Non-current liability	122 918 189	119 056 963	122 918 189	26 540 525
			130 558 064	126 443 819	130 558 064	28 187 225

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the statement of financial position.

Right of use asset	Lease term	Remaining term	Option for an extention
Rainbow Towers Hotel	25-30 years	18 years	Yes
Kadoma Hotel & Conference Centre	20-25 years	19 years	Yes
New Ambassador Hotel	10-15 years	6 years	Yes

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2020 were as follows:

	Minimum lease payments due						
31 December 2020	Within year	2-3years	4-5 years	6 years and after	Total		
Lease payments	17 736 470	35 472 939	53 209 409	47 153 685	26 912 430		
Finance costs	(10 096 595)	(7 091 419)	(4 035 005)	(1 791 419)	(4 035 005)		
Net present value	7 639 875	28 381 520	49 174 404	45 362 266	130 558 064		

The Group has leases for the three hotels. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the statement of financial position. as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property and equipment



for the year ended 31 December 2020

Group has an obligation to maintain those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group provides insurance cover of property and equipment and incur maintenance costs on such items in accordance with the lease contracts.

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The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as and when they are incurred.

		INFLATION	ADJUSTED	HISTORICAL COST		
8	BIOLOGICAL ASSETS	2020	2019	2020	2019	
		ZW\$	ZW\$	ZW\$	ZW\$	
	Opening balance	281 523	114 963	62 758	8 096	
	Additions	-		-	-	
	Fair value adjustment	( 207 723)	166 560	11 0 4 2	54 662	
	Closing balance	73 800	281 523	73 800	62 758	

#### **Measurement of fair values**

The fair value measurements of livestock have been categorised as Level 2 fair values based on observable market sales data.

#### Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Туре	Valuation technique	Significant unobservable	Inter-relationship between key observable
		inputs	input at fair value measurement
"Livestock comprises of	Market comparison technique: The fair	Not applicable	Not applicable
cattle characterised as	values are based on the market price		
growers."	of livestock of similar age, weight and		
	market values.		

#### 8.1 Risk management strategy related to agricultural activities

The Group is exposed to the following risks:

#### 8.1.1 Regulatory and environmental risks

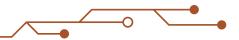
The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

#### 8.1.2 Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price of the cow on the market. When possible, the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

#### 8.1.3 Climate and other risks

The Group has put in place measures and controls to mitigate losses from the above risks. These measures and controls include, inter alia, a very comprehensive biosecurity program across the operations, insurance against theft and unnatural deaths, vaccination to prevent widespread disease and infections, continuing comprehensive herd health monitoring programs.



for the year ended 31 December 2020 (continued)

Food and beverages Service stocks Other stocks

INFLATION	ADJUSTED	HISTORIC	AL COST
2020	2019	2020	2019
ZW\$	ZW\$	ZW\$	ZW\$
24 703 609	21 814 956	12 081 466	4 863 053
6 779 253	24 602 401	3 315 439	5 484 439
25 199 281	10 154 141	12 323 880	2 263 591
56 682 143	56 571 498	27 720 785	12 611 083

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#### TRADE AND OTHER RECEIVABLES 10

Trade	177 856 556	121 375 976	177 856 556	27 057 486
Less: Allowance for credit losses	(5 074 562)	(9 083 771)	(5 074 562)	(2 024 981)
	172 781 994	112 292 205	172 781 994	25 032 505
Other receivables	48 766 013	171 732 328	48 766 013	38 283 071
	221 548 007	284 024 533	221 548 007	63 315 576

The fair value of trade and other receivables classified as loans and receivables is as follows:

Trade	172 781 994	112 292 205	172 781 994	25 032 505
Other	48 766 013	171 732 328	48 766 013	38 283 071
	221 548 007	284 024 533	220 566 699	63 315 576

The table below describes the credit loss allowances recognised in the statement of profit or loss.

Trade receivables	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
	zw\$	zw\$	ZW\$	ZW\$	ZW\$	ZW\$
Gross carrying amount	64 769 606	42 139 170	49 053 015	15 231 121	1 589 082	172 781 994
Average expected loss rate	0.5%	1.5%	2.0%	10.0%	100.0%	2.9%
Credit loss allowance	324 848	632 088	981 060	1 523 112	1 589 081	5 049 189

INFLATION ADJUSTED

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# **11 OTHER FINANCIAL ASSETS**

	2020 ZW\$	2019 ZW\$	2020 ZW\$	2019 ZW\$
Listed securities				
Balance at 1 January	7 767 758	13 910 629	7 767 758	3 100 998
Fair value adjustment	232 038 406	20 934 412	232 038 406	4 666 760
Closing balance	239 806 164	34 845 041	239 806 164	7 767 758

63

**HISTORICAL COST** 

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for the year ended 31 December 2020

12	CASH AND CASH EQUIVALENTS	INFLATION	ADJUSTED	HISTORICAL COST	
		2020 ZW\$	2019 ZW\$	2020 ZW\$	2019 ZW\$
	Bank and cash balances	70 350 924	122 367 960	70 350 924	27 278 622
	Bank overdraft	(33 127 153)	(19 691 323)	(33 127 153)	(4 389 647)
		37 223 771	102 676 637	37 223 771	22 888 975

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The bank overdrafts is secured by the notarial general covering bond (NGCB).

The interest rates are pegged at 9% per annum.

13	SHARE CAPITAL AND RESERVES	INFLATION ADJUSTED		HISTORIC	HISTORICAL COST	
		2020 ZW\$	2019 ZW\$	2020 ZW\$	2019 ZW\$	
13.1	Share capital		-			
	Authorised					
	2 500 000 000 ordinary shares of ZWL 0.0001 each	250 000	250 000	250 000	250 000	
	Issued and fully paid					
	2 495 495 543 ordinary shares of ZWL 0.0001 each	10 408 205	10 408 205	249 550	249 550	

The unissued shares are under the control of the directors for an indefinite period subject to the limitations imposed by the Companies and Other Business Entities Act (Chapter 24.31), the Zimbabwe Stock Exchange and approval by members in a general meeting.

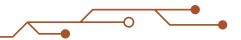
# 13.2 Share premium

13.3

64

Balance at 1 January	385 694 641	385 694 641	10 227 505	10 227 505
Balance at 31 December	385 694 641	385 694 641	10 227 505	10 227 505
3 Non distributable reserve				
Opening balance	-	942 508 064	-	16 711 500
Transfers within reserves	-	(942 508 064)	-	(16 711 500)
Closing balance	-	-	-	-

The non-distributable reserve was as a result of currency translation in 2009 from the Zimbabwe dollar which was the functional currency as well as presentation currency up to 21 January 2009. The assets and liabilities were translated to USD using the guidance issued by Public Accountants and Auditors Board and Zimbabwe Stock Exchange in 2009. As a result of the changes in functional currency effective 1 March 2019.



for the year ended 31 December 2020 (continued)

		INFLATION ADJUSTED				HISTORIC	
13.4	Other capital reserve	2020 ZW\$	2019 ZW\$	2020 ZW\$	2019 ZW\$		
	Opening balance	-	6 826 624	-	244 999		
	Movement during the year	-	(6 826 624)	-	( 244 999)		
	Closing balance	-		_	_		

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Other capital reserve is attributable to a contribution received to finance the refurbishment of the Harare International Conference (HICC). The reserve was amortised in full during the financial year.

13.5	Revaluation reserve				
	Opening balance	-	-	572 723 225	9 316 779
	Revaluation during the year	-	-	2 598 918 740	563 406 446
	Transfers within reserves	-	-	-	-
	Closing balance	-	-	3 171 641 965	572 723 225
14	BORROWINGS				
14.1	Long term loans				
	6% non-convertible debentures	-	74 857 716	-	16 687 500
	Less current portion of 6% non-convertible debentures	-	12 476 286	-	2 781 250
		_	62 381 430	_	13 906 250
14.2	Short term loans				
	Current portion of 6% non-convertible debentures	-	12 476 286	-	2 781 250
	Bank Ioan	8 911 475	13 142 171	8 911 475	2 929 691
		8 911 475	25 618 457	8 911 475	5 710 941

# 14.3 Borrowings terms

# 6% Non- convertible debentures

During the course of the year the Company repaid the entire 6% debentures ahead of the maturity tenure of 7 years.

### Short term loans

The short term borrowings relates to a bank loan for the purchase of transfer buses for Heritage Expeditions Africa. The loan has a 3 year tenure with an interest rate of 9%.



for the year ended 31 December 2020

		INFLATION	INFLATION ADJUSTED		HISTORICAL COST	
15	TRADE AND OTHER PAYABLE	2020 ZW\$	2019 ZW\$	2020 ZW\$	2019 ZW\$	
	Trade Other	241 510 100 189 384 424	131 446 044 279 630 338	241 510 100 189 384 424		
		430 894 524	411 076 382	430 894 524	91 638 344	

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#### DEFERRED TAX 16

INFLATION ADJUSTED				
"Deferred tax liabilities (assets)"	1 January 2020	in profit or	Recognition in other comprehensive income	31 December 2020
Non-current asset-PPE	(120 188 242)	-	-	(120 188 242)
Current assets	15 980 060	-	-	15 980 060
current liabilities - Unused tax losses	(395 317 492)	53 061 380	-	(342 256 112)
	(499 525 674)	53 061 380	_	(446 464 294)

	HISTORICAL COST				
"Deferred tax liabilities (assets)"	1 January 2020	Recognition in profit or loss account	Recognition in other comprehensive income	31 December 2020	
Non current asset-PPE	(62 976 617)	221 093	(344 232 253)	(406 987 776)	
Current assets	3 551 125	-	-	3 551 125	
current liabilities - Unused tax losses	(51 930 226)	8 902 583	-	(43 027 643)	
	(111 355 718)	9 123 676	(344 232 253)	(446 464 294)	

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

#### REVENUE 17

REVENUE	INFLATION ADJUSTED		HISTORIC	HISTORICAL COST	
	2020	2019	2020	2019	
	ZW\$	ZW\$	ZW\$	ZW\$	
Rooms revenue	535 760 524	1 579 798 238	358 364 232	107 329 994	
Food, beverages and conferencing	556 067 653	1 574 925 606	371 947 444	106 998 952	
Other operating activities	14 526 910	73 982 385	9 716 888	5 026 293	
	1 106 355 087	3 228 706 229	740 028 564	219 355 239	

Revenue represent amounts invoiced for sales, less value added tax as appropriate.

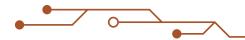
#### 18 Other operating income

Rental Income	118 680 271		58 041 384	308 275
Other sundry income	347 331 046		232 096 099	15 126 675
	466 011 317	227 188 188	290 137 483	15 434 950



for the year ended 31 December 2020 (continued)

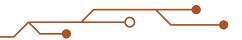
INFLATION ADJUSTED       HISTORICL COST         2020       2019       2020       2019         ZW\$       ZW\$       ZW\$       ZW\$         Finance income       -       1169 872       -       79 480         Finance costs       (25 972 046)       (46 003 203)       (12 442 115)       (3 125 414)         (25 972 046)       (44 833 331)       (12 442 115)       (3 045 934)         Profit before tax is arrived at after taking into account the following:       Description       Description
ZW\$       ZW\$       ZW\$       ZW\$         Finance income       1169 872       1169 872       79 480         Finance costs       (25 972 046)       (44 033 203)       (12 442 115)       79 480         20 PROFIT BEFORE TAX       Image: Comparison of the second seco
Finance income       1169 872       1169 872       79 480         Finance costs       (25 972 046)       (46 003 203)       (12 442 115)       (3 125 414)         (25 972 046)       (44 833 331)       (12 442 115)       (3 045 934)         20 PROFIT BEFORE TAX       Image: Comparison of the second
Finance costs       (25 972 046)       (46 003 203)       (12 442 115)       (3 125 414)         (25 972 046)       (44 833 331)       (12 442 115)       (3 045 934)         20 PROFIT BEFORE TAX       Image: Contract of the second s
Finance costs       (25 972 046)       (46 003 203)       (12 442 115)       (3 125 414)         (25 972 046)       (44 833 331)       (12 442 115)       (3 045 934)         20 PROFIT BEFORE TAX       Image: Contract of the second s
(25 972 046)       (44 833 331)       (12 442 115)       (3 045 934)         20 PROFIT BEFORE TAX       (3 045 934)       (3 045 934)
20 PROFIT BEFORE TAX
20 PROFIT BEFORE TAX
Profit before tax is arrived at after taking into account the following:
Income
Dividend received - 1 722 132 - 117 000
Expenses
Staff costs         817 006 367         966 667 227         248 994 763         65 674 455           Audit fees         8 971 440         1 056 903         4 485 720         71 805
Inventory write-off         5 055 791         27 100 761         1 540 827         1 841 200           Depreciation and ammortisation costs         97 696 229         78 305 671         48 976 905         5 320 013
Directors' emoluments:
For services as directors         19 143 021         10 037 246         6 314 720         681 921
21 INCOME TAX EXPENSE
Current tax         -         (17 367 900)         -         (3 871 703)
Intermediary money transfer tax         43 937 704         (8 335 837)         13 652 576         (1 858 249)
Deferred tax (53 061 380) (4 519 620) (4 528 900) (1 007 527)
9 123 676 (30 223 357) 9 123 676 (6 737 479)
Accounting profit 343 030 988 944 192 178 166 224 589 58 827 508
Tax at 24.72% (84 797 260) (233 404 306) (41 090 718) (14 542 160)
Non-deductable differences         93 920 936         203 180 949         50 214 394         7 804 681
<u>9 123 676</u> (30 223 357) <u>9 123 676</u> (6 737 479)



for the year ended 31 December 2020

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		INFLATION	ADJUSTED	HISTORICAL COST		
		2020 ZW\$	2019 ZW\$	2020 ZW\$	2019 ZW\$	
22	EARNINGS PER SHARE					
22.1	Basic and diluted earnings per share					
	Numerator					
	Profit for the year and earnings used in basic and diluted EPS (ZW\$cents)					
		35 215 466 400	91 396 882 094	17 534 826 549	5 209 002 945	
	Denominator					
	Weighted average number of shares used in basic EPS	2 459 537 000	2 459 537 000	2 459 537 000	2 459 537 000	
	Basic and diluted earnings per share (ZW\$ cents)	14.32	37.16	7.13	2.12	
22.2	Headline earnings per share					
	Numerator					
	Profit for the year and earnings used in basic and diluted EPS					
		35 215 466 400	91 396 882 094	17 534 826 549	5 209 002 945	
	Profit on sale of assets	(1 570 140 900)	-	(767 890 900)	-	
		33 645 319 600	91 396 882 094	16 766 935 600	5 209 002 945	
	Denominator					
	Weighted average number of shares used in headline EPS	2 459 537 000	2 459 537 000	2 459 537 000	2 459 537 000	
	Headline earnings per share (ZW\$ cents)	13.68	37.16	6.82	2.12	



for the year ended 31 December 2020 (continued)

		INFLATION	ADJUSTED	HISTORIC	AL COST
		2020	2019	2020	2019
		ZW\$	ZW\$	ZW\$	ZW\$
23	CASH FLOW INFORMATION				
23.1	Cash generated from operating activities				
	Profit before tax	343 030 989	944 192 178	166 224 588	58 827 508
	Adjusted for:				
	Depreciation of property and equipment	97 696 229	78 305 671	48 976 906	5 320 013
	Non-cash compenets of other income	(303 435 407)	(157 329 774)	(253 026 124)	(10 609 355)
	Monetary loss	92 461 946	-	-	-
	Finance costs	25 972 046	46 003 203	12 442 115	(2 095 614)
	Exchange loss	94 034 398	51 693 539	28 658 372	3 125 414
	Finance income	-	(1 169 872)	-	(79 480)
	Operating profit before working capital changes	349 760 201	901 248 231	3 275 857	54 488 486
	Working capital changes				
	Increase in inventories	(110 645)	(46 079 575)	(15 109 702)	(10 272 193)
	Decrease/(Increase) in trade and other receivables	62 476 526	(255 969 763)	(158 232 429)	(57 061 525)
	Increase in trade and other payables	19 818 142	373 789 863	339 256 180	83 326 325
		431 944 224	972 988 756	169 189 906	70 481 093

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#### 24 RELATED PARTY INFORMATION

#### Volume of transactions with related parties

The aggregate amount brought to account in respect of the following types of transactions and each class of related party involved were:

#### 24.1 Compensation to key management

	Short-term benefits	374 415 610	189 479 660	114 108 690	12 873 068
24.2	Senior Management and Directors shareholding in RTG			Number of	Percentage
				shares	holding %
	Tendai M. Madziwanyika (Chief Executive)			2 520 542	0.10
	Napoleon Mtukwa (Finance Director)			76 000	0.01

The shares were acquired through the normal course of trading

#### 24.3 Non - executive directors

Fees	19 143 021	10 037 246	6 314 720	681 921
1005	10 140 021	10 007 240	0 014 7 20	001021

The non - executive directors do not receive pension entitlements from the Group.

		ADJUSTED	HISTORIC	AL COST
.4 Loans to key management	2020 ZW\$	2019 ZW\$	2020 ZW\$	2019 ZW\$
	2 44 3	2 ۷۷ پ	۷۷ ۶	2 99 \$
Loans	3 679 058	2 092 081	3 679 058	142 134

The loans relates to Motor Vehicle that the company offers to its employees. The loans attract interest which ranges between 6% and 9% per annum.

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the Group. They include the Chief Executive, Finance Director and other senior management of the Group.



for the year ended 31 December 2020

#### 24.5 Group structure

The Group comprises the following companies:

			Sh	areholding
Name	Business	Location	2020	2019
1. Rainbow Tourism Group (Zimbabwe) Limited	Hotelier	Zimbabwe	100%	100%
Subsidiaries				
Heritage Adventure	Tour Operation	Zimbabwe	100%	100%
Victoria Falls Quads	Tour Operation	Zimbabwe	100%	100%
2. Heritage Expeditions Africa	Tour Operation	Zimbabwe	100%	100%

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#### 25 RETIREMENT BENEFITS

# 25.1Catering Industry Pension Fund (NEC) - Zimbabwe<br/>A defined contribution scheme which covers non-managerial employees.2020<br/>ZW\$2019<br/>ZW\$Contribution for the year401 612285 066

#### 25.2 National Social Security Authority Scheme (NSSA) - Zimbabwe

This is a defined contribution scheme legislated under the National Social Security Act (1989). The Company's obligations are limited to specific contributions as legislated from time to time, and are currently 3.5% of pensionable earnings limited to ZW\$700 per month per employee.

Contribution for the year

#### 25.3 RTG PENSION-Non-NEC-Zimbabwe

This is a defined contribution scheme which covers supervisory and managerial employees. Contributions by both the Company and employees amount to 10% and 5% of basic salary respectively for all employees until 31 July 2015. The employer's contribution was revised down to 6.5%.

Contributions for the year

1 662 821	497 079
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1 362 568

885 878



for the year ended 31 December 2020 (continued)

#### 26 FINANCIAL RISK MANAGEMENT

The main risks facing the Group are treasury risk, credit risk, liquidity, exchange rate and cash flow risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group'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 Group'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.

#### **Principal financial instruments**

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- a) Accounts receivable
- b) Cash at bank
- c) Other financial asset
- d) Borrowings
- e) Accounts payable

#### General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

#### 26.1 Treasury risk

The Audit and Finance Committee, made up of executive and non-executive directors, meets regularly to consider and analyse, among other issues, currency and interest rate exposures and to re-evaluate treasury risk management strategies against prevailing economic forecasts. Compliance with Group policies and exposure limits is reviewed at regular board meetings.

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#### 26.2 Liquidity risk

The Group has a borrowing capacity of ZW\$ 6,829,104,671 of which 1% was utilised as at 31 December 2020. This together with cash generated from operations is adequate to enable the Group to meet its day-to day expenses and service charges as they fall due.

#### 26.3 Credit risk

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures. The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions. The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The group's policy is to deal only with credit worthy counterparties. The credit terms range between 7 and 30 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Service customers are required to pay the annual amount of the service upfront, mitigating the credit risk.Trade receivables consist of a large number of customers in various industries and geographical areas. Security.Trade receivables consist of a large number of customers in various industries and geographical areas. The Group does not hold any security on the trade receivables balance.In addition, the group does not hold collateral relating to other financial assets (eg derivative assets,cash and cash equivalents held with banks).



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for the year ended 31 December 2020

#### 26.4 Interest rate risk

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually at fixed rates. At 31 December 2020, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial.

#### 26.5 Exchange risk

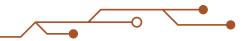
The Group is exposed to foreign currency fluctuations as it accrues foreign currency-denominated liabilities in its business activities. It is exposed to such foreign currency fluctuations to the extent that such liabilities are not matched by foreign currency receipts from operations.

A summary of the financial instruments held by category is provided below:

	Fair value through profit or loss	Ammortised through profit or loss	Held to maturity
	2020 ZW\$	2020 ZW\$	2020 ZW\$
Bank and cash balances	37 223 771	-	-
Trade and other receivables	221 548 007	-	-
Quoted shares	239 806 164	-	-
	498 577 942	_	-

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial assets which potentially subject the Group to concentrations of credit risk consist primarily of cash and trade receivables. The Group's cash and cash equivalents are placed with high quality financial institutions. The credit risk with respect to trade receivables is limited as a result of the spread of balances owing to various customers who are in different sectors of the economy.



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for the year ended 31 December 2020 (continued)

#### Financial instruments measured at fair value

Lev	el 1	Leve	el 2	Lev	el 3
2020 ZW\$	2019 ZW\$	2020 ZW\$	2019 ZW\$	2020 ZW\$	2019 ZW\$
239 806 164	7 767 758	_	-	_	_

Equity investments

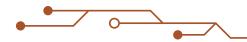
#### Liquidity risk

This is the risk of insufficient liquid funds being available to cover commitments. In order to mitigate any liquidity risk that the Group faces, the Group's policy has been throughout the year ended 31 December, to maintain substantial unutilised facilities.

	Up to 3 months	Between 3 and 12 months	Between 12 and 24 months	Over 2 years	Total
	2020 ZW\$	2020 ZW\$	2020 ZW\$	2020 ZW\$	2020 ZW\$
Trade and other payables	1 007 803	429 886 721	-	-	430 894 524
Borrowings	8 911 475	-	-	-	8 911 475
Bank overdrafts	33 127 153	-	-	-	33 127 153
	43 046 434	429 886 721	-	-	472 933 155

#### 27 MANAGEMENT OF CAPITAL

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group monitors its capital ratio using a gearing ratio which is net debt divided by total capital plus net debt. The Group includes within its net debts, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations; capital includes equity attributable to the equity holders of the parent.



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for the year ended 31 December 2020

#### The debt-to-adjusted-capital ratios at 31 December 2020 and at 31 December 2019 were as follows:

	INFLATION	ADJUSTED	HISTORIC	AL COST
	2020 ZW\$	2019 ZW\$	2020 ZW\$	2019 ZW\$
Trade and other payables	430 894 524	411 076 381	430 894 527	91 638 344
Borrowings	8 911 475	87 999 887	8 911 475	19 617 191
Less: cash and cash equivalents	(37 223 771)	(102 676 637)	(37 223 771)	(22 888 975)
Net debt	402 582 228	396 399 631	402 582 228	88 366 560
Total equity	2 437 841 142	2 085 686 477	3 414 552 335	640 285 330
Capital and net debt	2 840 423 370	2 482 086 108	3 817 134 563	728 651 890
Adjusted gearing ratio	14%	16%	11%	12%

#### 28 IMPACT OF COVID 19 PANDEMIC

The second wave of the virus outbreak in late December 2020, affected the hotels' business as the country was placed into the second lockdown. The uncertainty around Covid-19 is expected to remain prevalent in the operating environment for an unforeseeable future. The Group has developed strategies to mitigate the risk of business interuption as a result of Covid-19. The lockdown of 2021 resulted in cancellation and postponement of bookings as well as suspension of interprovisional travels. This resulted in Group temporarily closing some of its hotels in the months January & February 2021. The impact of the business lost due to lockdown as not significant as it concide with the industry's low season period. The additional revenues streams created through Gateway Stream is anticipated to mitigate the effects of revenue lost during the temporary closure of hotels. Considering the evolving nature of developments surrounding COVID-19, it is still too early to estimate the full impact of the pandemic on the Group's operations going forward. The Group's city hotels are expected to operate optimally in 2021 mainly supported by the business travellers. The introductions of vaccines is a positive development as this is anticipated to play a significant role in the revival of the global travel and tourism. The Board remains confident that the international business will recover upon completion of the vaccination exercise.

#### 29 EVENTS AFTER THE REPORTING PERIOD

#### Non-Adjusting event

There were no events after the reporting date that require additional or separate disclosure.

#### 30 The financial statements were approved by the board for issue by 25 March 2021.

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## RAINBOW TOURISM GROUP LIMITED

TOP 20 SHAREHOLDERS AS AT 31 DECEMBER 2020

	SHAREHOLDER	SHARES	%
1	NATIONAL SOCIAL SECURITY AUTHORITY	1,677,717,254	67.23
2	HAMILTON & HAMILTON TRUSTEES LTD,	604,742,511	24.23
3	MINISTRY OF ENVIRONMENT, CLIMATE CHANGE, TOURISM AND HOSPITALITY INDUSTRY	83,402,508	3.34
4	LAAICO - FCA NON-RES	60,000,000	2.40
5	PINNACLE INVESTMENTS (PRIVATE) LIMITED	15,521,167	0.62
6	GURAMATUNHU FAMILY TRUST	2,849,089	O.11
7	OLD MUTUAL LIFE ASSURANCE COMPANY OF ZIMBABWE LIMITED	2,535,990	0.10
8	MADZIWANYIKA, TENDAI MACGERALD	2,520,542	0.10
9	MANO, EVELYN	1,942,625	0.08
10	ANNES SUPERMARKET	1,466,251	0.06
11	HOFER KURT	1,302,744	0.05
12	BLAGOJEVIC, GORAN	1,217,648	0.05
13	M K FAMILY TRUST,	1,002,947	0.04
14	ENOS AND FARISAI CHUMA	983,351	0.04
15	KOPI, COLZA M	852,553	0.03
16	SAMURIWO, TICHAONA	706,052	0.03
17	MAHOMVA, LEONARD	568,369	0.02
18	MACRAE, CRAIG	404,970	0.02
19	MASIMBA MTIZE	400,000	0.02
20	RAYTON TRADING	396,792	0.02
ТОР	20 SHAREHOLDERS	2,460,533,363	98.60
отн	ER SHAREHOLDERS	34,962,180	1.40
тот	AL SHARES IN ISSUE	2,495,495,543	100

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## **ANNEXURES**

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## GRI Content Index

RI Standard	Disclosure	Page number(s)	Omission		
			Part Omitted	Reason	Explanation
101: Foundation 2016					
neral Disclosures					
	Organizational profile				
	102-1 Name of the organization	3			
	102-2 Activities, brands, products, and services	3, 4, 6			
	102-3 Location of headquarters	79			
	102-4 Location of operations	79			
	102-5 Ownership and legal form	75			
	102-6 Markets served	3			
	102-7 Scale of the organization	3,4,5,6			
	102-8 Information on employees and other workers	31,32,33			
	102-9 Supply chain	35			
	102-10 Significant changes to the organization and its supply chain	35			
	102-11 Precautionary Principle or approach	2			
	102-12 External initiatives	25			
	102-13 Membership of associations	33			
I 102: General DisclWosures	Strategy				
6	102-14 Statement from senior decision-maker	38-43			
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of	_			
	behavior	1			
	Governance	_			
	102-18 Governance structure	14-18			
	Stakeholder engagement	_			
	102-40 List of stakeholder groups	75			
	102-41 Collective bargaining agreements	31			
	102-42 Identifying and selecting stakeholders	26			
	102-43 Approach to stakeholder engagement	27-28			
	102-44 Key topics and concerns raised	27			
	Reporting practice				
	102-45 Entities included in the consolidated financial statements	50			
	102-46 Defining report content and topic				
	Boundaries 102-47 List of material topics	-			
	102-48 Restatements of information	2			
	102-49 Changes in reporting	2	This is the first report pre	pared in accordance with th	ne GRI Standards
	102-50 Reporting period	2			
	102-51 Date of most recent report	2			
	102-52 Reporting cycle	2			
	102-53 Contact point for questions regarding the report	2			
	102-54 Claims of reporting in accordance with the GRI Standards	2			
	102-55 GRI content index	76			
	102-56 External assurance	2			

200 series (Economic topics)

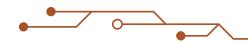
Economic Performance

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GRI Standard	Disclosure	Page number(s)	Omission	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2		
	103-2 The management approach and its	2		
	components 103-3 Evaluation of the management approach	2		
GRI 201: Economic Performance	201-1 Direct economic value generated and			
2016	distributed	37		
Indirect Economic Impacts				 
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	37		
	103-2 The management approach and its components	37		
	103-3 Evaluation of the management approach	37		
Procurement Practices				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	35		
	103-2 The management approach and its components	35		
	103-3 Evaluation of the management approach	35		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	35		
300 series (Environmental topics)				
Energy				
GRI 103: Management Approach	103-1 Explanation of the material topic and its	34		
2016	Boundary 103-2 The management approach and its	34		
	components			
	103-3 Evaluation of the management approach	34		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	34		
	302-2 Energy consumption outside of the organization	34		
Water				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34		
	103-2 The management approach and its components	34		
	103-3 Evaluation of the management approach	34		
Effluents and Waste				
	103-1 Explanation of the material topic and its Boundary	34		
CRI 103: Management Approach	103-2 The management approach and its	34		
	components 103-3 Evaluation of the management approach	34		
	306-2 Waste by type and disposal method	34		
	103-3 Evaluation of the management approach			 
400 series (Social topics)				
Employment				 
GRI 103: Management Approach	103-1 Explanation of the material topic and its			
2016	Boundary	31		
	103-2 The management approach and its components	31		
	103-3 Evaluation of the management approach	32		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	33		
Labor/Management Relations				 
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	33		
	103-2 The management approach and its components	33		
	103-3 Evaluation of the management approach	33		



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## ANNEXURES

GRI Standard	Disclosure	Page number(s)	Omission	
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	34		
	103-2 The management approach and its components	34		
	103-3 Evaluation of the management approach	34		
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	34		
Training and Education				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32		
	103-2 The management approach and its components	32		
	103-3 Evaluation of the management approach	32		
CRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	32		
	404-2 Programs for upgrading employee skills and transition assistance programs	32		
Freedom of Association and Collec	tive Bargaining			 
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	26		
	103-2 The management approach and its components	26		
	103-3 Evaluation of the management approach	26		
Security Practices				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31		
	103-2 The management approach and its components	31		
	103-3 Evaluation of the management approach	31		
Human Rights Assessment				 
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	26		
	103-2 The management approach and its components	26		
	103-3 Evaluation of the management approach	26		
Customer Health and Safety				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31		
	103-2 The management approach and its components	31		
	103-3 Evaluation of the management approach	31		
Customer Privacy				 
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31		
	103-2 The management approach and its components	31		
	103-3 Evaluation of the management approach	31		
Socioeconomic Compliance				 
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	29		
	103-2 The management approach and its components	29		
	103-3 Evaluation of the management approach	29		

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## CORPORATE INFORMATION

#### **Head Office**

1 Pennefather Ave Harare

#### **Registered Office**

Rainbow Towers and Conference Centre 1 Pennefather Ave Harare

#### Legal Practitioners

Mawere Sibanda Commercial Lawyers 10th Floor, Chiedza House Corner First Street and Kwame Nkrumah Ave Harare

#### **Principal Bankers**

FBC Bank Limited 45 Nelson Mandela Avenue Harare

CBZ Bank Limited 60 Kwame Nkrumah Avenue Harare

Stanbic Bank Limited 59 Samora Machel Avenue Harare

Steward Bank Limited 79 Livingstone Avenue, Livingstone House Harare

### Auditors

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Grant Thornton Chartered Accountants (Zimbabwe) Camelsa Business Park 135 Enterprise Road Highlands Harare

#### **Transfer Secretaries**

First Transfer Secretaries (Private) Limited 1 Armagh Ave Eastlea

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#### **Sustainability Advisors**

Institute for Sustainability Africa 22 Walter Hill Ave Eastlea Harare



## **AGM NOTICE**

**NOTICE IS HEREBY GIVEN THAT** the 22nd Annual General Meeting ("AGM") of the shareholders of Rainbow Tourism Group Limited ("the Company") will be held on Wednesday 23 June 2021 at 1200hours. Shareholders are being advised that in light of the need to address hygiene matters relating to the COVID-19 pandemic and pursuant to the resolution of the previous AGM permitting holding of the AGM virtually, the Company will organize a virtual meeting, details of which will be communicated to shareholders in due course. The agenda of the meeting is set out below:

The AGM shall transact the following business,

#### A. CONSTITUTION OF MEETING

- **1.** To table forms of proxy
- 2. To declare the meeting as duly constituted
- **3.** Confirmation of Minutes of Previous Annual General Meeting

#### **B. ORDINARY BUSINESS**

# 1. FINANCIAL STATEMENTS AND THE REPORTS OF THE DIRECTORS AND AUDITORS

To receive and adopt the financial statements and the reports of directors and auditors for the year ended 31 December 2020.

#### **2. DIRECTORS' FEES**

To approve the fees paid to the directors for the year ended 31 December 2020.

#### **3. DIRECTORATE**

- **4.1** To elect the following director, Mr. Givemore Taputaira, who was coopted as a director of the company in accordance with Article 106 of the company's Articles of Association.
- **4.2** To elect the following director, Ms. Monica Vimbayi Hanga, who was coopted as a director of the company in accordance with Article 106 of the company's Articles of Association.
- **4.3** To re-elect the following director, Mr. Douglas Mavhembu, who retires by rotation at the AGM and, being eligible, offers himself for re-election in accordance with Article 99 of the Company's Articles of Association.
- **4.4** To re-elect the following director, Mrs. Cynthia Dinka Malaba, who retires by rotation at the AGM and, being eligible, offers herself for re-election in accordance with Article 99 of the Company's Articles of Association.

Unless otherwise resolved, each Director will be elected separately. Brief Profiles of these individuals are included in the Annual Report.

#### **5. AUDITORS**

To fix the remuneration for the auditors for the past audit and to re-appoint Messrs. Grant Thornton Chartered Accountants (Zimbabwe) as auditors until the next Annual General Meeting. Messrs. Grant Thornton Chartered Accountants (Zimbabwe) have been external auditors of the company for nine years, since 2012.

#### ATTENDANCE, PROXIES AND VOTES

Details of the Virtual AGM will be sent by our transfer secretaries, First Transfer Secretaries (Pvt) Ltd through email to shareholders. Shareholders are advised to update their contact details with the transfer secretaries on the following contacts:

First Transfer Secretaries (Private) Limited 1 ArmaghAvenue Eastlea, Harare **Telephone:** +263 242 782869/7 **Email :** info@fts-net.com

Shareholders are encouraged to pre-register on the online portal that will be provided by the transfer secretaries and submit their proxy forms at least 48 hours before the meeting. In order to ensure full consultations and shareholder participation, all queries/questions must be submitted to the Company and/or transfer secretaries at least 48 hours before the meeting. All the questions submitted will be read out and answered during the meeting by the Chairman and the Directors. Every member of the company is entitled to attend and vote at this meeting and is entitled to appoint a proxy to attend, speak and on a poll, vote in his/her stead. A proxy need not be a member of the company. Proxy forms should be submitted at least 48 hours before the commencement of the meeting.

Please be advised that the 2020 Annual Report can be accessed on the company's website: https://rtgafrica.com/full-year-reports/, (which includes the financial statements, Directors' and Auditors' Report as well as other reports) shall be emailed to those shareholders whose email addresses are on record.

By order of the board

TAPIWA MARI COMPANY SECRETARY

RTG Annual Report 2020



## FORM OF PROXY

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The Secretary Rainbow Tourism Group Limited 1 Pennefather Avenue, Samora Machel Avenue West HARARE

I/We ...... being a member of Rainbow Tourism Group Limited (the Company) hereby appoints......., or failing him/her, the Chairman of the meeting as my/our proxy to attend and speak for me/us on my/our behalf at the Annual General Meeting of the Company to be held virtually on the 23<sup>rd</sup> of June 2021 and at any adjournment thereof and to vote or abstain from voting as indicated below on the resolutions to be considered at the said meeting.

AS	ORDINARY RESOLUTIONS		
1.	To receive and adopt the financial statements and the reports of directors and		
	auditors for the year ended 31 December 2020.		
2.	To approve the fees paid to the directors for the year ended 31 December		
	2020.		
3.	To elect the following director, Mr. Givemore Taputaira, who was coopted as		
	a director of the company in accordance with Article 106 of the company's		
	Articles of Association.		
4.	To elect the following director, Ms. Monica Vimbayi Hanga, who was coopted		
	as a director of the company in accordance with Article 106 of the company's		
	Articles of Association.		
5.	To re-elect the following director, Mr. Douglas Mavhembu, who retires by		
	rotation at the AGM and, being eligible offers himself for re-election in		
	accordance with Article 99 of the company's Articles of Association.		
6.	To re-elect the following director, Mrs. Cynthia Dinka Malaba, who retires		
	by rotation at the AGM and, being eligible offers herself for re-election in		
	accordance with Article 99 of the company's Articles of Association.		
7.	To fix the remuneration for the auditors for the year ended 31 December 2020.		
8.	To re-appoint Messrs. Grant Thornton Chartered Accountants (Zimbabwe) as		
	auditors for the ensuing financial year.		

Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain at his/her discretion.

Signed at	this	day of June 2021
Signature of member		
Number of Shares		

#### NOTES

- 1. This proxy form should be sent to the registered office of the company not later than forty -eight hours before the time of the meeting.
- **2.** A member entitled to attend and vote is entitled to appoint a proxy to attend and vote and speak in his stead. A proxy need not be a member of the company.

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**Registered Office** 

Rainbow Towers Hotel and Conference Centre No. 1 Pennefather Avenue Samora Machel Avenue West, Harare

Email: reservations@rtg.co.zw / res@rtgrsa.co.za Website: www.rtgafrica.com Skype: rtgreservations Facebook: Rainbow Tourism Group