



# GB Holdings Limited

## ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021



### CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

**Introduction**  
The results for the year ended 31 December 2021 are presented to you on the back of challenging operating conditions that persisted from the prior year 2020. Various regulatory measures were instituted to combat the spread of the COVID-19 pandemic and had a profound effect on the demand for the company's products in key markets. The hyperinflationary environment persisted in the year exacerbated by the delayed funding of successful bids at the auction market. According to the ZimStats report, year on year inflation was recorded at 61% from the 348% recorded in the same period prior year while the funding of successful bids was reportedly 3 months behind as at 31 December 2021.

In response to the challenges, the Company consolidated its position in market niches carved out in the prior year while focusing on delivering a commensurate value proposition to its customers through stronger stakeholder relationships in a more intensified competitive market. Nevertheless the company recorded an operating profit albeit lower than prior year as local costs underpinned by the parallel market exchange rates soared while there were limited pricing opportunities.

Commentary is on inflation adjusted figures.

#### Group Performance

Overall volumes increased by 113 % at 1488 metric tonnes when compared with prior year's 699 metric tonnes. Following concerted effort to penetrate and consolidate in new markets, the Chemical division shored up volumes in the last quarter which contributed significantly to the increase. The Rubber division benefited from a consistent order book throughout the year.

Total turnover at ZWL575 million was an increase of 7% when compared with prior year's ZWL537 million attributable to the increased volumes. The company

benefited from its technical partnerships as the flow of materials was sustained despite the violent disruptions in South Africa and the logistical delays further afield in countries of raw materials origin. Unrelenting inflation and the strengthening of the Rand against the United States Dollar contributed in the increased production costs and put pressure on gross margins. As a result, gross profit at ZWL246 million dropped by 11% from the prior year's ZWL278 million. Similarly operating costs ZWL203 million increased by 35 % from the prior year's ZWL 150 million due the costs that tracked the parallel exchange rates. As a result a net operating profit of ZWL44 million was recorded against the prior year's ZWL140 million.

#### Divisional performance

##### General Beltings

Volumes at the rubber division increased by 3 % to 310 metric tonnes compared with the prior year's same period of 301 metric tonnes. The volume increase was driven by a consistent order book and improved throughput. Due to the pricing constraints the Divisional turnover at ZWL290 million dropped by 17% from the prior year's ZWL 347 million.

##### Cernol Chemicals

Cernol Chemicals total volumes at 1,178 metric tonnes increased by 196% from the prior year's 398 metric tonnes due to consolidation efforts in new market niches with deliveries in the fourth quarter accounting for 514 metric tonnes. As a result turnover at ZWL286 million rose by 50 % from the prior year's ZWL 190 million.

##### COVID-19

Following successful vaccination efforts across the world and locally, the COVID-19 pandemic and its variants has been mitigated although it continues to mutate. Given its recurrent nature and impact on business, government and other stakeholders

continue with the efforts that are directed at prioritising employees' and customers' safety. GB Holdings Limited will ensure that employee safety and organisational sustainability are balanced in its approach in the management of the pandemic. The company will assist where appropriate should such cases arise amongst its employees.

#### Environmental Social Sustainability & Governance

The Chemicals Division has in place a comprehensive waste water treatment which is aimed at ensuring that discharge is not harmful to the downstream eco-system and aquatic life. The Division collaborates and cooperates with the Environmental Management Agency and complies with all regulations in this regard.

Raw materials for both Divisions are sourced from environmentally conscious partners. Formulations strive to eliminate any substances that have been shown to harm the environment.

#### Dividend

At their meeting on 25 March 2022, the Board considered the need for additional working capital requirements and resolved not to declare a dividend.

#### Outlook

The optimism that emerged following the mitigation of the COVID pandemic scourge has quickly faded given the Russia Ukraine conflict that threatens to plunge the world into chaos particularly the sources of primary raw materials. General Beltings is expected to increase its market consolidation as the anticipated logistical constraints emanating from the conflict will compel its existing customers to replace imports with locally produced products. Recent price increases in fuels and natural gas signal more severe measures that will inevitably constrain logistical supply chains and thereby dislocate the growth trajectories of the global economy.

The much anticipated bumper harvest will be negatively affected by erratic rain pattern in the latter part of the season. As a result the food import bill will exert pressure on the already scarce foreign currency inflows thereby weakening the Zimbabwe dollar further against the United States Dollar. Therefore price inflation will inevitably reduce aggregate demand in the economy. However, the mineral commodity prices are expected to improve on the back of increased global demand.

In view of the relaxation of Covid-19 measures and improved mining activity, GB Holdings Limited is expected to benefit from increased mining activity and customer penetration. Cernol Chemicals will strive to reassert its market position as the COVID-19 regulations are relaxed. Given the recent labour mobility trends the company will further invest in key skills retention and development to ensure improved performance in the year 2022.

#### Appreciation

The past year has been a challenging one requiring resilience from employees, management, the Board and support from all stakeholders. I thank you all for the support given in the past year and look forward to the same in the coming year as the company navigates yet another challenging year.

**G. G. NHEMACHENA**  
Chairman  
25 March 2022

### AUDITORS' STATEMENT

These abridged financial statements should be read in conjunction with the full set of the audited financial statements of GB Holdings Limited for the year ended 31 December 2021, which have been audited by Independent Auditors, Messrs Grant Thornton Chartered Accountants (Zimbabwe). The audit opinion on the financial statements is an adverse opinion because of non-compliance with International Accounting Standard (IAS) 21 – The Effects of Changes in Foreign Exchange Rates, International Accounting Standard (IAS) 29 – Financial Reporting in Hyper-inflationary Economies and Valuation of Property, Plant and Equipment. The Independent External Auditors' report on the financial statements is available for inspection at the company's registered office.

The engagement partner on the audit resulting in this independent auditor's report is Trevor Mungwazi. (PAAB No: 0622).

### DIRECTORS' RESPONSIBILITY STATEMENT

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

### Abridged statement of profit or loss and other comprehensive income for the year ended 31 December 2021

	Inflation Adjusted		Historical cost	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
<b>Revenue</b>	<b>575 319 036</b>	<b>537 369 384</b>	<b>460 338 834</b>	<b>236 260 222</b>
Cost of sales	(329 168 361)	(259 748 770)	(265 451 929)	(101 808 612)
<b>Gross profit</b>	<b>246 150 675</b>	<b>277 620 614</b>	<b>194 886 905</b>	<b>134 451 610</b>
Other income	566 675	12 753 069	351 972	7 708 835
Operating expenses	(202 919 748)	(150 331 795)	(165 669 026)	(90 183 188)
<b>Profit from operations</b>	<b>43 797 602</b>	<b>140 041 888</b>	<b>29 569 851</b>	<b>51 977 257</b>
Finance charges	(3 308 766)	(90 971)	(3 412 550)	(32 063)
Profit before tax and monetary (loss)/gain	40 488 836	139 950 917	26 157 301	51 945 194
Monetary loss	(41 715 544)	(52 637 929)	-	-
(Loss) / profit before tax	(1 226 709)	87 312 988	26 157 301	51 945 194
Income tax expense	(10 531 435)	(19 162 355)	(7 913 747)	(13 743 598)
(Loss) / profit for the year	(11 758 144)	68 150 633	18 243 554	38 201 596
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b>(11 758 144)</b>	<b>68 150 633</b>	<b>18 243 554</b>	<b>38 201 596</b>
Number of shares in issue	536 588 624	536 588 624	536 588 624	536 588 624
Basic (loss) / earnings per share (cents)	(0.01)	0.127	0.041	0.071
Diluted (loss) / earnings per share (cents)	(0.009)	0.126	0.041	0.070
Headline (loss) / earnings per share (cents)	(0.01)	0.123	0.041	0.069

### Abridged statement of financial position as at 31 December 2021

	Inflation Adjusted		Historical cost	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	425 519 300	425 329 604	18 525 195	7 137 622
<b>Current assets</b>				
Inventories	73 266 285	68 569 436	71 002 378	40 863 888
Trade and other receivables	143 262 834	132 412 415	143 262 834	82 243 736
Cash and cash equivalents	19 106 374	17 110 045	19 106 374	10 627 357
	<b>235 635 493</b>	<b>218 091 896</b>	<b>233 371 586</b>	<b>133 734 981</b>
<b>Total assets</b>	<b>661 154 793</b>	<b>643 421 500</b>	<b>251 896 781</b>	<b>140 872 603</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	28 658 715	28 658 715	536 588	536 588
Share options reserve	1 025 456	1 025 456	19 200	19 200
Foreign currency translation reserve	-	(5 148 147)	-	(712 820)
Retained earnings	334 532 141	361 359 980	48 119 728	38 229 313
	<b>364 216 312</b>	<b>385 896 004</b>	<b>48 675 516</b>	<b>38 072 281</b>
<b>Non-current liabilities</b>				
Deferred tax	93 762 072	94 874 835	1 770 431	2 883 194
Deferred revenue	1 755 540	1 834 867	29 965	31 542
	<b>95 517 612</b>	<b>96 709 702</b>	<b>1 800 396</b>	<b>2 914 736</b>
<b>Current liabilities</b>				
Current portion of borrowings	45 764 903	1 231 494	45 764 903	764 903
Trade and other payables	134 067 878	139 360 160	134 067 878	86 559 105
Corporate tax payable	21 588 088	20 224 140	21 588 088	12 561 578
	<b>201 420 869</b>	<b>160 815 794</b>	<b>201 420 869</b>	<b>99 885 586</b>
<b>Total liabilities</b>	<b>296 938 481</b>	<b>257 525 496</b>	<b>203 221 265</b>	<b>102 800 322</b>
<b>Total equity and liabilities</b>	<b>661 154 793</b>	<b>643 421 500</b>	<b>251 896 781</b>	<b>140 872 603</b>

### Abridged statement of cash flows for the year ended 31 December 2021

	Inflation Adjusted		Historical Cost	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
<b>Cash flows from operating activities</b>				
(Loss) / profit before tax	(1 226 709)	87 312 988	26 157 301	51 945 194
Adjusted for:				
Depreciation charge for the year	11 897 803	14 310 087	2 351 832	317 429

Interest expense	3 308 766	90 971	3 412 550	32 063
Effects of non cash items	-	(59 434 842)	-	(47)
Profit on disposal of vehicles	-	(1 569 375)	-	(974 767)
Deferred revenue	(92 397)	(13 070)	(1 577)	(1 850)
Monetary loss	41 715 545	52 637 929	-	-
<b>Operating cash outflows before working capital changes</b>	<b>55 603 008</b>	<b>93 334 688</b>	<b>31 920 106</b>	<b>51 318 022</b>
Changes in working capital				
Increase in inventories	(4 696 849)	(570 080)	(30 138 490)	(33 857 352)
Decrease/(increase) in trade and other receivables	(10 850 419)	(99 041 312)	(61 019 098)	(77 623 078)
Increase/(decrease) in trade and other payables	(5 292 282)	11 070 640	47 508 773	68 795 954
Income tax paid	-	(507 150)	-	(315 000)
<b>Net cash generated from/(utilised in) operating activities</b>	<b>34 763 458</b>	<b>4 286 786</b>	<b>(11 728 709)</b>	<b>8 318 546</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of vehicles	-	1 569 375	-	974 767
Purchase of equipment	(12 087 499)	(2 013 415)	(13 739 405)	(483 499)
<b>Net cash (utilised in) / generated from investing activities</b>	<b>(12 087 499)</b>	<b>(444 040)</b>	<b>(13 739 405)</b>	<b>491 268</b>
<b>Cash flows from financing activities</b>				
Interest paid	(3 308 766)	(90 971)	(3 412 550)	(32 063)
Increase in borrowings	44 533 409	-	45 000 000	-
Dividend paid	(9 921 548)	-	(7 640 319)	-
<b>Net cash generated from/(utilised in) financing activities</b>	<b>31 303 095</b>	<b>(90 971)</b>	<b>33 947 131</b>	<b>(32 063)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>53 979 054</b>	<b>3 751 775</b>	<b>8 479 017</b>	<b>8 777 751</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>10 627 357</b>	<b>13 358 270</b>	<b>10 627 357</b>	<b>1 849 606</b>
<b>Effects of inflation</b>	<b>(45 500 037)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>19 106 374</b>	<b>17 110 045</b>	<b>19 106 374</b>	<b>10 627 357</b>

### Abridged statement of changes in equity for the year ended 31 December 2021

	Inflation Adjusted				
	Share capital ZWL	Share options reserve ZWL	Foreign currency translation reserve ZWL	Retained earnings ZWL	Total ZWL
<b>Balance at 1 January 2020</b>	<b>28 658 715</b>	<b>1 025 456</b>	<b>(5 148 147)</b>	<b>293 209 346</b>	<b>317 745 370</b>
Total comprehensive income for the year	-	-	-	68 150 633	68 150 633
<b>Balance at 31 December 2020</b>	<b>28 658 715</b>	<b>1 025 456</b>	<b>(5 148 147)</b>	<b>361 359 979</b>	<b>385 896 003</b>
Realisation of Foreign Currency Translation Reserve- Dividend paid	-	-	5 148 147	(5 148 147)	-
Total comprehensive loss for the year	-	-	-	(9 921 548)	(9 921 548)
<b>Balance at 31 December 2021</b>	<b>28 658 715</b>	<b>1 025 456</b>	<b>-</b>	<b>334 532 141</b>	<b>364 216 312</b>
<b>Historical cost</b>					
<b>Balance at 1 January 2020</b>	<b>536 588</b>	<b>19 200</b>	<b>(712 820)</b>	<b>27 717</b>	<b>(129 315)</b>
Total comprehensive income for the year	-	-	-	38 201 596	38 201 596
<b>Balance at 31 December 2020</b>	<b>536 588</b>	<b>19 200</b>	<b>(712 820)</b>	<b>38 229 313</b>	<b>38 072 281</b>
Realisation of Foreign Currency Translation Reserve- Dividend paid	-	-	712 820	(712 820)	-
Total comprehensive income for the year	-	-	-	(7 640 319)	(7 640 319)
<b>Balance at 31 December 2021</b>	<b>536 588</b>	<b>19 200</b>	<b>-</b>	<b>48 119 728</b>	<b>48 675 516</b>

### Notes to the abridged financial statements for the year ended 31 December 2021

- Accounting policies**  
The principal accounting policies adopted in the preparation of these abridged financial statements have been consistently applied to all the years presented.
- Nature of business**  
The main business of the company, which is incorporated in Zimbabwe (Registration Number 510/68), is that of producing rubber and chemical products.
- Functional and presentation currency**  
The Company has in previous financial periods assessed and concluded that the United States Dollar (US\$) had been its functional and presentation currency. For the 2021 financial period, the Board of Directors assessed and concluded that the Zimbabwe dollar (ZWL) is the functional and presentation currency of the company.
- Accounting policies**  
These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).
- Statement of compliance**  
The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) except for the non compliance with IAS 21 and IAS 29, and in the manner required by the Companies and other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange regulations.
- Basis of preparation**  
The abridged financial statements are presented in ZWL. They have been prepared under the inflation adjusted accounting basis in line with the provisions of International Accounting Standard (IAS) 29-Financial Reporting in Hyper inflationary Economies. The directors have also applied the guidelines provided by the Public Accounting and Auditors Board (PAAB).

Inflation adjusted financial statements have been drawn up using the conversion factors derived from the Consumer Price Index (CPI) and prepared by the Zimbabwe Central Statistical Office. The indices and conversion factors used are as follows:

#### IAS29 : Financial Reporting in Hyper-Inflationary Economics

The company adopted IAS29: with effect from 1 October 2018 in accordance with pronouncements from the Public Accountants and Auditors Board ("PAAB"). The Directors applied the guidelines provided by PAAB in producing the inflation adjusted financial statements. The Company adopted the Zimbabwe consumer price index ("CPI") provided by the Zimbabwe Statistical Office and obtained from RBZ website as a general price index to restate the financial transactions and balances as appropriate. The conversion factors used to restate the Company's financial statements are as follows:

Month	CPI	Conversion factor
January	2608.79	1.520
February	3718.89	1.470
March	2759.83	1.440
April	2803.57	1.420
May	2874.85	1.380
June	2986.44	1.330
July	3062.93	1.300
August	3191.05	1.250
September	3342.02	1.190
October	3555.9	1.120
November	3760.9	1.060
December	3977.46	1.000

The currency in which receipts from operating activities are usually retained. 73% of the company's revenue is in Zimbabwe dollars while only 27% is in foreign currency.

Having considered the above attributes, the directors concluded that the Zimbabwe dollar is the functional and presentation currency of the company.

	Inflation Adjusted		Historical Cost	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
<b>7 Inventories</b>				
Raw materials	23 549 252	48 616 499	22 535 433	28 972 955
Finished goods	22 837 847	16 993 742	21 854 655	10 127 404
Consumables	6 199 541	2 227 524	5 932 645	1 327 490
Work in progress				

## INDEPENDENT AUDITOR'S REPORT

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### To the members of GB Holdings Limited

Report on the Audit of the Financial Statements

#### Adverse Opinion

We have audited the financial statements of GB Holdings Limited set out on pages 9 to 31, which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the financial statements do not present fairly, in all material respects, the financial position of GB Holdings Limited as at 31 December 2021, 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 International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates*

During the prior and current financial years, the foreign currency denominated transactions and balances of the Company were translated into ZWL using the interbank exchange rates/foreign currency auction rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year 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 2021.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially different. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to the financial statements as a whole.

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

Although IAS 29 has been applied correctly, its application was based on prior period 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 (including monetary gain/loss) would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the financial statements for the year ended 31 December 2021.

**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:

<b>Areas of focus</b>	<b>How our audit addressed the key audit matter</b>
<p><b>i. Revenue recognition</b></p> <p>IFRS 15 was applied on revenue recognition.</p> <ul style="list-style-type: none"> <li>• 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 Company. This is a significant risk and accordingly a key audit matter.</li> </ul>	<p>Our audit procedures incorporated a combination of tests of the Company’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:</p> <ul style="list-style-type: none"> <li>• Reviewed that the 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> </ul>



Areas of focus	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <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> <p>We satisfied ourselves that the revenue recognition is appropriate.</p>
<p><b>ii. Valuation of trade receivables</b></p> <p>The trade receivables balance of <b>ZWL 143 262 834</b> is material to the financial statements of the company. The Zimbabwe economy has faced a general decline in business activity resulting in liquidity challenges increasing default risk on receivables. The company applies IFRS 9 Expected Credit Loss (ECL) impairment model in determine the allowance for receivables. We have considered this as a key audit matter due to the complexities and significant management judgement that is involved in determining the ECL and this has a material impact on the financial statements of the company.</p>	<p>Our audit procedures included the following procedures:</p> <ul style="list-style-type: none"> <li>• Tested the recoverability and existence of trade receivables through analysis of customer payment trends during the year and circularising confirmations.</li> <li>• We updated our understanding of the estimation processes relating to management of the receivables and expected credit losses including the IFRS 9 implementation process, the company's impairment allowance policy, the ECL model and compared it with the requirements of IFRS 9.</li> <li>• Testing risk rating and grouping of debtors and the expected credit losses determined by management.</li> <li>• Checking the completeness and accuracy of data underlying the ECL calculation as of December 31, 2021.</li> <li>• Assessing the disclosures included by management in the financial statements.</li> </ul> <p>We satisfied ourselves that the allowance for credit loss provided for in the financial statements is adequate.</p>

## **Other information**

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' responsibility for financial reporting', 'historical cost information' and 'Company statements', 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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed 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 Management and Those Charged with Governance for the financial statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Directors are also responsible for overseeing the Company'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:

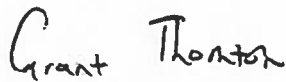
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 for Adverse opinion section of our report, 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 Trevor Mungwazi.



Trevor Mungwazi

**Partner**

Registered Public Auditor (PAAB No: 0622)

**Grant Thornton**

Chartered Accountants (Zimbabwe)

Registered Public Auditors

**20 April 2022**

HARARE