



AFRICAN SUN

L I M I T E D

Integrated Annual Report

2021



SUSTAINING **GROWTH**

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SUSTAINING GROWTH

African Sun Limited (the Company)

A leading Hotel Asset Management Company in Zimbabwe



Financial highlights



Revenue:

INFLATION ADJUSTED

ZWL 4.329 bln from ZWL 2.957 bln



Occupancy:

31% from 23%



Profit/(Loss):

INFLATION ADJUSTED

ZWL 9.737 bln from a loss of ZWL 2.419 bln



Finance Cost:

INFLATION ADJUSTED

ZWL 48.405 mln from ZWL 78.128 mln



ADR:

INFLATION ADJUSTED

ZWL 10 820 from ZWL 13 533



EBITDA:

INFLATION ADJUSTED

ZWL 10.542 bln from a loss

ZWL 0.279 bln



Rooms RevPAR:

INFLATION ADJUSTED

ZWL 3 408 from ZWL 2 905



Total Rev PAR:

INFLATION ADJUSTED

ZWL 6 907 from ZWL 5 558



1 803
ROOMS



888
EMPLOYEES



11
HOTELS



2
CASINOS

Corporate Profile



African Sun Limited (“the Company”), is a leading Hotel Asset Management Company in Zimbabwe, operating internationally recognised brands, with a vision to become the leading hospitality and leisure company in the markets we operate.

OUR BUSINESS

The Company and its subsidiaries (“the Group”) currently has five divisions which are: Resort Hotels, City and Country Hotels, Victoria Falls Hotel Partnership, Sun Leisure and Real Estate.

RESORT HOTELS

There are five hotels under this category:

- Elephant Hills Resort and Conference Centre;
- The Kingdom at Victoria Falls;
- Hwange Safari Lodge;
- Caribbea Bay Resort and Campsites; and
- Great Zimbabwe Hotel and Campsites.

CITY AND COUNTRY HOTELS

There are five hotels under this division:

- Holiday Inn Harare;
- Holiday Inn Bulawayo;
- Holiday Inn Mutare;
- Monomotapa Hotel; and
- Troutbeck Resort.

THE VICTORIA FALLS HOTEL PARTNERSHIP

The Victoria Falls Hotel is jointly operated with Meikles Hospitality (Private) Limited on a 50/50 partnership. The hotel is an affiliate of the Leading Hotels of the World (“LHW”).

SUN LEISURE

This division includes the stand-alone charity casino (Harare Sun Casino), a hotel-based casino (Makasa Sun Casino) and Sun Leisure Tours, the Group’s ground handling operation.

REAL ESTATE

This division of the Company owns property investments (including 7 of the 11 hotels operated by the Group) and offers property consultancy services.





The Group has streamlined its operations to ensure future sustainability. We continue our quest to grow shareholder value, anchored by the four pillars, which are:



PROCESSES



PEOPLE



PROMOTION



PRODUCT





AFRICAN SUN

LIMITED



Harare

Enjoy the
warmth
of the
Sunshine
City





Holiday Inn

AN IHG® HOTEL

Harare

MONOMOTAPA

243
ROOMS

2
RESTAURANTS

201
ROOMS

2
RESTAURANTS



Business Overview



STATEMENT OF VISION

To be the leading Hospitality and Leisure Company in the markets we operate.

MISSION

We exist to create value for all our stakeholders.

- **To our Guests**
Exceeding their expectations through provision of a delightful service, as they are our reason for existence.
- **To our Employees**
Creating opportunities for personal growth and balanced lifestyles for all our staff to enable them to positively influence lives around them and delight our guests.
- **To our Community and Environment**
To be a model corporate citizen in the society in which we operate from where we derive our identity and being.

- **To our Business Partners**
Establishing ethical and honest relationships with our business partners and suppliers who enable us to meet and exceed our guest expectations.
- **To our Shareholders**
Deliver real value growth to our shareholders in excess of 20% return on equity per annum.

OUR CORE VALUES AND BELIEFS

Our seven-point "PRILFSC" value system forms the basis our belief system within the organization

We will do so through:

- **Professionalism** – We exude expert competence in the way we do business.
- **Respect** – In all our relationships, we seek to build and honor.
- **Integrity** - We do what we say. We are true to self and true to others.
- **Leisure** – We enjoy everything we do.
- **Fairness** - We are a non-discriminate organization and we treat everyone equally.
- **Service Excellence** – We meet and exceed customer expectations.
- **Care** – We show concern and seek the well-being of everyone.



Business Overview (continued)

OUR BUSINESS

The Group currently has five divisions: City and Country Hotels, Resort Hotels, The Victoria Falls Hotel Partnership, Sun Leisure and Real Estate.

CITY AND COUNTRY HOTELS

Five hotels fall under this division including the three hotels that operate under the InterContinental Hotels Group (“IHG”) brand (Holiday Inn Harare, Holiday Inn Bulawayo and Holiday Inn Mutare). The other two hotels are Monomotapa Harare, which is located in the capital city Harare, with its iconic structure overlooking the lush, colorful and perennially evergreen Harare Gardens and the fifth, Troutbeck Resort which is nestled in the rolling Eastern Highlands Mountains of Nyanga.

RESORT HOTELS

The resort hotels are located in all the country’s major tourist destinations namely, Victoria Falls, Hwange, Masvingo and Kariba. The hotels are Elephant Hills Resort and Conference Centre and The Kingdom at Victoria Falls, which as its name suggests, mimics a truly majestic African Kingdom located within a 5-minute walk to the Victoria Falls, one of the Seven Natural Wonders of the World. Hwange Safari Lodge, is situated in the Hwange National Park where over 100 species of mammals and nearly 400 bird species have been recorded. Great Zimbabwe Hotel is located in Masvingo, within a walking distance from the Great Zimbabwe National Monument, a UNESCO World Heritage site and the largest ancient structure south of the Sahara and second only to the Pyramids of Giza in size and grandeur. Caribbea Bay Resort is located in Kariba on the shores of Lake Kariba, which is one of the four largest man-made lakes in the world and second largest reservoir by volume in Africa.

THE VICTORIA FALLS HOTEL PARTNERSHIP

Also, in Victoria Falls, is The Victoria Falls Hotel which the Group jointly operates with Meikles Hospitality (Private) Limited. The Hotel is affiliated to The Leading Hotels of the World and adheres to the requirements that are the hallmark of this affiliation.

SUN LEISURE

This division comprise the gaming unit of the group (Casinos) and the group’s ground handling unit (Sun Leisure Tours).

Sun Casinos operates one stand-alone charity casino (Harare Sun Casino) and one hotel-based casino (Makasa Sun Casino at The Kingdom at Victoria Falls).

Sun Leisure Tours provides shuttle services, destination tours and other hospitality related leisure activities.

REAL ESTATE

The division is one of the industry leaders in real estate investment, development and consulting in Zimbabwe. Under this division, the Company has significant investments in its hotel properties in all the major tourist destinations in Zimbabwe, as well as a largely undeveloped residential land bank. This division has three integrated real estate businesses, namely property investments, property development and property consultancy.

CITY AND COUNTRY HOTELS



RESORT HOTELS



THE VICTORIA FALLS HOTELS



THE VICTORIA FALLS HOTEL

SUN LEISURE



REAL ESTATE



Dawn Properties Limited

Business Overview (continued)

HOTEL PORTFOLIO	LOCATION	ROOMS	CONFERENCE CAPACITY	RESTAURANTS
The Victoria Falls Hotel Partnership				
The Victoria Falls Hotel	Victoria Falls	161	40	3
Resort Hotels				
Great Zimbabwe Hotel and Campsites (Inclusive of 40 Campsites)	Masvingo	87	530	1
Elephant Hills Resort and Conference Centre	Victoria Falls	276	1 080	3
Hwange Safari Lodge	Hwange	100	260	2
The Kingdom at Victoria Falls	Victoria Falls	294	1 000	2
Caribbea Bay Resort and Campsites (Inclusive of 35 Campsites)	Kariba	118	1 020	1
City and Country Hotels				
Monomotapa Harare	Harare	243	752	2
Troutbeck Resort	Nyanga	70	440	2
Holiday Inn Harare	Harare	201	750	2
Holiday Inn Bulawayo	Bulawayo	157	880	2
Holiday Inn Mutare	Mutare	96	770	1
Total	11	1 803	7 482	21

SUN LEISURE	ACTIVITIES/GAMES AVAILABLE
Harare Sun Casino	Slot Machines, American Roulette and Black Jack
Makasa Sun Casino	Slot Machines, American Roulette and Black Jack
Sun Leisure Tours	Ground Handling, Safaris, Tours, Boat Rides, Transfers, Airport Shuttles

REAL ESTATE	PORTFOLIO
Dawn Properties Limited	Property investments, Property consultancy and Property development



Historical Highlights

Our Journey Thus Far

- **1952** – Rhodesia and Nyasaland Hotels (Private) Limited is formed as a wholly-owned subsidiary of Rhodesian Breweries (Private) Limited
- **1968** – Sable Hotels (Private) Limited is established.
- **1973** – Rhodesian Government grants first casino licence for The Victoria Falls Hotel.
- **1974** – Development of the first four world-class hotels: Monomotapa Hotel in Salisbury, The Wankie Safari Lodge in Wankie, Caribbea Bay in Kariba, and the Elephant Hills Country Club in Victoria Falls.
- **1979** – Meikles Southern Sun Hotels is established, becoming the largest hotel chain in Southern and Eastern Africa, with control of 13 major properties in the country.
- **1980** – Meikles Southern Sun Hotels (Private) Limited changes its name to Zimbabwe Sun Hotels (Private) Limited after Zimbabwe's independence.
- **1988** – Zimbabwe Sun Hotels (Private) Limited merges with Touch the Wild Safari Operations (Private) Limited, later sold to Rainbow Tourism Group (Private) Limited on 30 April 1998.
- **1990** – Zimbabwe Sun Limited is listed on the Zimbabwe Stock Exchange ("ZSE"), at the time being the largest initial public offer in Zimbabwe, with 70 million shares offered to the public, which was over-subscribed by 28%.
- **1990** – Opening of the timeshares built in Troutbeck, Nyanga and at Caribbea Bay, Kariba which received "Gold Crown Resorts" status from the Resort Condominium International ("RCI") in 1999.
- **1991** – First Holiday Inn franchise in Harare.
- **1992** – The Elephant Hills Resort and Conference Centre officially opens its doors.
- **1994** – First regional office for reservations is established in Johannesburg.
- **1999** – Makasa Sun is re-developed into The Kingdom at Victoria Falls.
- **2002** – Zimbabwe Sun Limited is unbundled from Delta Corporation Limited.
- **2003** – Dawn Properties Limited is unbundled from Zimbabwe Sun Limited and is listed as the first property company on the Zimbabwe Stock Exchange.
- **2003** – The Hospitality Training Academy ("HTA") is re-launched.
- **2004** – Zimbabwe Sun Limited acquires The Grace Hotel in Rosebank, South Africa, ranked among the "Top Ten" hotels in Africa and the Middle East by Condé Nast Traveller (USA) in its first year of operation.
- **2008** – Zimbabwe Sun Limited adds The Lakes Hotel and Conference Centre, in Johannesburg, South Africa to its portfolio.
- **2008** – Zimbabwe Sun Limited rebrands its name to African Sun Limited, to reflect its regional expansion strategy.
- **2008** – African Sun Limited adds Obudu Mountain Resort to its regional portfolio.
- **2008** – African Sun Limited takes over management of Holiday Inn Accra Airport.
- **2009** – The Company raises US\$10 million through a Rights Offer.
- **2010** – Best Western Ikeja – Lagos Nigeria opened its doors to the public on 1 October 2010.
- **2011** – Best Western Homeville, Benin City, Nigeria opened its doors to the public on 1 October 2011.
- **2011** – African Sun Limited closed The Grace in Rosebank, The Lakes Hotel and Conference Centre in South Africa.
- **2012** – African Sun Limited exits the Holiday Inn Accra Airport Hotel management contract.
- **2012** – African Sun Amber Residence GRA Ikeja, Lagos Nigeria opened its doors to the public on 2 November 2012.
- **2013** – African Sun exited Obudu Mountain Resort after expiry of management contract.
- **2013** – African Sun Amber Hotel Accra Airport, Ghana opened its doors to the public on 10 December 2013.
- **2014** – African Sun Airport Hotel Lagos, Nigeria opened its doors to the public on 15 December 2014.
- **2015** – The Group exited all foreign operations to focus on Zimbabwe operations.
- **2015** – Engaged a regionally based, renowned Hotel Management Company, Legacy Hospitality Management Services Limited, to manage five hotels in Zimbabwe.
- **2017** – Declared first dividend to shareholders since 2009.
- **2018** – Declared a second dividend since 2009 and paid 52% of it in foreign currency.
- **2019** – Separation with Legacy Hospitality Management Services Limited.
- **2020** – African Sun Limited makes an offer to reacquire Dawn Properties Limited.
- **2021** – African Sun Limited acquired Dawn Properties Limited.



AFRICAN SUN

LIMITED



Victoria Falls

Explore one of the seven wonders of the world





THE VICTORIA FALLS HOTEL



ELEPHANT HILLS RESORT
VICTORIA FALLS



THE KINGDOM
AT VICTORIA FALLS

161
ROOMS

3
RESTAURANTS

276
ROOMS

3
RESTAURANTS

294
ROOMS

2
RESTAURANTS



SUSTAINING GROWTH

The Campaign

We look forward to unlocking leisure and business travel.





Our Strategy

Seek to be in top 3 measured by Revenue Generation Index (RGI) in markets we operate



To align the ASL model to Hotel Asset Management Company



Ensure that associations with reputable brands has sustainable long-term returns



AFRICAN SUN

L I M I T E D



Consistently achieve no less than 20% pre-tax return on equity



Create a benchmark in our talent development for sustainability, succession and growth



Customer Satisfaction Index (CSI) of at least 75% and above



To achieve an EBITDA margin of at least 25% or more



AFRICAN SUN

LIMITED



Bulawayo

Enjoy the
warmth
of the City
of Kings





Holiday Inn

AN IHG® HOTEL

Bulawayo

157
ROOMS

2
RESTAURANTS





Dr. Emmanuel Anesu Fundira
Chairman



Message from the Chairman

“

We continue to be optimistic about the future of the Group and are confident that our business model and strategy will put us in a strong position to succeed

”



Introduction

On behalf of the Board of Directors of African Sun Limited and its subsidiaries (together referred to as “the Group”), it gives me pleasure to present to you the integrated annual report for the year ended 31 December 2021.

Operating Environment

Despite the impact of Covid-19 induced lockdowns, the operating environment in 2021 was better compared with the previous year. According to the Ministry of Finance, the Zimbabwean economy registered a Gross Domestic Product growth rate of 7.8% in 2021 and inflation decelerated from a high of 363% at the beginning of the year to 60% at year end. Among other things, economic recovery was underpinned on bumper agricultural output, increase in global commodity prices, improved capacity utilization in the manufacturing sector and infrastructure development projects across the country.

The Zimbabwean Dollar (“ZWL”) however continued to depreciate against the United States Dollar. The widening gap between the official and the unofficial exchange rates resulted in price instability which adversely impacted on businesses’ ability to make long term decisions.

The property market continues to be depressed, albeit showing signs of recovery from prior year. Rental yields across all property sectors were weak due to low incomes, reflecting curtailed economic activity. Property sales transactions continue to be dominated by cash sales as mortgage finance is limited. With limited funding options, activity in the property development sector is anticipated to remain low in the short to medium term.

Impact of Covid-19

The Covid-19 pandemic continued into its second year with new variants emerging during the year under review. Following the discovery of the Omicron variant in November 2021, key source markets including Europe and America, implemented travel restrictions such as the red-listing of Southern African countries. This weighed down the recovery of the tourism industry resulting in cancellation of festive season holiday bookings. It is estimated that in Zimbabwe at least 13,400 room nights bookings were cancelled in November 2021 and December 2021.

Despite the emergence of new variants, the fortunes of the tourism industry continue to improve due to the easing of self-isolation and lockdown measures generally across the world. According to the United Nations World Tourism Organization (“UNWTO”) a 4% upturn was expected in global tourist arrivals in 2021 (415 million international arrivals in 2021 in comparison to 400 million in 2020). However, international tourist arrivals (overnight visitors) were still 72% below the pre-pandemic level of 2019, according to preliminary estimates by UNWTO.

Ongoing vaccination programs initiated both locally and internationally have assisted in making progress towards the opening up of international travel and also spurring domestic tourism.

Message from the Chairman (continued)

Financial Performance

The financial performance commentary is based on inflation adjusted financial statements, which are the primary financial statements in accordance with the International Accounting Standard ("IAS") 29 – *Financial Reporting in Hyperinflationary Economies*. Historical cost consolidated financial statements have been issued for information purposes only.

Revenues

At ZWL4.329 billion, revenue for the year under review increased by 48% relative to the prior year. This was on the back of a 8-percentage point increase in occupancy from prior year to 31% and firmer average daily rates ("ADR"). Improved performance reflects the impact of a more open and active economy as lockdown restrictions were substantially relaxed in 2021 compared to the period during the height of the pandemic in 2020. The achieved occupancies are however still lower than the +40% occupancies achieved during pre-Covid 19 era. Foreign source markets were largely closed for the greater part of the year, with foreign business contributing only 8% (2020: 14%) towards hotel revenue which is significantly lower than +30% contribution achieved during pre-Covid 19 era.

12% of Group revenue is attributable to Dawn Properties Limited ("Dawn"), a subsidiary acquired in January 2021. Key contributors to Dawn revenues include twenty-two (2020: seventeen) residential stand sales at Marlborough Sunset Views and property consultancy revenue. As at 31 December 2021, twenty-three stands remained unsold.

Operating Expenses

The Group's operating expenses (excluding depreciation) increased by 23% compared to same period last year. The increase was due to the increase in volumes driving variable costs and the inclusion of Dawn related expenses in the consolidated financial statements. Excluding the effects of Dawn consolidation, the hotel business operating expenses (excluding depreciation) increased by 24% from ZWL1.97 billion to ZWL2.44 billion, which was less than growth in hospitality revenue of 37% from prior year. The Group will continue to monitor costs and implement various cost savings initiatives.

Profitability

The Group recorded an inflation adjusted normalized earnings before interest, tax, depreciation and amortisation ("EBITDA") of ZWL1.95 billion and normalized profit before tax depreciation and amortisation of ZWL1.14 billion.

Normalised EBITDA and profit for the year ended 31 December 2021 principally excluded gain on bargain purchase amounting to ZWL8.59 billion, which was recognized on the acquisition of 91.17% equity interest in Dawn Properties in January 2021.

Update on the Acquisition Of Dawn Properties Limited

Pursuant to the Company's offer to acquire 100% of Dawn Properties Limited ("Dawn"), 91.17% of the ordinary shares of Dawn have been fully acquired. The company is going through pertinent legal processes to acquire the remaining 8.83%. The integration of the two businesses to achieve the anticipated synergies has commenced and is expected to be completed by 31 December 2022.

Dividend Declaration

Subsequent to year end, the Board resolved to declare a dividend of ZWL 0.0815947 per share, amounting to a total of ZWL 116,151,461 and an additional USD 0.0003548 per share amounting to a total of USD 505,064, payable in respect to the year ended 31 December 2021.

Outlook

The outlook remains highly uncertain and will largely depend on the pandemic's evolution, the rate of vaccination and the effects of the geo political tensions in Eastern Europe. We however anticipate that the Covid-19 situation will continue to improve and most self lockdown restrictive measures will be further relaxed. In the short to medium term, our performance will continue to be primarily driven by domestic business.

We continue to be optimistic about the future of the Group and are confident that our business model and strategy will put us in a strong position to succeed. Among other things, key to our success will be managing costs, disposal of non-core assets and deploying proceeds from the same to refurbish our hotels.

Enhancing guest experience is of paramount importance to us. In that regard, the Group will be focusing on hotels refurbishment projects. We anticipate that works to replace the roof coverings at Troutbeck Inn Resort ("Troutbeck") will be completed beginning of Q2 of 2022 and this will pave way for the refurbishment of 70 rooms at Troutbeck. Refurbishment of 47 rooms at The Victoria Falls Hotel is progressing well



Message from the Chairman (continued)

and the works are expected to be completed during Q2 of 2022. Preparatory work to carry out the refurbishment of 8 additional rooms at Great Zimbabwe and remedial works on the Hungwe Conference Centre are at an advanced stage, with actual works likely to commence in Q2 2022.

Directorate Changes

Executive Directors

Mr. Believemore Dirorimwe stepped down as the Finance Director on 30 November 2021 whilst Mr. Edwin Shangwa resigned as the Managing Director effective 31 December 2021.

Mr. Ndangariro Mutizwa was appointed as the Chief Finance Officer effective 1 December 2021. On 31 December 2021 Mr. Peter Saungweme who had hitherto served as a non-executive director on the Company stepped down from the same and was appointed as the Chief Executive Officer effective 3 January 2022.

On behalf of the Board, I would like to thank Believemore and Edwin for their sterling service to the Company and wish them all the best in their future endeavors. In the same vein, I would also like to extend a warm welcome to Ndangariro and Peter and wish them the best as they steer the Company to greater heights.

Non-Executive Directors

Mr. Alex Makamure and Ms. Nyaradzo Maphosa retired as Board Chairman and Board member respectively on 17 October 2021. The company takes this opportunity to express its gratitude to Alex and Nyaradzo and wish them all the best in their future endeavors.

I was appointed Chairman of the Board of Directors effective 20 October 2021.

Following the acquisition of Dawn Properties Limited, the Board was reconfigured to include the two former Dawn directors, Mr. Lloyd Mhishi and Mr. Constantine Chikosi as Non-Executive Directors with effect from 1 May 2021. Additionally, Mr. Alex Siyavora and Mr. Vernon Lapham were also appointed as Non-Executive Directors effective 8 November 2021.

On behalf of the Board, I congratulate the new Board members on their appointment and look forward to their valuable contribution to the Board.

Appreciation

Taking the current landscape and uncertainties into considerations, I would like to commend management, staff and fellow Board members for their continued commitment to drive the Group's survival and recovery strategies. I am confident that we will emerge stronger post the Covid 19 storm.

E.A. Fundira
Chairman

20 April 2022



AFRICAN SUN

LIMITED



Hwange

Enjoy a safari
adventure
with the
famous big
five





100
ROOMS

2
RESTAURANTS





Peter Saungweme
Chief Executive Officer



Chief Executive Officer Operations Review

“ The hotel performance is expected to recover going into 2022 and 2023, as source markets continue to open up. The recovery will be anchored on a new improved product, strong brand and good market positioning. ”



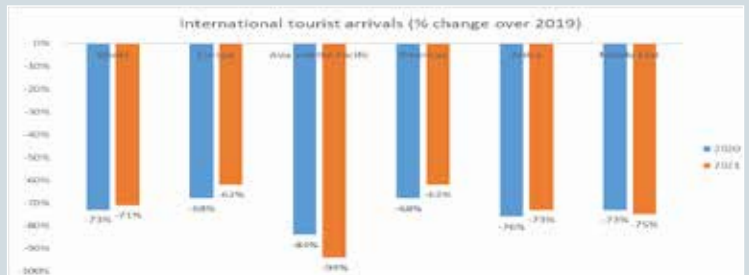
Introduction

It gives me pleasure to be presenting the Chief Executive Officers Report for the first time as we navigate the Company out of the disruptive effects of Covid-19.

Business Environment

The adverse effects of the Covid-19 pandemic, although easing continued to negatively impact on recovery of hospitality industry globally during 2021. Widespread lockdown restrictions which had been introduced globally continued to disrupt global travel, although there was notable resumption of travel within the European and American markets, with travel into the African continent being generally subdued. However, hope and optimism are returning as international markets, notably the United States of America (“US”) and the United Kingdom (“UK”) have opened up. Extensive vaccination programs and weaker Covid-19 variants resulted in increased confidence and a greater appetite for travel in 2021 compared with 2020. The United Nations World Tourism Organisation (“UNWTO”) Barometer reported that globally, 2021 recorded a 4 percentage points increase in international tourist arrivals relative to 2020, albeit still being 71% below the pre-pandemic (2019) arrival levels.

Whilst other regions have generally witnessed some recovery, Asia and the Pacific and the Middle East regions have lagged behind, as the diagram below reflects.



Source: UNWTO 2021 Barometer, Volume 20, issue 2

On the domestic front, the Zimbabwe Tourism Authority (“ZTA”) reported that 2021 international tourist arrivals in Zimbabwe decreased by 40% compared to 2020, and was 84% lower relative to the 2019 pre-pandemic period. Resultantly, the tourism and hospitality sector was heavily anchored by domestic market during 2021. International room nights for our hotels were 26% lower than last year.

At a macro-economic level, the Group was not spared from the impact of the weakening Zimbabwean Dollar (“ZWL”), measured against the United States of America Dollar (“US\$”). The widening gap between the official and the unofficial exchange rates continues to exert significant inflationary pressure on the economy, inevitably eroding disposable income that feeds into our leisure business. On a positive note, the Government of Zimbabwe (“the Government”) sustained fiscal support by extending Value Added Tax (“VAT”) exemption on local tourism products as part of measures to nurse the tourism sector back to health. During the first quarter of 2022, the Government also increased the foreign currency retention for players in the tourism sector from 60% to 100% and 80% to 100% for foreign US\$ and domestic US\$ earnings respectively, in a bid to assist the tourism industry to retool and reposition.

Chief Executive Officer Operations Review (continued)

Operating Segments

The Group's hotels are classified and managed under three segments

- City and Country hotels;
- Resort hotels; and
- Partnership managed hotels

City and Country Hotels

The Group's three Holiday Inn hotels, the Troutbeck Resort and the Monomotapa hotel fall under this segment.

This division's performance continued to be resilient in the face of the ravages of Covid-19 and remained the cornerstone of the hotel business' improved performance, contributing 63% to the Group's total hospitality Revenue for the year under review. The division achieved occupancy of 45% for the period under review, a 9-percentage point improvement from 36% achieved last year. All of the hotels under this division recorded profits except for the Monomotapa hotel which was operating below break-even occupancy.

The main source of income for this division was mainly conferencing business from Government, Quasi-Government, Non-Governmental Organisations ("NGOs") and corporates. As the economy emerged from the lockdown period, conferencing business was understandably largely confined to city hotels relative to resort hotels.

The following is a summary of key performance indicators ("KPIs") for the City and Country hotels division.

	2021	2020	% Change
Occupancy	45%	36%	25%
Average Room Rate	\$10 011	\$10 826	-8%
Revenue Per Available Room (RevPAR)	\$4 539	\$3 871	17%
Total Revenue Per Available Room (Total RevPAR)	\$9 154	\$7 124	28%

*All the numbers in the table above have been extracted from the Group's 2021 inflation-adjusted financial statements

The ADR for this segment was down 8%, slightly lower than the prior-year reflecting the impact of increased conferencing business which typically comes at a discounted rate. Competition within city hotels remained stiff, negatively affecting ADR as well as it became imperative that the business adopts a competitive pricing regime. As a consequence of firmer occupancies relative to the prior year RevPAR and Total RevPAR increased by 17% and 28% respectively.

The total room nights sales for this segment of 127 117 was skewed in favor of the domestic market at 93% (2020: 92%) and 7% (2020: 8%) for international market. The international market remained depressed in line with the country's decline in tourist arrivals due to the Covid-19 pandemic. In 2019, the sales mix was 83% and 17% for the domestic and international room nights respectively.

Performance in most of the city hotels is expected to remain firm in the run-up to 2023 harmonised elections where NGO and Government business is expected to increase. Furthermore, hotels are also expected to benefit from international tourism arrivals recovery expected in 2022 and 2023 as world resumes international travel in a notable way.

The three branded InterContinental Hotels Group ("IHG") hotels under this segment, Holiday Inn Harare, Holiday Inn Bulawayo, and Holiday Inn Mutare continue to meet all the requirements of the IHG brand, having all passed brand compliance audits in 2021.

Meanwhile, plans are also underway to refurbish and rebrand the Monomotapa Hotel in 2022.

Troutbeck Resort is already under refurbishment which is expected to reposition the hotel to give the best guest experience while firmly establishing the hotel as the hotel of choice in Nyanga. The refurbishment, which commenced in 2021 with a complete roof makeover, is expected to be concluded in 2022 when the hotel's 100 rooms are refurbished. US\$1,8million investment is expected to be made in that regard.



Chief Executive Officer Operations Review (continued)

Resorts hotels

The Elephant Hills Resort, the Kingdom at the Victoria Falls Hotel, the Hwange Safari Lodge, Caribbea Bay Resort, and the Great Zimbabwe Hotel fall under this segment.

Hotels under this segment remain the hardest hit by the Covid-19 pandemic as they rely predominantly on international tourists. On a positive note, all hotels in the division have been on a steady recovery, closing the year with an occupancy of 19% compared to 12% posted in the prior year.

The following is a summary of the KPIs for the Resort hotels:

	2021	2020	% Change
Occupancy	19%	12%	58%
Average Room Rate	\$11 658	\$10 810	8%
Revenue Per Available Room (RevPAR)	\$2 251	\$1 281	76%
Total Revenue Per Available Room (Total RevPAR)	\$4 646	\$2 805	66%

*All the numbers in the table above have been extracted from the Group's 2021 inflation-adjusted financial statements

The recovery in occupancy was largely driven by conferences and festive season business after the Government lifted inter provincial travel restrictions. The segment's focus was on the domestic market under the "Rediscover Zimbabwe" campaign that was the dominant travel theme during 2021 to promote the domestic travel. The strategy was to counter the depressed international arrivals which resulted in the segment realizing only 7% of its room nights sold from international travelers relative to 55% realised in 2019.

Both RevPAR and Total RevPAR improved as a consequence of firmer ADR and increased room nights sold.

The Group remain optimistic that the fortunes of the resort hotels will gradually improve in 2022 as the international market further opens. The segment is on an initiative to strengthen partnerships with business travel agents ("BTA's"), travel management companies and Meeting, Incentives, Conferencing and Events ("MICE") houses at local, regional and international level.

Plans are currently underway to refurbish rooms at Hwange Safari Lodge with mock-up rooms having been started. The first phase of the project, which targets 60 rooms, is expected to be completed in 2022.

The Victoria Falls Hotel Partnership

This majestic hotel is yet to reclaim its position in the market as it has had the slowest recovery of a one-percentage point increase in occupancy from the prior year, closing at 13% for the 2021 financial year. The Victoria Falls Hotel is heavily reliant on the international market which is yet to fully recover.

The hotel closed with a mix of 60% international room nights sold and 40% local room nights sold. During 2019, the sales mix for this hotel was 96% international room nights and 4% local room nights. The increase in domestic room nights compared to pre-pandemic was largely due to the hotel's deliberate strategy to tap into the local market amid Covid-19 induced decline in international arrivals.

The table below highlights a summary of the KPIs for The Victoria Falls Hotel:

	2021	2020	% Change
Occupancy	14%	13%	8%
Average Room Rate	\$30 997	\$32 281	-4%
Revenue Per Available Room (RevPAR)	\$4 253	\$3 912	9%
Total Revenue Per Available Room (Total RevPAR)	\$6 904	\$6 164	12%

*All the numbers in the table above have been extracted from the Group's 2021 inflation-adjusted financial statements

Chief Executive Officer Operations Review (continued)

During the year under review, ADR decreased by 4% due to discounted rates that were offered to domestic guests as the hotel pivoted on the local market to increase volumes. The slight increase in volumes helped to improve the hotel's revenue generation capacity as evidenced by an increase in both RevPAR and Total RevPAR.

The hotel performance is expected to recover going into 2022 and 2023, as source markets continue to open up. The recovery will be anchored on a new improved product, strong brand and good market positioning. Strategies are being implemented to consolidate existing relationships with our tour operators from key source markets. The refurbishment of the "Grand Old Lady" (as some guests prefer to name the hotel) will be completed this year in time for our peak season, after investing over US\$4million in the project.

Sun Leisure Division

Sun Leisure tours is a new concept that started operations in 2020, in the midst of the Covid-19 pandemic. The aim is to provide our guests with a memorable experience from their arrivals at the airport, at the hotel, and around the various resorts through our luxury fleet of vehicles chaperoned by our experienced and professional drivers. The division currently serves Victoria Falls, Harare, Hwange and Bulawayo markets with plans to expand this product offering.

We have had considerable improvement in activities in our Sun Leisure Division compared to the prior year due to improved travel, mainly from the local market. The lifting of travel restrictions and an increase in international flights into Victoria Falls is anticipated to spur the growth of the division's touring services. The Group would be considering further expanding the boutique of services offered by Sun Leisure.

The Casino division is currently made up of the Harare Casino and Makasa Casino in Victoria Falls. The Casinos experienced very minimal disturbances from lockdown restrictions during the year compared to the prior year. The major challenge for our Casinos is the reduced disposable income which has concomitantly resulted in reduction in the number of punters. As a result, revenue only increased by 3% from the 2020 period, while the Casinos continued to operate in a loss position.

Real Estate Division

The strategic acquisition of Dawn Properties Limited ("Dawn") means that the Group performance now benefits from reduced overheads, as rentals for the seven hotels hitherto paid to Dawn is now retained within the Group. The Group is further benefiting from cost savings from other synergistic opportunities brought about by the acquisition.

Post elimination of intra-group revenue, the new segment contributed 6% of the Group revenue. The Real Estate division focuses on property development and property consultancy services.

Business Information Systems

Core to the Group strategy is to embrace technology across all business units to improve guest experience, improve efficiency and lower operating costs.

The Group will focus on continuous improvement of its digital space. Site-minder Channel Manager for online web bookings, with real-time two-way interface to our OPERA Property Management Systems is a game changer. During 2021, we migrated Property Management Systems ("PMS") for the Caribbea Bay Resort, Hwange Safari Lodge, and Great Zimbabwe Hotel to OPERA from the Apex system to achieve a two-way interface with Site-minder Channel Managers for online web bookings, Online Travel Agents ("OTA's) and Application Property Interface ("API").

In addition to migrating the PMS to OPERA from Apex, the Group plans to upgrade the current financial reporting system to accelerate the flow of financial information, streamline procurement processes and achieve better scalability. The planned upgrade is also premised on the need to achieve easy integration of other key technologies like mobile, data analytics, collaboration, and social media tools. All this is aimed to achieve a unified real-time information for managers at every level to expedite the decision-making process given our decentralized operations.

Data security and cyber threats are high on the global agenda, following data breaches at high-profile companies. The Group maintains industry standard security features, accompanied by Group-wide cyber security awareness programmes.

Chief Executive Officer Operations Review (continued)

Human Resources

We care for our people, and value their worth and contribution to the business. Unfortunately, the Covid-19 “new normal” meant a new reality for our business which required us to put in place various strategies to safeguard the business and preserve cash.

During the year 2021, the Group extended previously announced furloughs of essential employees at home mainly for resort hotels that remained hard hit by Covid-19 lockdowns and restrictions. However, it is pleasing to note that with the increase in business volumes during fourth quarter of 2021 into the first quarter of 2022, all employees are back to work.

While the Covid-19 induced disruptions on 2020, coupled with the adjustments of working in a Covid-19 environment limited the Group's skills development initiatives somewhat, skills development remained a priority. In 2022 with the anticipated increase in business volumes, the Group would be reintroducing learnership opportunities. During the second quarter of 2022, the Group engaged 20 students, drawn from across the country, who are gaining work experience at our hotels under our traditional graduate development program. We are particularly proud of our management development programme which develops a deep pool of leadership talent that feeds into our succession plans.

Corporate Social Responsibility

Our sustainability as a business is wholly dependent on the sustainability of the societies and environments in which we operate. Healthy, thriving societies underpin healthy thriving businesses. Our overarching sustainability goals are underpinned by sub-targets that closely align with the global Sustainable Development Goals (“SDGs”) adopted by the United Nations in 2015.

Much of our societal support takes the form of targeted social investment focused on the initiatives and people who can be realistically enabled to prosper and grow. We prioritise enterprise development and work closely with our suppliers to ensure a positive impact on the transformation of our entire supply chain. We remain focused on the initiatives to eliminate single-use plastics throughout our operations. In this integrated annual report, we have included a separate sustainability report from page 160 to 172, which clearly details the key areas we focused on in 2021.

Corporate Transaction – Acquisition Of Dawn

African Sun Limited (“the Company”) acquired a 91.17% equity stake in Dawn in February 2021, in furtherance to a corporate transaction that was overwhelmingly supported by the Company's shareholders in 2020. Dawn is a company that operates in the real estate sector and is the owner of seven hotels leased by the Group.

Subsequent to year-end, Dawn shareholders comprising 3.61% accepted the offer for their shares to be acquired via a Tag-Along process in terms of section 239 of the Companies and Other Business Entities Act [Chapter 24:31] (“COBE”). For the remaining 5.22%, the Magistrate Court granted an order for the Company to acquire the remaining ordinary shares in Dawn, via a Drag Along process in terms of section 238 of the COBE. Both the Drag Along and Tag-Along legal processes have now been successfully concluded and the Company is now the sole shareholder in Dawn.

The Group anticipates enhanced earnings growth through increased revenue generation, targeted cost-saving strategies and other synergistic benefits which include leveraging on the properties to raise debt financing to finance key initiatives namely hotel refurbishment and future growth and expansions.

Post conclusion of the Dawn acquisition, and in line with aligning with the strategy going forward, the Board approved a plan to dispose of assets considered as non-core. Notably, the Group is planning to exit its investment in the consulting arm of the real estate division – Dawn Property Consultancy (Private) Limited. Successful disposal of non-core assets, which has already commenced, is anticipated to unlock significant value and raise cash that would be deployed to initiatives that are core to the Group's focus going forward.

Outlook

Looking ahead, we expect domestic and regional demand to continue on an upward trajectory in the short to medium term, with international business remaining subdued. However, we are encouraged by the resumption and increase of international flights into the Victoria Falls destination, albeit currently at relatively low load factors. The Group anticipates that international arrivals will steadily improve as the year progresses.

Our focus in recent years has been to improve the quality of our existing hotels for enhanced guest experience. In anticipation of improved tourism activity, the Group will be implementing a robust product improvement plan at some of its hotels during the current year. An estimated US\$10 million has been budgeted for refurbishments, soft furnishings and other ancillary developments around our hotels during

Chief Executive Officer Operations Review (continued)

the current financial year. Key refurbishment highlights include work at the Troutbeck Resort, Hwange Safari Lodge, Great Zimbabwe Hotel, Monomotapa Hotel and the almost complete refurbishment of The Victoria Falls Hotel.

On the property front, we expect the property market activity to be depressed, with rental yields across all property sectors reflecting curtailed economic activity.

Globally, the war in Ukraine has triggered a costly economic crisis that will contribute to a significant slowdown in global growth in 2022 and inflationary pressures. Fuel and food prices have increased rapidly, hitting vulnerable populations and further reducing disposable incomes. Resultantly, in the April 2022 International Monetary Fund ("IMF") report, global Gross Domestic Product ("GDP") growth was downgraded from an initial estimate of 4.4% in 2022 to a new forecast of 3.6% in 2022 and 2023. We expect the resultant inflation and disturbances to fuel and food supply chains to affect our overall cost of doing business in the short to medium term.

Appreciation

Looking back to the height of the pandemic in 2020, with occupancy at historic lows, reaching this much-improved point is testament to the passion and commitment of our highly motivated and dedicated staff. Thank you team African Sun.

I would like to thank the Board for their continued guidance to management, and on a personal note, recognise the invaluable contribution of the outgoing executive management lead by Mr. Edwin Shangwa, and Mr. Believemore Dirorimwe. I am grateful for the support Mr. Shangwa gave me during the handover and for ensuring a smooth transition. The new leadership team is committed to continue building the business as we move the Group forward.

Stakeholder support was equally invaluable in these difficult times. I would like to acknowledge the loyalty of our guests, patronage from our suppliers, and enduring support from our shareholders. We look forward to continuing this revival journey together to achieve greater heights in the near future.



P. SAUNGWEME
CHIEF EXECUTIVE OFFICER

20 April 2022

SUSTAINING GROWTH

Hwange Rediscover Zimbabwe

We look forward to
unlocking leisure and
business travel.





AFRICAN SUN

LIMITED



Eastern Highlands

Experience the misty mountain hideaway





70
ROOMS

2
RESTAURANTS

96
ROOMS

1
RESTAURANT



Accounting philosophy

African Sun Limited is dedicated to achieving meaningful and responsible reporting through comprehensive disclosure and explanation of its financial results. This is done to ensure objective corporate performance measurement, to enable returns on investment to be assessed against the risks inherent in their achievement and to facilitate appraisal of the full potential of the Group.

The core determinant of meaningful presentation and disclosure of information is its validity in supporting management's decision-making process. While the accounting philosophy encourages the pioneering of new techniques, it endorses the fundamental concepts underlying both the financial and management accounting disciplines as enunciated by the Public Accountants and Auditors Board of Zimbabwe ("PAAB"), the Institute of Chartered Accountants of Zimbabwe ("ICAZ"), the International Accounting Standards Board ("IASB") and the International Federation of Accountants ("IFAC"). The Group is committed to the regular review of financial reporting standards and to the development of new and improved accounting practices. This is practiced to ensure that the information reported to management and stakeholders of the Group continues to be internationally comparable, reliable and relevant. This includes, the early adoption of financial reporting standards, wherever it is considered appropriate.

The Group adopts all accounting standards and interpretations applicable that are issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC"). Unless otherwise stated, these standards are applied consistently to enhance comparability of financial information relating to different financial periods.



Venon Musimbe
Company Secretary

Certificate by the Company Secretary

As at 31 December 2021

I, the undersigned, in my capacity as the Company Secretary, hereby confirm, to the best of my knowledge and belief, that for the year ended 31 December 2021, the Company has complied with Zimbabwe Stock Exchange Listing Requirements, lodged with the Registrar of Companies all returns required of a public company in terms of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and that all such returns are true, correct and up to date. I also confirm that the Memorandum and Articles of Association of the Company are in line with the provisions of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

V. T. Musimbe
Company Secretary

20 April 2022

Directors' report

For the year ended 31 December 2021

The Directors present the audited financial statements of African Sun Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2021:

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Results				
Earnings/(loss) before interest, tax and depreciation ("EBITDA")	10 491 122 104	(279 198 713)	7 983 865 063	38 025 860
Profit/(loss) for the year	9 737 406 796	(2 419 072 186)	7 511 586 607	(71 653 155)

Dividends

On 17 March 2021, the company declared a first and final dividend of ZWL 0.0815947, amounting to ZWL116 151 461 and an additional USD 0.0003548 per share amounting to USD 505 064, out of the profits for the year ended 31 December 2021.

	INFLATION ADJUSTED		HISTORICAL COST	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Capital commitments				
Authorised by Directors and contracted for	42 578 816	15 411 886	42 578 816	9 588 252
Authorised by Directors but not contracted for	1 637 727 563	1 749 167 220	1 637 727 563	1 088 215 681
Total commitments	1 680 306 379	1 764 579 106	1 680 306 379	1 097 803 933
Investments				
As at 31 December 2021 the Company held equity investments in the following subsidiaries to the extent indicated below:				
African Sun Zimbabwe (Private) Limited	100.00%	100.00%	100.00%	100.00%
African Sun Limited South Africa Branch ("SA Branch")	100.00%	100.00%	100.00%	100.00%
Dawn Properties Limited	91.17%	-	91.17%	-

Share capital

Issued share capital and share premium total is ZWL 3 167 906 570 as at 31 December 2021 (2020: ZWL 2 095 021 584). A total of 561 745 443 shares were issued during the year ended 31 December 2021 to the former shareholders of Dawn Properties Limited ("DPL") in exchange of a 91.17% equity ownership in DPL.

Reserves

The movement in the reserves of the Group is shown in the Group statement of changes in equity and in the relevant notes to the financial statements.

Directors

Messrs. A. E. Siyavora and V. W. Lapham were appointed to the Board on 8 November 2021 and retire at the end of their interim appointments. Being eligible, they will offer themselves for re-election at the Annual General Meeting.

Pursuant to the to the Company's Memorandum and Articles of Association, all the Non-Executive Directors will be subject to re-election at the Annual General Meeting. All the Non-Executive Directors being eligible will offer themselves for re-election at the Annual General Meeting.

Independent Auditor

Members will be asked to approve the independent auditor's remuneration for the year ended 31 December 2021 and to note the retirement of Deloitte and Touche (Zimbabwe), as independent auditors for the Company.

Annual general meeting

The Fiftieth Annual General Meeting of Shareholders of African Sun Limited will be held in the Kariba Room at Holiday Inn Harare, Corner 5th Street and Samora Machel Avenue, Harare on Wednesday, 29 June 2022 at 1200 hours.

By order of the board:


P. Saungweme
Chief Executive Officer


N. Y. Mutizwa
Chief Finance Officer


V. T. Musimbe
Company Secretary

20 April 2022

Corporate governance charter

PREAMBLE

African Sun Limited personnel are committed to a long-published code of ethics which runs through the whole Group. This incorporates the Group's operating, financial and behavioral policies in a set of integrated values, including the ethical standards required of members of the African Sun Limited family in their interface with one another and with all stakeholders.

There are detailed policies and procedures in place across the Group, covering the regulation and reporting of transactions in securities of the Company by the directors and officers. The Group adheres to corporate governance policies and recommendations as enunciated in the King Reports on governance.

STAKEHOLDERS

For many years, African Sun Limited has had a formalized stakeholder philosophy and structure(s) of corporate governance to manage the interface with the various stakeholder groups. African Sun Limited has in place responsive systems of governance and practice which the Board and management regard as entirely appropriate to ensure that our commitment to good governance remains underpinned by the pillars of responsibility, fairness, transparency and accountability to all stakeholders. These pillars preserve our long term sustainability, thereby delivering value to all stakeholders.

DIRECTORATE

The Board of Directors of African Sun Limited is constituted with an equitable ratio of executive to non-executive directors and meets at least quarterly. A non-executive director chairs the African Sun Limited Board.

ROLES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer are independent of each other and they function under separate mandates issued by the Board. This differentiates the division of responsibility within the Company and ensures a balance of authority. The Chairman is responsible for providing leadership to the Board, overseeing its efficient operation and ensuring good corporate governance practices.

The Chief Executive Officer of the Group is responsible for the management of the Group's day-to-day operations and affairs in line with the policies and strategic objectives set out and agreed to by the Board. The Chief Executive Officer is supported by the Group's Executive Committee which he chairs and where the Group's results, performance and prospects are reviewed. At each Board meeting, the Chief Executive Officer provides a strategic update and reports on performance and future prospects.

INDEPENDENCE OF THE BOARD

The Board maintains its independence through:

- keeping the roles of Chairman and Chief Executive Officer separate;
- the non-executive directors not holding fixed term service contracts and their remuneration not being tied to the financial performance of the Group;
- all directors having access to the advice and services of the Company Secretary;
- all directors, with prior permission from the Board, being entitled to seek independent professional advice on the affairs of the Group at the Group's expense;
- functioning Board Committees comprising mainly non-executive directors; and
- the appointment or dismissal of the Company Secretary being decided by the Board as a whole and not by any individual director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The criteria used to determine whether a director is an independent non-executive director are an assessment of independence in fact and in the perception of a reasonably informed outsider. The independence of an independent non-executive director is assessed annually by the Board on the following criteria:

- is not a representative of a shareholder who has the ability to control or significantly influence management;
- does not have a direct or indirect interest in the Company (including any parent or subsidiary in a consolidated Group with the Company) which is either material to the director or to the Company. (A shareholding of 5% more is considered material);
- has not been employed in any executive capacity for the preceding three financial years by the Company or the Group;
- is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the Company or the Group in an executive capacity;
- is not a professional adviser to the Company or the Group;
- is free from any business or other relationship which could be seen to interfere materially with the individual's capacity to act in an independent manner; and
- does not receive remuneration contingent upon the performance of the Company.

The Board is satisfied with the status of the independent non-executive directors.

Corporate governance charter (continued)

INSURANCE

A suitable directors' liability insurance policy has been taken out by the Group. No claims have been lodged under this policy up to the date of this report.

DIRECTORS' INTERESTS

As provided by the Zimbabwe Companies and Other Business Entities Act (Charter 24:31) and the Company's Articles of Association, the directors are bound to declare any time during the year, in writing, whether they have any material interest in any contract of significance with the Company, which could give rise to a conflict of interest.

INTERNAL CONTROL

The Board of Directors is responsible for the Group's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimize significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The controls throughout the Group concentrate on critical risk areas. All controls relating to the critical areas in the casino and hotel operating environments are closely monitored by the directors and subjected to internal audit reviews. Furthermore, assessments of the information technology environment are also performed.

An Audit Services Manager, who reports directly to the chairman of the Risk and Audit Committee, heads the Internal Audit Department. The Internal Audit Department is designed to serve management and the Board of Directors through independent evaluations and examinations of the Group's activities and resultant business risks.

BOARD MEETINGS

The Board meets at least four times per financial year in order to monitor, consider and review, inter alia, matters of a strategic, financial, non-financial and operational nature. Special Board meetings may be convened on an ad hoc basis, when necessary, to consider issues requiring urgent attention or decision.

The Board works to a formal agenda prepared by the Company Secretary in consultation with the Chairman and the Chief Executive Officer, which, inter alia, covers operations, finance, capital expenditure, acquisitions and strategy. Any Board member may request the addition of an item to the agenda and will liaise with the Company Secretary in this regard.

Board papers comprising the agenda, minutes of Board and Board committee meetings and the relevant supporting documentation are circulated to all directors in advance of each meeting in order that they can adequately prepare and participate fully, frankly and constructively in Board discussions and bring the benefit of their particular knowledge, skills and abilities to the Board table.

BOARD COMMITTEES

The Board is authorized to form committees to assist in the execution of its duties, powers and authorities. The Board has seven standing committees, namely:

- Risk and Audit;
- Investment Committee;
- Human Resources and Remuneration;
- Sales, Marketing and Innovation;
- Corporate Social Responsibility;
- Information Technology Governance and
- Nominations.

The terms of reference and composition of the committees are determined and approved by the Board and have been adopted by the Board for the reporting period.

THE RISK AND AUDIT COMMITTEE

The Risk and Audit Committee incorporates the audit and risk oversight functions. The Committee deals, inter alia, with compliance, internal control and risk management. It is regulated by specific terms of reference and is chaired by a non-executive director. All members of the Committee not being less than three (3) at any given time are non-executive directors. Executives of the Group attend the meeting by invitation.



Corporate governance charter (continued)

It meets with the Company's independent auditor to discuss accounting, auditing, internal control and financial reporting matters. The independent and internal auditors have unrestricted access to the Risk and Audit Committee.

The Committee's terms of reference include but are not limited to the assessment, and review of the following;

- Financial controls, accounting systems and reporting;
- Independent auditors;
- Internal auditors;
- Recommendations to the Board on the declaration and payment of dividends;
- At all times give due consideration to the relevant provisions of the Act read with the Regulations, the Listings Requirements, and the Board's approved delegation of authority framework
- Legal, regulatory and statutory compliance of the Group; and
- Compliance with the Group's code of conduct.

THE INVESTMENTS COMMITTEE

The Investment Committee consists of a non-executive Chairman and at least two other non-executive directors and is regulated by specific terms of reference. The Committee deals primarily with the review and preliminary approval of major investment decisions of the Group. .

The Committee's terms of reference include but are not limited to the assessment, and review of the following;

- Treasury and Funding;
- Investment decisions; and
- Recommendations on proposed acquisitions and/or disposals of assets and any capital expenditure.

THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee, is made up of a non-executive Chairman, and at least two other non-executive directors. Executive directors and management attend its meetings by invitation. The Committee acts in accordance with the Board's written terms of reference to review remuneration of all African Sun Limited executive directors, senior management and other members of staff.

The Committee's terms of reference include but are not limited to the assessment, determination and review of the following;

- Remuneration and emoluments of the Company's executives, and to review the levels thereof from time to time;
- Grant options to acquire shares in the Company's share capital, on terms and conditions as prescribed in such share option schemes as approved by the Company's shareholders in General Meetings from time to time;
- Prescribed parameters of remuneration and other employment emoluments of executive personnel of the Group, for the guidance of management in its reviews and determinations of such remuneration and emoluments;
- Monitoring the Group's compliance with all relevant labour legislation, with especial reference to employee remuneration, terms and conditions of service and allied issues; and
- Monitoring the operations of the Group's pension and group life assurance, and medical aid schemes.

SALES, MARKETING AND INNOVATION COMMITTEE

The Sales, Marketing and Innovation Committee comprises a non-executive Chairman and at least two other non-executive directors. Executive directors and management attend its meetings by invitation. The Committee is responsible for the review of all sales and marketing programmes of the Group.

The Committee's terms of reference include but are not limited to the assessment and review of the following;

- Participation in the development of the Group's marketing policy and strategy;
- The performance of the Group in terms of its marketing strategy;
- Supervises all innovation and applicable Information Communication Technology of the Group;
- Marketing policy to include all elements of the marketing mix undertaken by the Group;
- Corporate profile policy and issues related to branding and the image of the Group;
- Providing overall guidance and direction for the Group's marketing communications, including publications and promotional programmes, and contribute towards their implementation; and
- Advising the Board on the appropriate form of marketing infrastructure best suited to serve African Sun Limited.

Corporate governance charter (continued)

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility consists of a non-executive Chairman and at least two other non-executive directors and is regulated by a specific terms of reference. The Committee is responsible for overseeing the development, policy formulation and annual review of a Corporate Social Responsibility plan.

The Committee's terms of reference include but are not limited to the assessment, determination and review of the following;

- Sets and monitors the implementation of the Group's CSR strategy;
- Monitoring the implementation of the policy and plan for Corporate Social Responsibility;
- Ensuring that the Corporate Social Responsibility plan is widely disseminated throughout the Group and integrated in the day to day activities of the Group; and
- Reviewing the Sustainability Report that is included in the Integrated Annual Report to ensure that same is timely, comprehensive and relevant.

THE NOMINATIONS COMMITTEE

The Nominations Committee is now a standing, as opposed to an ad hoc, committee, pursuant to the recommendations made in the King reports. It is made up of a non-executive Chairman and at least two other non-executive directors. It assists with the identification and recommendations of potential directors to the Board.

The Committee's terms of reference include but are not limited to the assessment and regular review of the following;

- The structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- Consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- The leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace;
- Making recommendations to the Board concerning the formulation of plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive Officer; and
- Determining suitable candidates for the role of senior independent director membership of the audit and remuneration committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees.

INFORMATION TECHNOLOGY (IT) GOVERNANCE COMMITTEE

The IT Governance Committee comprises a non-executive Chairman and at least two other non-executive directors. Executive directors and management attend its meetings by invitation. The Committee is responsible for the review of all IT infrastructures and programmes of the Group.

The Committee's terms of reference include but are not limited to the assessment and regular review of the following;

- Ensures that there is confidentiality, integrity and availability of the functioning of the system,
- Ensures that there is authenticity of system information
- Assurance that the system is usable, useful and relevant to the business needs of the Company.
- Ensure that prudent and reasonable steps have been taken in respect to IT governance.

EXECUTIVE COMMITTEE

The Executive Committee ("EXCO") works with the Chief Executive Officer in carrying out his responsibilities for the day to day management of the Group's operations and consists of six members as follows;

- the Chief Executive Officer;
- the Chief Finance Officer;;
- the Human Resources Executive;
- the Real Estate Executive;
- the Legal Executive; and
- the Company Secretary.

The EXCO is delegated with the powers conferred upon the Directors by the Articles of Association and is responsible for the following from a Company perspective:

- the implementation of strategies and policies;
- managing the day to day business affairs;
- prioritizing the allocation of capital and technical and human resources;



Corporate governance charter (continued)

- establishing the best management practices and functional standards;
- enterprise wide risk management;
- ensuring that regular detailed reports are submitted to the Board on each of the Company's investments; and
- performing such other duties and responsibilities as may be directed from time to time.

NATIONAL WORKS COUNCIL AND WORKERS' COMMITTEES

The Group holds National Works Council meetings at least twice a year. Each hotel within the Group has a Works Council representative who attends these meetings, which is a forum where employees participate in the decision-making process and also discuss employees' concerns with top management. The Group believes in and practices worker participation throughout the different levels. All hotels have Workers' Committees, which serve as a communication channel between management and shop floor employees.

ANNUAL GENERAL MEETING

The Annual General Meeting provides a useful interface with private shareholders, many of whom are also customers.

The Chairman of the Board and the Chief Executive Officer are available at the Annual General Meeting to answer questions. Information about the Group is maintained and available to shareholders at www.africansuninvestor.com

DIRECTORS' ATTENDANCE OF MEETINGS IN 2021

Individual director attendance at Board and Committee meetings are tabled below. Where a director has not been able to attend a Board meeting, any comments, which he or she had arising out of the papers to be considered at that meeting, are relayed in advance to the Chairman of the Board or Committee.

	Main Board	Human Resources and Remuneration Committee	Risk and Audit Committee	Sales, Marketing and Innovation Committee	Investment Committee	Corporate Social Responsibility Committee	Nominations Committee
Number of meetings	7	6	6	4	6	2	3
A. MAKAMURE*	4	-	-	-	-	-	1
E.A. FUNDIRA**	7	1	3	3	-	2	2
E.T. SHANGWA***	6	7	6	4	6	2	-
B.H. DIRORIMWE****	6	6	5	3	5	2	-
N. MUTIZWA*****	1	-	-	-	-	-	-
G. CHIKOMO	6	7	6	-	6	-	2
C. CHIKOSI*****	5	2	-	2	6	-	1
B. CHILDS	6	-	6	-	5	-	-
V.W. LAPHAM*****	1	-	1	-	-	-	-
N.G. MAPHOSA*	4	3	-	3	-	2	1
L.M. MHISHI*****	6	3	4	-	3	-	-
P. SAUNGWEME*****	6	6	6	-	6	-	1
T.M. NGWENYA	7	-	-	4	-	2	-
A.E. SIYAVORA*****	-	1	-	-	1	-	-

* Retired from the Board on 17 October 2021

** Was appointed as Chairman of the Board on 20 October 2021

*** Resigned as Managing Director effective 31 December 2021

**** Resigned as Finance Director effective 30 November 2021

***** Appointed as Chief Finance Officer effective 1 December 2021

***** Appointed to the Board on 1 May 2021

***** Appointed to the Board on 8 November 2021

***** Appointed as Chief Executive Officer effective 3 January 2022

NB: The frequency of Board and Committee meetings was high during the course of the year as a result of the acquisition and consequent integration of Dawn Properties Limited into the Company as well as the need to be responsive to the needs of the business as brought about by the Covid-19 pandemic.

Corporate governance charter (continued)

INFORMATION AND TECHNOLOGY (“IT”) GOVERNANCE AND MANAGEMENT

The Group recognises the importance of Information Systems and the need to co-opt the systems into the strategy of the business with the risks involved in Information and Technology Governance becoming significant. The King reports have highlighted that there are operational risks when one deals with a service provider because confidential information leaves the Group exposed. In IT governance and management, the Group seeks confidentiality, integrity and availability of functioning systems, the authenticity of systems information and assurance that the systems are usable, useful and secure. In this regard, in exercising the duty of care, directors ensure that prudent and reasonable steps have been taken with respect to IT governance and management.

PRINCIPLES RELATING TO IT GOVERNANCE AND MANAGEMENT

In monitoring implementation and adherence to proper IT Governance and management the Group is guided by the following principles;

1. Board Responsibility

This embraces establishing and promoting an ethical governance culture as well as gaining independent assurance on the effectiveness of the internal controls. The structures, processes and mechanisms that are required and guided by the IT governance framework are implemented, controlled and monitored by management who have suitable experience and qualifications. In summary, the responsibility of the Board entails:

- Strategic Direction;
- Evaluation; and
- Monitoring of the use of IT to support business strategy.

2. Performance and sustainability

IT is a business enabler to the Group’s business and aligns with the business’s strategic objectives and goals. Business goals are cascaded into IT goals that in turn are translated into IT processes and procedures. Through effective controls, IT ensures that its processes are aligned to the business objectives, which in turn ensures that the business operates in a sustainable and well-governed manner. Management has implemented strategic IT planning processes that are integrated with the business strategy development process and framework.

3. IT Governance framework

The Board delegates to management the responsibility for the implementation of an IT governance framework for the Group, while still retaining accountability for overall IT governance.

4. IT investments and expenditure

The Board’s responsibilities include:

- Monitoring and evaluating the extent to which IT actually sustains and aligns to the business strategic objectives;
- Monitoring and evaluating the acquisition and use of IT resources to ensure that they support business requirements;
- Monitoring and evaluating the acquisition and appropriate use of technology, processes and people;
- Monitoring and evaluating the IT related strategic, legal and operational risks; and
- Overseeing IT investment to ensure that IT expenditure is in proportion to the delivery of business value.

5. Risk management

Risk identification does not rely solely on the perceptions of a select group of managers. The Group adopts a thorough approach to risk identification with consideration being given to reputation risk and IT legal risks.

6. Information security

According to King reports, “information security deals with the protection of information assets, in its electronic and paper-based forms, as it progresses through the information lifecycle of capture, processing, acceptable use, storage, and destruction”. For this reason, the Group’s information security has been designed to address people, processes and technology-related dimensions.

The key core principles of information security that the Group abides by are encapsulated in the following three components;

- Confidentiality - ensuring that information is accessible only to those authorized to have access;
- Integrity – safeguarding the accuracy and completeness of information and processing methods; and
- Availability - ensuring that authorised users have access to information and processing methods.



Corporate governance charter (continued)

7. **Cybersecurity**

According to a report published by the Internet Security Alliance (ISA) and the National Association of Co-operate Directors (NACD), there are 5 key principles to approaching cyber-risk that should be turned into action points:

- Cyber - risk is a key component of enterprise risk management requiring board-level oversight;
- Cyber - risks have important legal ramifications which need to be understood by both the board and management;
- Cyber - risk should be a topic of regular discussion and engagement with expertise to address cyber-related risks;
- Implementation of an effective cyber-risk framework for the business; and
- Assessment of cyber-risks, determination of cyber-risks to accept, avoid, mitigate or insure against.

8. **Governance structures**

The Risk and Audit Committee assists the Board in carrying out its IT responsibilities as follows;

- Ensures that IT risks are adequately addressed and documented;
- Considers IT as it relates to financial reporting and business continuity of the Group;
- Obtains appropriate assurance that controls are in place and effective in addressing IT risks; and
- Considers the use of technology to improve audit coverage and efficiency.



AFRICAN SUN

LIMITED



Kariba

Experience the splendour of the serene lake





Caribbean Bay

118
ROOMS

1
RESTAURANT

35
CAMPSITES





SUSTAINING **GROWTH**

Kariba Rediscover Zimbabwe

We look forward to
unlocking leisure and
business travel.



Directors' responsibility for financial reporting

African Sun Limited directors are required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange listing requirements, to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Group at the end of the financial year, and of the profit or loss and cash flows for the year then ended. In preparing the financial statements, generally accepted accounting practices in accordance with the International Financial Reporting Standards ("IFRS") have been followed except for non-compliance with International Financial Reporting Standards ("IFRS") 13, Fair value measurements of investment property and property and equipment for the comparable period as highlighted in the basis of preparation note 2.1.1. Non-compliance with IFRS 13 for the assets of a subsidiary acquired during the year resulted in non-compliance with ("IFRS 3"), Business combinations as the assets acquired were not fair valued on the date of the acquisition. Contrary to the auditors IFRS interpretation, International Accounting Standard ("IAS") 29, Financial reporting in hyperinflationary economies was applied to the consolidated numbers of the Group's foreign operation to achieve fair presentation as disclosed in note 2.1.3. Suitable accounting policies have been used and applied consistently. Reasonable and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the accounting philosophy of the Group stated on page 32.

The directors have reviewed the Group's budget and cash flow forecast for the twelve months to 31 December 2021. On the basis of the reviewed forecasts and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the Group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The Group has an Internal Audit Department, which has the objective of assisting the Risk and Audit Committee in the discharge of its responsibilities, and which monitors the effectiveness of the accounting system and related internal financial controls on a continuing basis. The Internal Audit Department performs a critical examination of the financial and operating information for management, and reports its findings and its recommendations to management and to the Risk and Audit Committee.

The Risk and Audit Committee also reviews the IT governance framework and monitors the IT function against risk and performance imperatives. In exercising its duty of care, the Committee ensures that prudent and reasonable steps have been taken in regard to IT governance.

In addition, the Group's Independent Auditor reviews and tests appropriate aspects of the internal financial control systems during the course of their statutory audit of the financial statements of the Group.

Both the Internal and Independent Auditors have unlimited access to the Risk and Audit Committee.

The Group's Risk and Audit Committee met with the Independent and Internal Auditors to discuss their reports on the results of their work, which include assessments of the relative strengths and weaknesses of key control areas.

Given the size, complexity and geographical diversity of the Group, it may be expected that occasional breakdowns in established control procedures may occur. No breakdowns involving material loss have been reported to the directors in respect of the period under review and it is believed that none of any significance exists.

The Group's Independent Auditor, Deloitte and Touché Chartered Accountants (Zimbabwe), has audited the financial statements and their report appears on pages 50 to 55.

The financial statements for the twelve months ended 31 December 2021 which appear on pages 56 to 145 have been approved by the Board of Directors and are signed on their behalf by:

G. Chikomo
Risk and Audit Committee Chairperson

N.Y. Mutizwa
Chief Finance Officer

20 April 2022

Directors' declaration

For the year ended 31 December 2021

In the opinion of the Directors of African Sun Limited, the financial statements and notes set out on pages 56 to 145 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") except for non-compliance with International Financial Reporting Standards ("IFRS") 13, fair value measurements of investment property and property and equipment for the comparable period as highlighted in the basis of preparation note 2.1.1. Non-compliance with IFRS 13 for the assets of a subsidiary acquired during the year resulted in non compliance with ("IFRS 3"), Business combinations as the assets acquired were not fair valued on the date of the acquisition. Contrary to the auditor's IFRS interpretation, International Accounting Standard ("IAS") 29, Financial reporting in hyperinflationary economies was applied to the consolidated numbers of the Group's foreign operation to achieve fair presentation as disclosed in note 2.1.3. The financial statements have also been prepared in manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), and give a true and fair view of the financial position of the Group as at 31 December 2021 and the results of the Group's performance and its cash flows for the year then ended.

The historical financial results and the company's separate statement of financial position and related notes have been presented as supplementary information to the audited inflation adjusted results.

The Directors confirm that the the Group has adequate resources to operate for the foreseeable future and will remain a viable going concern in the year ahead.



P. Saungweme
Chief Executive Officer



N.Y. Mutizwa
Chief Finance Officer



V.T. Musimbe
Company Secretary

20 April 2022



Ndangariro Mutizwa
Chief Finance Officer

Declaration by the Chief Finance Officer

The annual financial statements on pages 56 to 145 have been prepared under my supervision as the Chief Finance Officer of the Group. I confirm that I am a member of the Institute of Chartered Accountants Zimbabwe ("ICAZ"), registered with the Public Accountants and Auditors Board, Public Accountant Certificate Number 1000.

N.Y. Mutizwa
Chief Finance Officer

20 April 2022



AFRICAN SUN

LIMITED



Masvingo

Explore the
unique world
heritage
cultural site





87
ROOMS

1
RESTAURANT

40
CAMPSITES



INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AFRICAN SUN LIMITED

Introduction

We have audited the accompanying inflation adjusted consolidated financial statements of African Sun Limited and its subsidiaries (the "Group") set out on pages 56 to 145, which comprise the inflation adjusted consolidated statement of financial position as at 31 December 2021, the inflation adjusted consolidated statement of comprehensive income, the inflation adjusted consolidated statement of changes in equity, and the inflation adjusted consolidated statement of cash flows for the year then ended, and the notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements do not present fairly, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act and Other Business Entities Act of Zimbabwe (Chapter 24:31).

Basis for Adverse Opinion

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

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

Non-compliance with IFRS 13 "Fair Value Measurements" in the determination of the value of Property and Equipment for the prior year.

As set out in note 8 to the inflation adjusted consolidated financial statements, in the prior year, the Group engaged professional valuers to perform a fair valuation of Property and Equipment. The fair values were determined in USD, and subsequently translated to the ZWL equivalent fair values using the closing USD/ZWL auction exchange rate as at 31 December 2020.

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



Non-compliance with IFRS 13 “Fair Value Measurements” in the determination of the value of Property and Equipment for the prior year (continued)

IFRS 13 requires:

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

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

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

The method of determining the value of the Property and equipment was reasonable in United States dollars but was not an accurate reflection of market dynamics and the risk associated with ZWL transactions on a willing buyer, willing seller basis. In the current year, the Group performed the valuation of Investment property and Property and equipment using ZWL inputs and no exceptions were noted.

Consequently, we were unable to obtain sufficient evidence to support the appropriateness of the Property and Equipment balances, as well as that of depreciation, revaluation reserve, and the related deferred tax impact in the prior year. The insufficient evidence of the prior year resulted in insufficient evidence related to depreciation, deferred taxation expense and the movement in revaluation reserve recorded in the inflation adjusted consolidated statement of comprehensive income in the current year.

Non-compliance with IFRS 3 “Business Combinations” with respect to measurement of gain on bargain purchase on acquisition transaction

In the current period, as set out in note 12.3 to the inflation adjusted consolidated financial statements, the Group acquired a subsidiary under common control. The Group therefore, elected to account for the acquisition in accordance with the principles of IFRS 3 “Business Combinations” (IFRS 3). The acquiree’s Investment Property, Property and Equipment and Non-Current Assets held for sale were not accurately valued at fair values in accordance with IFRS 13 “Fair Value Measurements” as at the date of acquisition, since their fair values were determined in USD, and subsequently translated to the ZWL equivalent fair values using the closing USD/ZWL auction exchange rate. Consequently, we were unable to obtain appropriate evidence to support the measurement of the resulting gain in bargain purchase in accordance with the requirements of IFRS 3.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the inflation adjusted Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of inflation adjusted consolidated financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
Valuation of Investment Property and Property and Equipment	
<p>As included in notes 2.5, 8 and 10, the valuation of Property and equipment and Investment property representing 84% (2020:56%) of the Group's total assets and amounting to ZWL 15 211 794 369 and ZWL 3 373 139 000 respectively, has been considered to be an area where significant judgements were applied.</p> <p>In determining the value of Investment property and Property and Equipment the directors' involve independent external valuers who in turn make use of judgements which involve significant unobservable inputs.</p> <p>The determination of the value of Investment property and Property and Equipment was considered to be a matter of most significance to our current year audit due to the following;</p> <ul style="list-style-type: none">• Existence of unobservable information such as:<ul style="list-style-type: none">○ Occupancy rates○ Market rentals○ Replacement costs○ Comparable market information• The current economic environment is extremely volatile given the valuation intricacies impacting property in the Zimbabwean market. Valuations undertaken in Zimbabwe dollars have limited sales evidence in the local currency. As a result, the determination of inputs involved significant judgement based on limited market evidence.	<p>We performed the following audit procedures</p> <ul style="list-style-type: none">• We assessed the competence, capabilities, objectivity and independence of the directors' independent valuers, and assessed their qualifications.• We made enquiries of the directors' independent external valuers to obtain an understanding of the valuation techniques and judgements adopted.• We assessed the work performed by the independent external valuers in valuing investment property by performing the following:<ul style="list-style-type: none">○ Reviewed the valuation methods used and assessed whether they are appropriate and consistent with the reporting requirements○ Evaluated the principles and integrity of the models used, in accordance with generally accepted valuation methodology within the economic environment, in consultation with the auditor's property valuation expert;○ Assessed the competence and qualifications of the directors' expert; and○ Challenged the assumptions and methodology applied by the directors' expert through the use of the auditor's property expert.○ Assessed the inputs in the valuation model for accuracy and completeness;○ Evaluated the consolidation financial statement disclosures for appropriateness and adequacy <p>Based on the work done, we concur with the directors that the judgments and assumptions used in the valuation of investment property and Property and Equipment were appropriate and the disclosures pertaining to the investment property and Property and Equipment were found to be appropriate in terms of the relevant accounting standards</p>

Key Audit Matter**How the matter was addressed in the audit****Going Concern**

As disclosed in notes 2.1.2 and 4, Going concern has been considered to be an area where significant judgements and estimates were applied.

The assessment of the going concern was considered to be a matter of most significance during our current year audit, due to the significant assumptions and estimates applied by management involving:

- There is an unprecedented level of economic uncertainty arising from the impact of the COVID-19 pandemic. Assessing the impact of the outbreak of the pandemic on the appropriateness of the going concern assumption, under which the inflation adjusted consolidated financial statements have been prepared, resulted in considerable focus and time being spent by both the directors and the audit team.
- The Group is predominantly tourism-based business, which has been adversely affected by the Covid 19 pandemic.
- Given the inherent uncertainty associated with the COVID 19 pandemic, it is currently difficult to determine a reasonable worst-case scenario. Accordingly, management modelled a range of scenarios.
- The access to additional funding

We performed the following audit procedures

- Tested the design and implementation of controls around the going concern assessment and judgements applied;
- Reviewed board minutes for meetings held during the year ended 31 December 2021 as well as minutes of meetings convened subsequent to year end, to identify any matters that may affect the going concern of the Group;
- Performed a ratio analysis to evaluate the entity's liquidity and solvency positions as at 31 December 2021;
- Inquired of management's plans for future actions in respect of going concern, including, for example, enquiries about their plans to liquidate assets, borrow money or restructure debts, reduce or defer expenditures, or increase capital, in order to establish whether they are feasible, and likely to improve the situation;
- Inspected cash flow forecasts and challenged the reasonableness of the scenarios identified and key assumptions underlying the forecasts as well as the stress test prepared by management;
- Evaluated the sensitivities considered by management;
- Obtained and inspected the signed agreements for all third-party support included in the management forecasts;
- Performed retrospective assessments of management's assumptions for reasonability;
- Obtained written representations from management regarding their future action plans and the feasibility of the plans;
- Inquired with the Group's legal advisers regarding the existence of litigation and claims and the reasonableness of management's assessments of their outcome and estimate of their financial implications; and
- Performed review of subsequent events to identify factors that otherwise mitigate or affect the Group's ability to continue as a going concern.
- Leveraged the expertise and guidance of our IFRS accounting and local and global specialist teams.

Based on the work done, we concur with management that the judgments and assumptions used in the assessment of the going concern are appropriate.

Other Information

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

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, we have concluded that the other information is materially misstated for the same reasons with respect to the amounts or disclosures items in the Directors' Report and historical financial information, at the reporting date.

Responsibilities of the directors for the inflation adjusted consolidated financial statements

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

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

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated 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 inflation adjusted consolidated 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 inflation adjusted consolidated 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 the directors.

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

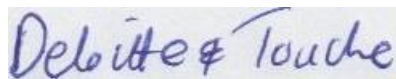
Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards.

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



DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS (ZIMBABWE)

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

25 APRIL 2022

Consolidated statement of financial position

As at 31 December 2021

	Note	Audited inflation adjusted		Unaudited historical	
		31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
ASSETS					
Non-current assets					
Property and equipment	8	15 211 794 369	3 158 586 569	15 078 131 442	1 923 195 650
Investment property	10	3 373 139 000	-	3 373 139 000	-
Right of use assets	17.1	572 975 341	575 298 000	260 614 906	255 030 975
Biological assets	9	118 392 208	46 173 707	118 392 208	28 726 214
Other financial assets	14.3	8 734 288	9 952 623	8 734 288	6 191 861
Total non-current assets		19 285 035 206	3 790 010 899	18 839 011 844	2 213 144 700
Current assets					
Inventories	13	942 641 460	248 471 334	353 935 186	97 589 363
Trade receivables	14	232 678 791	170 701 571	232 678 791	106 199 181
Other financial assets	14.3	233 794 662	159 913 520	193 247 148	69 619 752
Cash and cash equivalents	15	1 256 324 196	1 284 891 820	1 256 324 196	799 374 360
Total current assets		2 665 439 109	1 863 978 245	2 036 185 321	1 072 782 656
Assets held for sale	11	185 766 300	-	185 766 300	-
Total assets		2 2136 240 615	5 653 989 144	21060 963 465	3285 927 356
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	543 643 162	535 078 582	14 235 172	8 617 716
Share premium	16	2 624 263 408	1 559 943 002	723 204 747	25 123 685
Equity settled share based payments reserve	22	40 171 478	16 535 269	28 803 334	8 043 669
Revaluation reserve		4 682 325 158	1 369 788 752	7 554 302 096	1 449 830 089
Foreign currency translation reserve	16.4	1 744 816 282	1 726 825 870	394 634 158	379 230 453
Retained earnings/(accumulated losses)		7 692 703 178	(1902 736 706)	7 224 668 781	11 220 979
Total equity attributable to owners of the parent		17 327 922 666	3 305 434 769	15 939 848 288	1 882 066 591
Non-controlling interest	12.6	1 312 843 350	-	1 275 149 196	-
Total equity		18 640 766 016	3 305 434 769	17 214 997 484	1 882 066 591
Liabilities					
Non-current liabilities					
Deferred tax liabilities	23	1 787 864 735	510 480 233	2 138 356 117	260 333 101
Lease liabilities	17	271 418 495	410 780 429	271 418 495	255 560 303
Deferred lease income	21	1 024 435	-	1 024 435	-
Total non-current liabilities		2 060 307 665	921 260 662	2 410 799 047	515 893 404
Current liabilities					
Trade and other payables	18	1 238 976 697	1 255 505 869	1 238 976 697	781 092 373
Current income tax liabilities	19	49 689 052	22 989 434	49 689 052	14 302 499
Provisions	20	136 567 679	141 855 438	136 567 679	88 253 033
Deferred lease income	21	4 403 685	-	4 403 685	-
Lease liabilities	17	5 529 821	6 942 972	5 529 821	4 319 456
Total current liabilities		1 435 166 934	1 427 293 713	1 435 166 934	887 967 361
Total liabilities		3 495 474 599	2 348 554 375	3 845 965 981	1 403 860 765
Total equity and liabilities		22 136 240 615	5 653 989 144	21 060 963 465	3 285 927 356


The notes on pages 62 to 145 are an integral part of these financial statements.

The historical financial results and the company's separate statement of financial position and related notes have been presented as supplementary information to the audited inflation adjusted results.

These financial statements were approved by the Board of Directors on 17 March 2022 and signed on its behalf by:



G. Chikomo
Risk and Audit Committee Chairperson



N.Y. Mutizwa
Chief Finance Officer



Company statement of financial position

As at 31 December 2021

	Note	Audited inflation adjusted		Unaudited historical	
		31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
ASSETS					
Non-current assets					
Property and equipment	8	8 113 560	11 165 618	8 113 561	6 946 506
Investments	12	2 212 240 721	1 146 194 393	754 123 190	42 360 855
Deferred tax assets	23	10 690 476	5 501 825	10 690 476	3 422 870
		2 231 044 757	1 162 861 836	772 927 227	52 730 231
Current assets					
Other financial assets	14.3	11 297 678	20 750	11 297 678	12 909
Cash and cash equivalents	15	57 581	82 280	57 581	51 189
		11 355 259	103 030	11 355 259	64 098
Total assets		2242 400 016	1162 964 866	784 282 486	52 794 329
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	543 643 162	535 078 582	14 235 172	8 617 716
Share premium	16	2 624 263 408	1 559 943 002	723 204 747	25 123 685
Equity settled share based payments reserve	22	40 171 478	16 535 269	28 803 334	8 043 669
Revaluation reserve	16	13 563 485	12 491 309	10 555 515	7 153 324
Accumulated losses		(1077 230 625)	(1097 180 786)	(90 505 390)	(80 814 885)
Total equity/(deficit)		2 144 410 908	1 026 867 376	686 293 378	(31 876 491)
Liabilities					
Current liabilities					
Trade and other payables	18	86 663 772	74 300 613	86 663 772	46 224 907
Current income tax liabilities	19	458 736	737 359	458 736	458 736
Provisions	20	10 866 600	61 059 518	10 866 600	37 987 177
		97 989 108	136 097 490	97 989 108	84 670 820
Total liabilities		97 989 108	136 097 490	97 989 108	84 670 820
Total equity and liabilities		2 242 400 016	1 162 964 866	784 282 486	52 794 329

The notes on pages 62 to 145 are an integral part of these financial statements.

The historical financial results and the company's separate statement of financial position and related notes have been presented as supplementary information to the audited inflation adjusted results.

These financial statements were approved by the Board of Directors on 17 March 2022 and signed on its behalf by:

G. Chikomo
Risk and Audit Committee Chairperson

N.Y. Mutizwa
Chief Finance Officer

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Note	Audited inflation adjusted		Unaudited historical	
		31 December 2021 ZWL	31 December 2020 Restated* ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Revenue	24	4 323 126 701	2 952 269 088	3 631 824 362	1 219 631 903
Gaming income	24	5 396 563	5 218 114	4 463 630	1 535 941
Total revenue		4 328 523 264	2 957 487 202	3 636 287 992	1 221 167 844
Cost of sales	27	(1 324 188 325)	(1 114 416 743)	(962 873 834)	(309 054 246)
Gross profit		3 004 334 939	1 843 070 459	2 673 414 158	912 113 598
Other income	26.1	1 431 420 542	246 852 820	2 399 173 995	75 609 565
Gain on bargain purchase	12.3	8 594 415 085	-	4 994 893 505	-
Operating expenses	27	(3 159 507 927)	(2 536 371 909)	(2 521 819 192)	(952 754 956)
Net impairment reversal/(losses) on financial assets	3.1	15 200 433	49 515 097	(9 980 316)	(25 349 338)
Other expenses	26.2	(9 391 547)	(359 544 684)	(2 301 607)	(159 747 891)
Operating profit/(loss)		9 876 471 525	(756 478 217)	7 533 380 543	(150 129 022)
Finance income	28	583 590	4 064 543	494 376	824 335
Finance costs	28	(48 405 356)	(78 127 993)	(41 437 962)	(48 606 049)
Finance costs - lease liabilities		(34 531 769)	(30 750 781)	(26 807 043)	(14 950 200)
Net monetary loss		(22 883 111)	(2 120 607 781)	-	-
Profit/(loss) before income tax		9 771 234 879	(2 981 900 229)	7 465 629 914	(212 860 936)
Income tax (expense)/credit	23	(33 828 083)	562 828 043	45 956 693	141 207 781
Profit/(loss) for the year		9 737 406 796	(2 419 072 186)	7 511 586 607	(71 653 155)
Other comprehensive income/(loss) - net of tax					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations	16.4	17 990 412	879 626 896	15 403 705	325 192 458
Items that may not be subsequently reclassified to profit or loss					
Revaluation surplus - net of tax	16.3	3 547 492 286	89 145 182	6 529 784 470	1 155 666 909
Total other comprehensive income		3 565 482 698	968 772 078	6 545 188 175	1 480 859 367
Total comprehensive income/(loss) for the year		13 302 889 494	(1 450 300 108)	14 056 774 782	1 409 206 212
Profit/(loss) attributable to:					
Owners of the parent		9 595 439 884	(2 419 072 186)	7 213 447 802	(71 653 155)
Non-controlling interests		141 966 912	-	298 138 805	-
		9 737 406 796	(2 419 072 186)	7 511 586 607	(71 653 155)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		12 925 966 702	(1 450 300 108)	13 333 323 513	1 409 206 212
Non-controlling interests		376 922 792	-	723 451 269	-
		13 302 889 494	(1 450 300 108)	14 056 774 782	1 409 206 212
Earnings per share attributable to:					
Owners of the parent during the period (ZWL cents)					
Basic and diluted earnings/(loss) per share	29	674.07	(280.71)	506.73	(8.31)

* Inflation adjusted comparatives have been restated (see note 6.2).



Consolidated statement of cash flows

For the year ended 31 December 2021

	Note	Audited inflation adjusted		Unaudited historical	
		31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Cash flows from operating activities					
Cash generated from operations	30	643 751 213	40 161 204	769 003 534	305 522 405
Finance received	28	583 590	4 064 543	494 376	824 335
Interest paid	28	(888 478)	-	(618 237)	-
Finance cost paid - lease liabilities		(34 531 769)	(30 750 781)	(26 807 043)	(14 950 200)
Income tax paid	19	(144 242 867)	(31 124 359)	(130 454 850)	(6 874 507)
Net cash generated from operating activities		464 671 689	(17 649 393)	611 617 780	284 522 033
Cash used in investing activities					
Acquisition of subsidiary	12.3	55 236 445	-	36 229 237	-
Purchase of property and equipment	8	(370 168 373)	(287 852 399)	(306 349 772)	(210 493 631)
Purchase of investment property		(7 977 767)	-	(6 056 794)	-
Proceeds from disposal of investment property		11 092 892	-	8 542 340	-
Proceeds from sale of assets held for sale	11	16 017 420	-	12 851 069	-
Proceeds from disposal of property and equipment	30.2	4 003 524	13 056 079	3 537 965	2 114 935
Net cash used in investing activities		(291 795 859)	(274 796 320)	(251 245 955)	(208 378 696)
Cash used in financing activities					
Repayment of borrowings		(5 379 283)	-	(3 876 673)	-
Repayment of lease liabilities		(6 794 395)	(4 338 284)	(5 375 634)	(1 686 493)
Dividend paid		-	(24 531 291)	-	(4 998 217)
Net cash used in financing activities		(12 173 678)	(28 869 575)	(9 252 307)	(6 684 710)
Net increase/(decrease) in cash and cash equivalents for the year		160 702 152	(321 315 288)	351 119 518	69 458 627
Cash and cash equivalents at beginning of the year		1 284 891 820	1 430 931 983	799 374 360	198 452 853
Exchange gains on cash and cash equivalents		105 830 318	854 258 457	105 830 318	531 462 880
Effects of restatement on cash and cash equivalents		(295 100 094)	(678 983 332)	-	-
Cash and cash equivalents at end of the year	15	1 256 324 196	1 284 891 820	1 256 324 196	799 374 360

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Audited inflation adjusted								
	Share capital ZWL	Share premium ZWL	Equity settled share based payments reserve ZWL	Foreign currency translation reserve ZWL	Revaluation reserve ZWL	Retained earn- ing/ (Accumulated losses) ZWL	Attributable to equity holders of the parent ZWL	Non-controlling Interest ZWL	Total equity ZWL
Year ended 31 December 2020									
Balance as at 1 January 2020	535 078 582	1 559 943 002	-	847 198 974	1 280 643 570	540 866 780	4 763 730 908	-	4 763 730 908
Loss for the year	-	-	-	-	-	(2 419 072 186)	(2 419 072 186)	-	(2 419 072 186)
Other comprehensive income:									
Currency translation differences	-	-	-	879 626 896	-	-	879 626 896	-	879 626 896
Revaluation surplus - net of tax	-	-	-	-	89 145 182	-	89 145 182	-	89 145 182
Total comprehensive income/(loss) for the year	-	-	-	879 626 896	89 145 182	(2 419 072 186)	(1 450 300 108)	-	(1 450 300 108)
Transactions with owners in their capacity as owners:									
Share options costs	-	-	16 535 269	-	-	-	16 535 269	-	16 535 269
Dividend declared and paid	-	-	-	-	-	(24 531 300)	(24 531 300)	-	(24 531 300)
Balance as at 31 December 2020	535 078 582	1 559 943 002	16 535 269	1 726 825 870	1 369 788 752	(1 902 736 706)	3 305 434 769	-	3 305 434 769
Year ended 31 December 2021									
Balance as at 1 January 2021	535 078 582	1 559 943 002	16 535 269	1 726 825 870	1 369 788 752	(1 902 736 706)	3 305 434 769	-	3 305 434 769
Profit for the year	-	-	-	-	-	9 595 439 884	9 595 439 884	141 966 912	9 737 406 796
Other comprehensive income:									
Currency translation differences	-	-	-	17 990 412	-	-	17 990 412	-	17 990 412
Revaluation surplus - net of tax	-	-	-	-	3 312 536 406	-	3 312 536 406	234 955 880	3 547 492 286
Total comprehensive income for the year	-	-	-	17 990 412	3 312 536 406	9 595 439 884	12 925 966 702	376 922 792	13 302 889 494
Transactions with owners in their capacity as owners:									
Share options costs	-	-	23 636 209	-	-	-	23 636 209	-	23 636 209
Share issue	8 564 580	1 064 320 406	-	-	-	-	1 072 884 986	-	1 072 884 986
Non-controlling interest on acquisition	-	-	-	-	-	-	-	935 920 558	935 920 558
Balance as at 31 December 2021	543 643 162	2 624 263 408	40 171 478	1 744 816 282	4 682 325 158	7 692 703 178	17 327 922 666	1 312 843 350	18 640 766 016

The notes on pages 62 to 145 are an integral part of these financial statements.



	Unaudited historical								
	Share capital ZWL	Share premium ZWL	Equity settled share payments reserve ZWL	Foreign currency translation reserve ZWL	Revaluation reserve ZWL	Retained earnings/ (Accumulated losses) ZWL	Attributable to equity holders of the parent ZWL	Non-controlling Interest ZWL	Total equity ZWL
Year ended 31 December 2020									
Balance as at 1 January 2020	8 617 716	25 123 685	-	54 037 995	294 163 180	87 872 353	469 814 929	-	469 814 929
Loss for the year	-	-	-	-	-	(71 653 155)	(71 653 155)	-	(71 653 155)
Other comprehensive income:									
Currency translation differences	-	-	-	325 192 458	-	-	325 192 458	-	325 192 458
Revaluation surplus - net of tax	-	-	-	-	1 155 666 909	-	1 155 666 909	-	1 155 666 909
Total comprehensive income/(loss) for the year	-	-	-	325 192 458	1 155 666 909	(71 653 155)	1 409 206 212	-	1 409 206 212
Transactions with owners in their capacity as owners:									
Share options costs	-	-	8 043 669	-	-	-	8 043 669	-	8 043 669
Dividend declared and paid	-	-	-	-	-	(4 998 219)	(4 998 219)	-	(4 998 219)
Balance as at 31 December 2020	8 617 716	25 123 685	8 043 669	379 230 453	1 449 830 089	11 220 979	1 882 066 591	-	1 882 066 591
Year ended 31 December 2021									
Balance as at 1 January 2021	8 617 716	25 123 685	8 043 669	379 230 453	1 449 830 089	11 220 979	1 882 066 591	-	1 882 066 591
Profit for the year	-	-	-	-	-	7 213 447 802	7 213 447 802	298 138 805	7 511 586 607
Other comprehensive income:									
Currency translation differences	-	-	-	15 403 705	-	-	15 403 705	-	15 403 705
Revaluation surplus - net of tax	-	-	-	-	6 104 472 007	-	6 104 472 007	425 312 463	6 529 784 470
Total comprehensive income for the year	-	-	-	15 403 705	6 104 472 007	7 213 447 802	13 333 323 514	723 451 268	14 056 774 782
Transactions with owners in their capacity as owners:									
Share options costs	-	-	20 759 665	-	-	-	20 759 665	-	20 759 665
Share issue	5 617 456	698 081 062	-	-	-	-	703 698 518	-	703 698 518
Non-controlling interest on acquisition	-	-	-	-	-	-	-	551 697 928	551 697 928
Balance as at 31 December 2021	14 235 172	723 204 747	28 803 334	394 634 158	7 554 302 096	7 224 668 781	15 939 848 288	1 275 149 196	17 214 997 484

The notes on pages 62 to 145 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2021

1 GENERAL INFORMATION

African Sun Limited (“the Company”) and its subsidiaries (together “the Group”) manage eleven hotels, operates two Lodges under a timeshare model in Zimbabwe and operates a regional sales and marketing office in South Africa that focuses on international and regional sales. The Group also develops residential properties which are either sold or held for capital appreciation and offers property management, property valuation and property agency services.

The Company is a public company, which is incorporated and domiciled in Zimbabwe and listed on the Zimbabwe Stock Exchange.

The parent of the Company is Arden Capital (Private) Limited (“Arden”), which owns 62.72% (2020: 57.67%) of the ordinary share capital of the Company.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 The consolidated financial statements of the Group have been prepared in compliance with International Financial Reporting Standards (“IFRS”) and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) applicable to companies reporting under IFRS except for non-compliance with IFRS 13 “Fair Value Measurements” on the determination of the value of investment property and property and equipment for the comparable periods. In the prior period, the method of determining the value of the investment property and property and equipment was performed in United States Dollars (“US”), but was not an accurate reflection of market dynamics and the risk associated with ZWL transactions on a willing buyer, willing seller basis.

During the current period, the Group acquired a subsidiary Dawn Properties Limited (“DPL”) under a common control transaction and elected to account for the transaction applying the acquisition method of IFRS 3 “Business Combinations”, however at acquisition date the investment property and property and equipment, were not valued in compliance with IFRS 13 “Fair Value Measurements”.

To achieve fair presentation the Group opted to apply IAS 29 “Financial Reporting in Hyperinflationary Economies” to African Sun Limited Foreign Branch (foreign operation) historical amounts initially translated monthly using average exchange rates to ZWL for the Statement of Comprehensive Income line items and at period end using closing exchange rates for the Statement of Financial Position line items in terms of International Accounting Standard (“IAS”) 21 “The Effects of Foreign Exchange Rates. This position was contrary to the auditors interpretation of the requirement of IAS 29 with regards to accounting for foreign operations as detailed in note 2.1.3.

The financial statements are prepared under historical cost convention as modified by the revaluation of investment property, biological assets and property and equipment and in the manner required by the Zimbabwe Companies and other Business Entities Act (Chapter 24:31). For the purposes of fair presentation in accordance with IAS 29, Financial reporting in hyperinflationary economies, the historical cost information has been restated for changes in general purchasing power of the Zimbabwe dollar (“ZWL”) and appropriate adjustment and reclassifications have been made. Accordingly the inflation adjusted financial statements represents the primary financial statements of the Group. The historical financial results and the company’s separate statement of financial position and related notes have been presented as supplementary information to the audited inflation adjusted results.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity whose assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.2 Going concern

The Group delivered financial results for the year ended 31 December 2021 that reflected a significant improvement from prior year, closing the year with a normalized earnings before interest, tax, depreciation and amortization of ZWL1 955 101 608 (2020: ZWL 8 704 802). Normalised earnings before interest, tax, depreciation and amortization excluded gain on bargain purchase amounting to ZWL8 594 415 085 (2020: nil). Improved performance in 2021 was largely attributable to cost savings put in place at the onset of Covid 19, profit contribution from the subsidiary acquired during the year, Dawn Properties Limited (DPL) and improved hotel business performance, particularly City and Country hotels (note 11). Hotel occupancy at 31%, increased by 8 percentage points from 23% achieved in 2020.



Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Going concern (continued)

The Directors remain optimistic about the prospects of a rebound in tourism in 2022 and beyond. The renewed optimism is backed by the waning impact of Covid 19 pandemic on the businesses and economies around the world, increased global vaccination rates and relaxation of Covid 19 restrictions by most countries around the world. Experts at the World Economic Forum's Davos Agenda 2022, are optimistic that the world can move from pandemic to endemic status in 2022.

As required by the International Auditing Standards (ISAs) the Directors considered the going concern status of the Group taking into account the current financial position of the Group, cash flow and liquidity projections, including sensitivity analysis and key commitments for a period exceeding 12 months from the reporting date. In the cash flow projections the Directors considered the local Covid 19 vaccination rates, improved flights into the region, improved economic activity in the country and cash flows from disposal of non-core assets.

The cash flows and sensitivity analysis have been anchored by the various operational initiatives implemented to ensure the Group remains well placed to be able to deal with the Covid 19 challenges. The aim is to position the Group to recover and drive growth as a leaner and more efficient business. These initiatives at corporate level, includes the following actions to significantly, increase operating capacity, reduce expenses and preserve liquidity:

- Carving out of and deferment of some capital expenditure programs;
- Disposal of DPL's non-core assets to generate additional liquidity;
- Securing a standby loan facilities amounting to US\$2million;
- Engagement with tour operators to defer bookings as opposed to cancellation; a situation that may call for refunds in foreign currency that was already liquidated;
- Engagement with suppliers for terms and conditions that will ensure sustainability during this phase that heavily impacted by Covid.

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

2.1.3 Application of IAS 29 on consolidated foreign operation financials

African Sun Limited (The Parent) has a foreign subsidiary (African Sun Limited SA Branch). The Parent's functional and reporting currency is the Zimbabwe Dollar ("ZWL"), which also is the Group's reporting currency. The foreign entity's functional and reporting currency is the South African Rand ("ZAR"). The Group's reporting currency (ZWL) is of a hyperinflationary economy, whilst the foreign entity's functional currency (ZAR) is not of a hyperinflationary economy. On consolidation, the Group initially applies IAS 21 to translate the foreign operation into the reporting currency of the Group. Intra group transactions and balances are appropriately eliminated in line with the guidance of IFRS 10, Consolidated financial statements. Subsequent to the initial recognition of the foreign entity's transactions in line with IAS 21 to ZWL for consolidation purposes, the Group then unit at reporting date.

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

The Group's position on the treatment of the foreign entity detailed above was adopted at the initial application of IAS 29 to the Group's financial statements in 2020. Despite the difference in technical interpretation on IAS 29 with the Auditor, the Group also chose to continue applying IAS 29 on the ZWL consolidated numbers in line with IAS 29 para10; which emphasises the need for consistent application of management's judgement and procedures.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.3 Application of IAS 29 on consolidated foreign operation financials (continued)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION EXTRACT

	Inflation adjusted 2021			Inflation adjusted 2020		
	31 December 2021 ZWL	31 December 2021 ZWL		31 December 2020 ZWL	31 December 2020 ZWL	
	As presented	Alternative Position	Difference	As presented	Alternative Position	Difference
Assets						
Non-current assets						
Property and equipment	15 211 794 369	15 211 794 369	-	3 158 586 569	3 157 973 384	613 185
Right of use	572 975 341	572 975 341	-	575 298 000	573 986 132	1 311 868
Current assets						
Trade receivables	232 678 791	232 678 791	-	170 701 571	163 006 342	7 695 229
Cash and cash equivalents	1 256 324 196	1 256 324 196	-	1 284 891 820	1 027 730 904	257 160 916
Equity and liabilities						
Equity attributable to owners of the parent						
Foreign currency translation reserve	1 744 816 282	394 634 158	1 350 182 124	1 726 825 870	379 230 450	1 347 595 420
(Accumulated losses)/retained earnings	7 692 703 178	9 042 885 302	(1 350 182 124)	(1 902 736 706)	(804 896 281)	(1 097 840 425)
Total equity						
Liabilities						
Non-current liabilities						
Lease liabilities	271 418 495	271 418 495	-	410 780 429	409 169 772	1 610 657
Deferred tax liabilities	1 787 864 735	1 787 864 735	-	510 480 233	510 420 467	59 766
Current liabilities						
Trade and other payables	1 238 976 697	1 238 976 697	-	1 255 505 869	1 248 044 405	7 461 464
Current income tax	49 689 052	49 689 052	-	22 989 434	15 095 117	7 894 317

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME EXTRACT

	Inflation adjusted 2021			Inflation adjusted 2020		
	31 December 2021 ZWL	31 December 2021 ZWL		31 December 2020 ZWL	31 December 2020 ZWL	
	As presented	Alternative Position	Difference	As presented	Alternative Position	Difference
Profit and loss items						
Other income	1 431 420 542	1 433 492 258	(2 071 716)	246 852 820	233 661 064	13 191 756
Operating expenses	(3 159 507 927)	(3 147 311 100)	(12 196 827)	(2 536 371 909)	(2 573 771 592)	37 399 683
Finance income	583 590	565 333	18 257	4 064 543	6 695 906	(2 631 363)
Finance costs - lease liabilities	(34 531 769)	(34 450 659)	(81 110)	(30 750 781)	(31 349 023)	598 242
Net monetary (loss)/gain	(22 883 111)	(22 818 968)	(64 143)	(2 120 607 781)	(2 372 065 746)	251 457 965
Income tax (expense)/credit	(33 828 083)	(32 806 624)	(1 021 459)	562 828 043	559 488 184	3 339 859
Other comprehensive income net of tax:						
Exchange differences on translation of foreign operations	17 990 412	15 403 705	2 586 707	879 626 896	802 019 687	77 607 209



Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.3 Application of IAS 29 on consolidated foreign operation financials (continued)

The summarised net effects of the above variances, should the Group adopt the alternative approach is as detailed below:

	Inflation adjusted	
	31 December 2021 ZWL	31 December 2020 ZWL
Increase in current year profit	(15 416 998)	(1 097 840 425)
Decrease in FCTR-Other comprehensive income	2 586 707	1 347 595 420
Net (increase)/decrease in equity	(12 830 291)	249 754 995
Decrease in assets	-	(266 781 199)
Decrease in liabilities	-	17 026 204
Net decrease in net assets	-	(249 754 995)

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

2.1.4 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations, effective on or after 1 January 2021 that are relevant to the Group.

The following new standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2021 and are relevant to the Group:

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IFRS 16 (amendment)	Leases - Covid-19 related rent concessions	1 January 2021

IFRS 16

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

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

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

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

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.4 Changes in accounting policy and disclosures (continued)

(a) New standards, amendments and interpretations, effective on or after 1 January 2021 that are relevant to the Group. (continued)

Impact on accounting for changes in lease payments applying the exemption

The Group applied the IFRS 16 amendment to rent concessions that arose as a result of the COVID-19 pandemic. The Group, through African Sun Limited South African Branch holds a lease agreement on whom the Lessor granted 100% rental and operational cost payment deferment for the months of April and May 2020. The deferred amounts will be repaid over a period of 6 months starting from June 2020 with no interest charged. The waiver of lease payments was ZAR10,462.63 per month. The Group made an election and accounted for the change in lease payments resulting from the COVID-19 related rent concessions as if it were not a lease modification. The benefit of the rent concessions were recognized as variable lease payments in the month of June 2020 in profit or loss. All other leases were assessed and there were no rent concessions granted in terms of the IFRS16 amendment.

(b) New standards, amendments and interpretations, effective 1 January 2020 and are not relevant to the Group

The following new standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2021 and are not relevant to the Group:

IFRS 9 and IFRS 7

In September 2020, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning on 1 January 2021 and are relevant to the Group but have not been early adopted

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.



Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.4 Changes in accounting policy and disclosures (continued)

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning on 1 January 2021 and are relevant to the Group but have not been early adopted. (continued)

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.4 Changes in accounting policy and disclosures (continued)

(d) Annual Improvements to IFRS Standards 2018–2020

IFRS 1 First time adoption of IFRS

The amended provides guidance for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The standard has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

IAS 1 Presentation of Financial Statements

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which the Group obtains control. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the company and its subsidiaries;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.



Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Inter-company transactions, balances, and unrealised gains or losses on transactions between group companies are eliminated.

When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

All subsidiaries in the Group have 31 December year ends and are consolidated in the presented financial statements.

In the Company's separate financial statements, investments in subsidiaries are accounted for at inflation adjusted cost less accumulated allowance for impairment.

(b) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group as a change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest recognised is a separate reserve within equity attributable to owners of the parent.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of the joint arrangement the Group is involved. The Group determined that its investment in The Victoria Falls Hotel Partnership, that it jointly controls with Meikles Hospitality Limited is a joint operation. They have a contractual agreement of sharing of control.

For joint operations, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting standards applicable to the particular assets, liabilities, revenues and expenses. When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and interests in losses resulting from the transactions are recognised in the Group's financial statements only to the extent of the other parties' to the joint arrangement. When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Accounting policies of the joint arrangements have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, joint arrangements are accounted for at inflation adjusted cost less accumulated allowance for impairment.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the "executive committee" which is made up of the Chief Executive Officer, Chief Finance Officer, Human Resources Executive and the Company secretary.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in the Zimbabwe dollar ("ZWL"), which is the Company's functional and presentation currency.

Refer to note 4(1)(a) for judgement made in determining the functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income of the Group. When a foreign operation is sold or any borrowings forming part of the net investment repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(c) Group companies

The results and financial position of a group entity that has a functional currency different from the functional currency of the Group (none of which has the currency of a hyper-inflationary economy) are translated into the functional currency of Group as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing foreign exchange rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average foreign exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of the borrowings and other currency instruments designated as hedges of such investments, are taken to foreign currency translation reserve in equity. When a foreign operation is partially disposed off or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing foreign exchange rate. Foreign exchange differences arising are recognised in other comprehensive income.

2.5 Property and equipment

All property and equipment is stated at cost less accumulated depreciation and accumulated allowance for impairment on the initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the items.

Property and equipment with the exception of service stocks and capital work in progress, is stated at revalued amounts less subsequent accumulated depreciation and accumulated allowance for impairment. The revalued amount is based on periodic, but at least annual, valuations by external valuers, less subsequent accumulated depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and net amount is restated to the revalued amount of the asset. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. During 2021, property and equipment was valued once on 31 December 2021, unlike in 2020 where valuation was carried twice.



Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property and equipment (continued)

Increases in the carrying amount arising on the revaluation of property and equipment is credited to a revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same asset are charged against its revaluation reserve directly in equity to the extent of any credit balance existing in the revaluation surplus in respect of that particular asset. Any decreases that exceed the previously recognised revaluation surplus of a particular asset should be recognised as any expense in profit and loss. Increase in the carrying amount arising from revaluation shall be recognised in profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss.

The revaluation surplus included in equity in respect of an item of property and equipment is transferred directly to retained earnings when the asset is derecognised. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Subsequent costs are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and Company cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Service Stocks and Capital Work in Progress were not revalued and continued to be subsequently carried and measured at cost less subsequent accumulated depreciation and accumulated impairment

Depreciation is recognised so as to write off the inflation adjusted cost of assets or revalued amounts (other than land) less their residual values over their useful lives using the straight line method.

The estimated useful lives are as below:

Leasehold properties	8-25 years
Equipment	6-15 years
Freehold properties	50 years
Motor vehicles	5 years
Hotel linen	2 years

Capital work in progress comprises items of property and equipment not yet commissioned and is not depreciated. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The useful lives and residual values of assets are reviewed and adjusted if appropriate at each reporting date with the effect of the change in estimate accounted for on a prospective basis. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, depreciation will cease to be charged on the asset until its residual value subsequently decreases to an amount below its carrying amount.

Profit or losses arising from the disposal of property and equipment are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income within other income or other expenses.

Net monetary loss

The Group capitalises borrowing costs directly attributable to the construction of new projects, where construction of new projects or re-development (refurbishment) of existing hotels takes a substantial period of between 6 and 12 months to complete.

2.6 Biological assets

The Group engages in agricultural activity through management of biological assets for sale.

Timber plantation

Timber plantations are measured at their fair value less estimated point-of-sale costs. The fair value of timber plantations is determined by a professional valuer based on fair values for the stages of forest development. Changes in the carrying value of the biological asset are taken directly to the statement of comprehensive income.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Group of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Trade receivables

Trade receivables are amounts due from customers for food, beverages, rooms, property rentals, property sales and property consultancy services sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses. The effective interest method is the method of calculating the amortised cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

See note 2.9(e) for a description of the Group's impairment policies

2.9 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

2.9.(a) Classification

The Group classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("FVOCI") or through profit or loss ("FVPL")), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income.

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

All the financial assets held by the Group during the year and as at year end were classified as those to be measured at amortised cost as they were held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

2.9.(b) Measurement

At initial recognition, the Group measure financial assets classified at amortised cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from the financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.



Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (continued)

2.9.(b) Measurement (continued)

If the transaction price differs from fair value at initial recognition the difference is accounted for as follows;

- if fair value is evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss is released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would consider when pricing the asset or liability.

2.9.(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group have transferred substantially all the risks and rewards of ownership.

2.9.(d) Off-setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. There were no financial instruments that were offset during the year (2020:ZWLnil).

2.9.(e) Impairment of financial assets

The Group recognize allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Group measure the expected loss allowance for the financial asset at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of financial asset has not increased significantly since initial recognition, Group measure the expected credit loss allowance at an amount equal to twelve month expected credit losses.

The Group assess all information available, including on a forward-looking basis the expected credit loss associated with their assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Group compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. A default on a financial asset is when the counterparty fails to make contractual payments within 120 days of when they fall due.

Expected credit losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the credit loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

The Group monitor all financial assets, contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compare the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, Group consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Financial assets are written off when the Group have no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group and Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Inventories

Inventories, which consist of foodstuffs, beverages, maintenance, consumable stocks and properties are stated at the lower of inflation adjusted cost and net realisable value. Inflation adjusted cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.11 Cash and cash equivalents

For purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts in the statement of financial position. Bank overdrafts are shown within borrowings on the statement of financial position.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of income tax from the proceeds.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Income tax

The income tax expense for the year comprise current income and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in South Africa and Zimbabwe where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable, the temporary difference will reverse in the future and there is sufficient taxable profit available against the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Provisions

Provisions are recognised when the Group have present legal or constructive obligations as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Employee benefits

(a) Pension obligations

The Group and Company contribute to five defined contribution plans. One of the contributions is mandatory and publicly administered whilst the others are contractual and privately administered. The publicly administered pension benefits scheme is administered by National Social Security Authority (“NSSA”) which is a national scheme that was introduced through the NSSA Act (Chapter 17:04). A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current period and prior periods. The contributions are recognised as an employee benefit expense when they are due. Pre-paid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group and Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and Company recognise termination benefits at either of the following dates: (a) when the Group and Company can no longer withdraw the offer of those benefits; and (b) when the Group and Company recognise costs for a restructuring that is within the scope of IAS 37 ‘Provisions, contingent liabilities and contingent assets’ and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Bonus plans

The Group and Company recognise a liabilities and an expenses for bonuses based on a formula that takes into consideration key performance indicators measured on a quarterly basis. The Group and Company recognise a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Share Options

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

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

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition

The Group revenue is derived from sale of room nights, food, beverages, gaming, conferencing and other sundry revenues. Revenue is recognised when the Group satisfies performance obligations by transferring a good or service to a customer. The Group has determined that it generates all its revenues at a point in time. Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax, rebates and discounts.

(a) Revenue from sale of room nights

This revenue is recognised every night when the Group has satisfied the performance obligations relating to the revenue. This entails us providing the specified room to the customers at which point we satisfy the performance obligation to the customer. The transaction price is specified to the customer when they make a reservation or a booking. Customers pay upfront for the service with the exception of customers on account who pay in accordance with the pre-agreed conditions.

(b) Revenue from sale of food and beverages

The Group recognizes revenue when a customer takes possession of the food or beverage ordered. The performance obligation would have been satisfied at that point. The transaction price is specified on the price list provided at the various points of sale or menus. The contract with the customer is in line with customary business practice for the sale of food and beverages.

(c) Revenue from gaming

Gaming income comprises the net table and slot machine win derived by casino operations from gambling patrons. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from casino operations. Due to the short-term nature of the Group's casino operations, all income is recognised in profit or loss immediately, at fair value.

(d) Revenue from conferencing

We provide conference facilities at our respective hotels and derive revenue from that. The revenue is recognised when the performance obligation is satisfied which is when we have provided a conference facility to the customer as per their request and our capability. The conference package may contain food and beverages. However, these will be allocated to revenue from sale of food and beverages, in accordance revenue recognition policy described in note 2.18 (b) above.

(e) Revenue from properties and related consultancy services

The Group has a subsidiary in the real estate industry. It's core business is to acquire, develop and sale properties mainly residential properties. Revenue is generated from both leasing the properties and selling these properties. In addition, this segment also offers property consultancy services such as valuation of properties and property management and property transactions. Revenue is recognised when performance obligation has been satisfied which is at the point where title to a property has been transferred to a buyer and at a point where services has been completed according to contract terms agreed. Revenue from sale of properties and consultancy services is mainly recognised at a point in time except for time share properties where revenue recognised usually over time.

(f) Sundry revenue

This comprises a number of ancillary activities that we perform at the various hotels. The nature of the income is such that the performance obligations, though different, are satisfied at a point in time. The activities comprise inter alia, guest laundry, horse riding and game drives.

The transaction price in each of the activities is specified on the price list accessible to the customer before they utilise the given service.

2.18 Cost of sales

Cost of sales includes purchase price of goods and other costs incurred in bringing the inventories to the location and condition ready for use or sale. The costs include costs of purchasing, storing, transport to the extent it relates to bringing the inventories to the location and condition ready for use or sale.

Salaries and wages of employees directly related with the sale of room nights, food, beverages and shop merchandise are included in cost of sales.



Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases

The Group adopted IFRS 16, "Leases" from 1 January 2020 which resulted in changes in accounting policies.

Until 31 December 2018, leases of property and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included on the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4, Determining whether an arrangement contains a lease.

Subsequent to 1 January 2019, liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group's incremental borrowing rate is used to discount the lease payments, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at inflation adjusted cost comprise the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Leases of hotels properties whose payments are associated with variable lease payments that are not based on an index or rate, short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The Group leases various office buildings, hotel buildings, golf course, car parks and staff housing. Rental contracts are typically made for fixed periods of two years to fifteen years. Leases for hotel buildings have extension options for renewal at the end of the lease up to five renewals at the option of the Group. The Group determined that the non-cancellable period of the leases are the original leased term together with the periods covered by options to extend the leases that the Group is reasonably certain to extend because of both significant leasehold improvements undertaken, and the importance of the underlying hotel buildings to the Group's operations

All hotels property leases on which right of use assets have been recognised contain variable payment terms that are linked to revenues generated from the hotels. For individual hotels, variable lease payment are due when the amount calculated based percentages ranging from 5% to 15% of sales, depending on the nature of the revenue is higher than the fixed rental for the hotel. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Leases and recognised right-of use assets equal to the lease liabilities, adjusted by the amount of prepaid or accrued lease payments relating to that lease recognised in the statement of financial position on initial recognition. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10.5%.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared by the Company's Directors.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks; market risk (including foreign exchange risk, fair value and cash flow interest rate risks, credit risk and liquidity risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group Finance Department ("Group Finance") under policies approved by the Board of Directors. Group Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating subsidiaries. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; foreign exchange risk, price risk and interest rate risk.

(a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States of America dollar and South African rand. Foreign exchange risk arises from future commercial transactions, recognised cash and bank balances, trade receivables and trade payables and net investments in foreign operations denominated in a currency that is not the Company's functional currency.

Management has set up a policy that allows Group Finance to manage the Group's foreign exchange risk against the various functional currencies to manage the Group's foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, Group Finance may use forward contracts and the asset and liability matching methods, where applicable.

The table below summarises the Group's exposure to foreign exchange risk as at 31 December 2021. Included in the table are the Group's cash and bank balances, trade receivables and trade payables at carrying amounts categorised by currency.



Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

Inflation adjusted				
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Assets				
United States of America dollar	1033 475 870	1048 694 498	57 581	82 280
South African rand	29 784 377	30 992 818	-	-
Australian dollar	6 171	7 902	-	-
Euro	24 204 866	27 082 315	-	-
	1 087 471 284	1 106 777 533	57 581	82 280
Liabilities				
United States of America dollar	(527 295 788)	(47 910 382)	-	-
South African rand	(103 583 909)	(14 872 566)	-	-
	(630 879 697)	(62 782 948)	-	-
Net currency position	456 591 587	1 043 994 585	57 581	82 280
Historical cost				
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Assets				
United States of America dollar	1033 475 870	115 670 944	57 581	51 189
South African rand	29 784 377	7 985 012	-	-
Australian dollar	6 171	920	-	-
Euro	24 204 866	3 171 183	-	-
	1 087 471 284	126 828 059	57 581	51 189
Liabilities				
United States of America dollar	(527 295 788)	(6 644 587)	-	-
South African rand	(103 583 909)	(2 062 644)	-	-
	(630 879 697)	(8 707 231)	-	-
Net currency position	456 591 587	118 120 828	57 581	51 189

As at 31 December 2021, if the Zimbabwe dollar (weakened)/strengthened by 10% (2020 : 10%) against all the other currencies with all other variables held constant, profit for the year would have been higher/lower by ZWL 45 659 159 (2020:ZWL 65 783 399), mainly as a result of foreign exchange gain on translation of and United States of America dollar and South African rand denominated cash and bank balances, trade receivables and trade payables.

Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

The table below summarises the changes in assets and liabilities denominated in various currencies arising from a 10% (2020:10%) strengthening of the Zimbabwe dollar:

Inflation adjusted				
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Assets				
United States of America dollar	103 347 587	104 869 450	-	-
South African rand	2 978 438	3 099 282	-	-
Australian dollar	617	790	-	-
Euro	2 420 487	2 708 232	-	-
	108 747 129	110 677 754	-	-
Liabilities				
United States of America dollar	(52 729 579)	(4 791 038)	-	-
South African rand	(10 358 391)	(1 487 257)	-	-
	(63 087 970)	(6 278 295)	-	-
Net currency position	45 659 159	104 399 459	-	-
Historical cost				
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Assets				
United States of America dollar	103 347 587	11 567 094	5 758	5 119
South African rand	2 978 438	798 501	-	-
Australian dollar	617	92	-	-
Euro	2 420 487	317 118	-	-
	108 747 129	12 682 805	5 758	5 119
Liabilities				
United States of America dollar	(52 729 579)	(664 459)	-	-
South African rand	(10 358 391)	(206 264)	-	-
	(63 087 970)	(870 723)	-	-
Net currency position	45 659 159	11 812 082	5 758	5 119



Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

The table below summarises the changes in assets and liabilities denominated in various currencies arising from a 10% (2020:10%) weakening of the Zimbabwe dollar:

	Inflation adjusted			
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Assets				
United States of America dollar	(103 347 587)	(104 869 450)	(5 758)	(8 228)
South African rand	(2 978 438)	(3 099 282)	-	-
Australian dollar	(617)	(790)	-	-
Euro	(2 420 487)	(2 708 232)	-	-
	(108 747 129)	(110 677 754)	(5 758)	(8 228)
Liabilities				
United States of America dollar	52 729 579	664 459	-	-
South African rand	10 358 391	206 264	-	-
	63 087 970	870 723	-	-
Net currency position	(45 659 159)	(109 807 031)	(5 758)	(8 228)

	Historical cost			
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Assets				
United States of America dollar	(103 347 587)	(11 567 094)	(5 758)	(5 119)
South African rand	(2 978 438)	(798 501)	-	-
Australian dollar	(617)	(92)	-	-
Euro	(2 420 487)	(317 118)	-	-
	(108 747 129)	(12 682 805)	(5 758)	(5 119)
Liabilities				
United States of America dollar	52 729 579	664 459	-	-
South African rand	10 358 391	206 264	-	-
	63 087 970	870 723	-	-
Net currency position	(45 659 159)	(11 812 082)	(5 758)	5 (119)

There were no hedges in place as at 31 December 2021 (2020: ZWLnil).

Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(b) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign exchange risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

(c) Cash flow and fair value interest rate risk

Fair value interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowings issued at fixed rates with a variable element expose the Group both to cash flow interest rate risk and fair value interest risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run for all interest-bearing borrowings.

Currently, the Group does not undertake any hedging of its short-term loans due to the nature and terms of the loan facilities. On long-term loans, the Group assesses risks and considers hedging where necessary. As at 31 December 2021, there were no hedges in place (2020: ZWLnil).

(ii) Credit risk

a) Credit risk management

Credit risk is the risk that one party to the financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk is managed on group basis by the Group Finance. Credit risk arises from cash at banks, and deposits with banks and financial institutions, as well as credit exposures to hotel customers including outstanding receivables. For banks and financial institutions, only well established and reliable institutions are used.

For corporate customers, the Group Finance assesses the credit quality of the customers taking into account their financial position, past experience and other factors in the market. Customer limits are set based on internal and external information. The utilisation of credit limits is regularly monitored by the Group Finance. As at 31 December 2021, customers with balances of ZWL nil exceeded their credit limits (2020: ZWL 7 598 446). Only a few debtors with a good track record are allowed to exceed their credit limit under the supervision of the business unit general manager and hotel financial controller. We believe that these amounts are collectable based on the historical record of the clients in question and the controls management has in place regarding such excess amounts.

Counterparty risk is further managed by constant engagement of credit customers to determine the current position and recoverability. All credit granted is subject to terms and conditions, where upon breach by the customers, the Group takes legal action where amounts are material and recovery is possible. As at 31 December 2021, customers with balances of ZWL nil were handed over to debt collectors (2020: ZWL nil). Receivables handed over for legal action are generally written off as uncollectible and are reversed when recovered.

The Group maximum exposure to credit risk by class of financial asset is as follows:

	Inflation adjusted			
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Trade receivables	271 445 089	231 867 474	-	-
Other financial asset (excluding pre-payments)	74 698 156	55 888 765	11 297 678	20 750
Cash and cash equivalents	1 256 322 947	1 284 891 820	57 581	82 280
	1 602 466 192	1 572 648 059	11 355 259	103 030



Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

a) Credit risk management (continued)

	Historical cost			
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Trade receivables	271 445 089	144 252 544	-	-
Other financial asset (excluding pre-payments)	74 698 156	34 770 278	11 297 678	12 909
Cash and cash equivalents	1256 322 947	799 374 360	57 581	51 189
	1602 466 192	978 397 182	11 355 259	64 098

b) Impairment of financial assets

The Group has five types of financial assets that are subject to IFRS 9's expected credit loss model as listed below:

- trade receivables from sale of room nights, food, beverages, conferencing, property rentals, property sales, property consulting services and other related activities;
- trade receivables from sale of properties and consulting services;
- staff receivables;
- other receivables; and
- cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, identified expected credit loss was immaterial.

Trade receivables

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

- Corporates;
- Tour operators;
- Government;
- Non-governmental organisations;
- Parastatal;
- Other; and
- Debtors in residence
- Legacy Management Services
- Real estate

Legacy Management Services amounts relates to trade receivables that were handled by the former manager and was still outstanding when the contract was terminated. The balance have been deemed entirely recoverable from management fees balance due to Legacy Management Services.

The expected credit loss rates are based on the payment profiles of sales over a period of 60 months before 1 January 2021 respectively.

The historical expected credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Covid-19 effects, current liquidity challenges, inflation and foreign currency shortages to be the most relevant factors, and accordingly adjusted the historical credit loss rates based on expected changes in these factors.

Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

b) Impairment of financial assets (continued)

On that basis, the expected credit loss allowance for trade receivables as at 31 December 2021 and 31 December 2020 for the various groups was determined as follows;

As at 31 December 2021	Current	30 Days	60 Days	90 Days	120+ Days	Balance
Corporates						
Gross carrying amounts	3 687 233	2 010 635	156 408	263 612	1 182 574	7 300 462
Expected credit loss rate	2,85%	5,70%	5,70%	50,00%	100,00%	21%
Expected credit loss allowance	105 016	114 530	8 909	131 806	1 182 574	1 542 835
Tour operators						
Gross carrying amounts	6 932 742	4 893 415	4 527 277	2 910 056	15 669 777	34 933 267
Expected credit loss rate	1,55%	3,10%	3,10%	50,00%	100,00%	50%
Expected credit loss allowance	107 468	151 711	140 360	1 455 028	15 669 777	17 524 344
Government						
Gross carrying amounts	10 066 498	1 030 395	201 792	-	-	11 298 685
Expected credit loss rate	5,13%	5,13%	5,13%	0,00%	0,00%	5%
Expected credit loss allowance	516 231	52 841	10 348	-	-	579 420
Non-governmental organisation						
Gross carrying amounts	10 440 567	13 168 742	12 161 207	1 541 597	446 086	37 758 199
Expected credit loss rate	1,32%	2,65%	2,65%	50,00%	100,00%	5%
Expected credit loss allowance	138 300	348 878	322 186	770 798	446 086	2 026 248
Parastatals						
Gross carrying amounts	6 390 479	1 689 117	637 870	253 720	369 806	9 340 992
Expected credit loss rate	6,01%	6,01%	6,01%	50,00%	100,00%	11%
Expected credit loss allowance	384 024	101 504	38 332	126 860	369 806	1 020 526
Legacy management services						
Gross carrying amounts	-	-	-	-	42 037 574	42 037 574
Expected credit loss rate	0,00%	0,00%	0,00%	0,00%	0,00%	0%
Expected credit loss allowance	-	-	-	-	-	-
Real estate						
Gross carrying amounts	6 669 790	3 056 494	2 868 381	1 504 119	6 886 548	20 985 332
Expected credit loss rate	0,96%	2,08%	3,55%	5,79%	100,00%	34%
Expected credit loss allowance	64 352	63 661	101 926	87 103	6 886 548	7 203 590
Other						
Gross carrying amounts	744 769	1 679 265	7 993	34 375	1 826 604	4 293 006
Expected credit loss rate	33,26%	33,26%	33,25%	50,00%	100,00%	62%
Expected credit loss allowance	247 678	558 450	2 658	17 187	1 826 604	2 652 577
Debtors in residence						
Gross carrying amounts	103 497 572	-	-	-	-	103 497 572
Expected credit loss rate	6,01%	0%	0%	0%	0%	6%
Expected credit loss allowance	6 216 758	-	-	-	-	6 216 758
Total gross carrying amounts	148 429 650	27 528 063	20 560 928	6 507 479	68 418 969	271 445 089
Overall expected credit loss rate	5%	5%	3%	40%	39%	14%
Total expected credit losses	7 779 827	1 391 575	624 719	2 588 782	26 381 395	38 766 298

Trade receivable balance from Legacy Management Services has been treated separately from Tour Operators for the purposes of computing impairment loss as the outstanding balance of ZWL 42 037 574 is recoverable in full through a set off with an outstanding management fees of ZWL30 670 487 owed to Legacy Management Services in unpaid management fees. Risk of default on this outstanding balance was taken to be nil.



Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

b) Impairment of financial assets (continued)

As at 31 December 2020	Current	30 Days	60 Days	90 Days	120+ Days	Balance
Corporates						
Gross carrying amounts	2 324 758	1 092 355	1 574 098	1 693	583 846	5 576 750
Expected credit loss rate	3,94%	7,87%	7,87%	50,00%	100,00%	16%
Expected credit loss allowance	91 482	85 971	123 885	847	583 846	886 031
Tour operators						
Gross carrying amounts	4 920 760	353 768	128 161	91 196	41 276 241	46 770 126
Expected credit loss rate	3,00%	5,99%	5,99%	50,00%	100,00%	89%
Expected credit loss allowance	147 390	21 193	7 678	45 598	41 276 241	41 498 100
Government						
Gross carrying amounts	22 217 826	2 753 012	1 314 348	7 603	655 197	26 947 986
Expected credit loss rate	7,28%	7,28%	7,28%	50,00%	100,00%	10%
Expected credit loss allowance	1 616 682	200 323	95 639	3 802	655 197	2 571 643
Non-governmental organisation						
Gross carrying amounts	7 788 445	8 288 402	5 047 715	524 945	3 447 499	25 097 006
Expected credit loss rate	2,15%	4,30%	4,30%	50,00%	100,00%	18%
Expected credit loss allowance	167 382	356 253	216 962	262 473	3 447 499	4 450 569
Parastatals						
Gross carrying amounts	5 104 651	3 092 908	1 185 663	399 503	1 215 924	10 998 649
Expected credit loss rate	6,87%	6,87%	6,87%	50,00%	100,00%	19%
Expected credit loss allowance	350 634	212 449	81 442	199 750	1 215 924	2 060 199
Legacy management services						
Gross carrying amounts	-	-	-	-	49 298 875	49 298 875
Expected credit loss rate	0,00%	0,00%	0,00%	0,00%	0,00%	0%
Expected credit loss allowance	-	-	-	-	-	-
Other						
Gross carrying amounts	2 003 796	84 249	88 940	-	2 223 419	4 400 404
Expected credit loss rate	31,34%	31,34%	31,34%	50,00%	100,00%	66%
Expected credit loss allowance	628 028	26 407	27 870	-	2 223 417	2 905 722
Debtors in residence						
Gross carrying amounts	62 777 684	-	-	-	-	62 777 684
Expected credit loss rate	10,82%	0,00%	0,00%	0,00%	0,00%	11%
Expected credit loss allowance	6 793 637	-	-	-	-	6 793 637
Total gross carrying amounts	107 137 920	15 664 694	9 338 925	1 024 940	98 701 001	231 867 481
Overall expected credit loss rate	9,14%	5,76%	5,93%	50,00%	50,05%	26,38%
Total expected credit losses	9 795 235	902 596	553 476	512 470	49 402 126	61 165 903

Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

b) Impairment of financial assets (continued)

The closing expected credit loss allowances for trade receivables as at 31 December 2021 reconcile to the opening expected credit loss allowances as follows:

Expected credit loss allowance

	Inflation adjusted	
	GROUP	
	31 December 2021 ZWL	31 December 2020 ZWL
Expected credit loss allowance as at 1 January	61 165 903	115 484 210
Increase in expected credit loss allowance recognised in profit or loss during the year	(22 399 605)	(54 318 307)
Expected credit loss allowance as at 31 December	38 766 298	61 165 903

	Historical cost	
	GROUP	
	31 December 2021 ZWL	31 December 2020 ZWL
Expected credit loss allowance as at 1 January	38 053 363	16 016 255
Increase in expected credit loss allowance recognised in profit or loss during the year	712 935	22 037 108
Expected credit loss allowance as at 31 December	38 766 298	38 053 363

Other financial assets at amortised cost

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

The credit loss allowance for other financial assets at amortised cost as at 31 December 2021 reconciles to the opening loss allowance on 1 January 2021 and to the closing loss allowance as at 31 December 2020 as follows:

	Inflation adjusted		
	GROUP		
	Staff and key management personnel ZWL	Other receivables ZWL	Total ZWL
Expected credit loss allowance as at 1 January 2020	670 174	-	670 174
(Decrease)/increase in the expected credit loss allowance recognised in profit or loss during the year	(529 825)	5 333 035	4 803 210
Expected credit loss allowance as at 31 December 2020	140 349	5 333 035	5 473 384
Expected credit loss allowance as at 1 January 2021	140 349	5 333 035	5 473 384
Increase in the expected credit loss allowance recognised in profit or loss the year.	113 523	7 085 649	7 199 172
Expected credit loss allowance as at 31 December 2021	253 872	12 418 684	12 672 556



Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

b) Impairment of financial assets (continued)

Other financial assets at amortised cost (continued)

	Historical cost		
	GROUP		
	Staff and key management personnel ZWL	Other receivables ZWL	Total ZWL
Expected credit loss allowance as at 1 January 2020	92 945	-	92 945
(Decrease)/increase in the expected credit loss allowance recognised in profit or loss during the year	(5 629)	3 317 859	3 312 230
Expected credit loss allowance as at 31 December 2020	87 316	3 317 859	3 405 175
Expected credit loss allowance as at 1 January 2021	87 316	3 317 859	3 405 175
Increase in the expected credit loss allowance recognised in profit or loss the year.	113 523	9 153 858	9 267 381
Expected credit loss allowance as at 31 December 2021	200 839	12 471 717	12 672 556

Net impairment losses/ (gain) on financial assets recognised in profit or loss

During the year, the following losses/(gain) were recognised in profit or loss in relation to allowance for impairment of financial assets:

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Impairment (reversal)/losses				
Net movement in expected credit loss allowance for trade receivables	(22 399 605)	(54 318 307)	712 935	22 037 108
Net movement in expected credit loss allowance for other financial instruments at amortised cost	7 199 172	4 803 210	9 267 381	3 312 230
Net impairment (reversal)/losses on financial assets	(15 200 433)	(49 515 097)	9 980 316	25 349 338

Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

b) Impairment of financial assets (continued)

Other financial assets at amortised cost (continued)

There is no concentration of credit risk with respect to cash at bank as the Group holds accounts with high quality financial institutions that are adequately capitalised and have sound asset bases. The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings:

	Inflation adjusted			
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
AA+	1 823 284	-	-	-
AA	31 857 467	-	-	-
AA-	80 643 986	44 442 331	-	-
A+	155 424 247	791 080 035	-	82 280
A	684 370 553	93 579 963	57 581	-
A-	273 086 281	-	-	-
BBB+	2 114	329 226 741	-	-
BBB	-	13 523 017	-	-
BBB-	4 990 441	-	-	-
BB	-	13 039 733	-	-
BB-	4 110 437	-	-	-
	1 236 308 810	1 284 891 820	57 581	82 280

	Historical cost			
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
AA+	1 823 284	-	-	-
AA	31 857 467	-	-	-
AA-	80 643 986	27 649 067	-	-
A+	155 424 247	492 157 462	51 189	51 189
A	684 370 553	58 219 238	-	-
A-	273 086 281	-	-	-
BBB+	2 114	204 823 014	-	-
BBB	-	8 413 123	-	-
BBB-	4 990 441	-	-	-
BB	-	8 112 456	-	-
BB-	4 110 437	-	-	-
	1 236 308 810	799 374 360	51 189	51 189

The ratings have been obtained from the latest available ratings on the financial institutions.



Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk

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

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

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

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

	Inflation adjusted			
	GROUP			
	Less than 1 year ZWL	1 to 5 years ZWL	More than 5 years ZWL	Total ZWL
As at 31 December 2021				
Liabilities				
Trade and other payables	(1 238 976 697)	-	-	(1 238 976 697)
Lease liabilities	(5 529 821)	(14 204 875)	(257 213 620)	(276 948 316)
Total liabilities	(1 244 506 518)	(14 204 875)	(257 213 620)	(1 515 925 013)
Assets held for managing liquidity risk				
Trade and other receivables	466 473 453	8 734 288	-	475 207 741
Cash and cash equivalents	1 256 324 196	-	-	1 256 324 196
Total assets held for managing liquidity risk	1 722 797 649	8 734 288	-	1 731 531 937
Liquidity gap	478 291 131	(5 470 587)	(257 213 620)	215 606 924
Cumulative liquidity gap	478 291 131	472 820 544	215 606 924	-
As at 31 December 2020				
Liabilities				
Trade and other payables	(1 255 505 869)	-	-	(1 255 505 869)
Lease Liabilities	(6 942 972)	(14 515 151)	(396 265 278)	(417 723 401)
Total liabilities	(1 262 448 841)	(14 515 151)	(396 265 278)	(1 673 229 270)
Assets held for managing liquidity risk				
Trade receivables	330 615 091	9 952 623	-	340 567 714
Cash and cash equivalents	1 284 891 820	-	-	1 284 891 820
Total assets held for managing liquidity risk	1 615 506 911	9 952 623	-	1 625 459 534
Liquidity gap	353 058 070	(4 562 528)	(396 265 278)	(47 769 736)
Cumulative liquidity gap	353 058 070	348 495 542	(47 769 736)	-

Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

	Historical cost			Total ZWL
	GROUP			
	Less than 1 year ZWL	1 to 5 years ZWL	More than 5 years ZWL	
As at 31 December 2021				
Liabilities				
Trade and other payables	(1 238 976 697)	-	-	(1 238 976 697)
Lease liabilities	(5 529 821)	(14 204 875)	(257 213 620)	(276 948 316)
Total liabilities	(1 244 506 518)	(14 204 875)	(257 213 620)	(1 515 925 013)
Assets held for managing liquidity risk				
Trade and other receivables	425 925 939	8 734 288	-	434 660 227
Cash and cash equivalents	1256 324 196	-	-	1 256 324 196
Total assets held for managing liquidity risk	1 682 250 135	8 734 288	-	1 690 984 423
Liquidity gap	437 743 617	(5 470 587)	(257 213 620)	175 059 410
Cumulative liquidity gap	437 743 617	432 273 030	175 059 410	-
As at 31 December 2020				
Liabilities				
Trade and other payables	(781 092 373)	-	-	(781 092 373)
Lease Liabilities	(4 319 456)	(9 030 363)	(246 529 940)	(259 879 759)
Total liabilities	(785 411 829)	(9 030 363)	(246 529 940)	(1 040 972 132)
Assets held for managing liquidity risk				
Trade receivables	175 818 933	6 191 861	-	182 010 794
Cash and cash equivalents	799 374 360	-	-	799 374 360
Total assets held for managing liquidity risk	975 193 293	6 191 861	-	981 385 154
Liquidity gap	189 781 464	(2 838 502)	(246 529 940)	(59 586 978)
Cumulative liquidity gap	189 781 464	186 942 962	(59 586 978)	-



Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

	Inflation adjusted			Total ZWL
	COMPANY			
	Less than 1 year ZWL	1 to 5 years ZWL	More than 5 years ZWL	
As at 31 December 2021				
Liabilities				
Trade and other payables	(86 663 772)	-	-	(86 663 772)
Total liabilities	(86 663 772)	-	-	(86 663 772)
Assets held for managing liquidity risk				
Trade receivables	11 297 678	-	-	11 297 678
Cash and cash equivalents	57 581	-	-	57 581
Total assets held for managing liquidity risk	11 355 259	-	-	11 355 259
Liquidity gap	(75 308 513)	-	-	(75 308 513)
Cumulative liquidity gap	(75 308 513)	(75 308 513)	(75 308 513)	-
As at 31 December 2020				
Liabilities				
Trade and other payables	(74 300 613)	-	-	(74 300 613)
Total liabilities	(74 300 613)	-	-	(74 300 613)
Assets held for managing liquidity risk				
Trade receivables	20 750	-	-	20 750
Cash and cash equivalents	82 280	-	-	82 280
Total assets held for managing liquidity risk	103 030	-	-	103 030
Liquidity gap	(74 197 583)	-	-	(74 197 583)
Cumulative liquidity gap	(74 197 583)	(74 197 583)	(74 197 583)	-

Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

	Historical cost			
	COMPANY			
	Less than 1 year ZWL	1 to 5 years ZWL	More than 5 years ZWL	Total ZWL
As at 31 December 2021				
Liabilities				
Trade and other payables	(86 663 772)	-	-	(86 663 772)
Total liabilities	(86 663 772)	-	-	(86 663 772)
Assets held for managing liquidity risk				
Trade receivables	11 297 678	-	-	11 297 678
Cash and cash equivalents	57 581	-	-	57 581
Total assets held for managing liquidity risk	11 355 259	-	-	11 355 259
Liquidity gap	(75 308 513)	-	-	(75 308 513)
Cumulative liquidity gap	(75 308 513)	(75 308 513)	(75 308 513)	-
As at 31 December 2020				
Liabilities				
Trade and other payables	(46 224 907)	-	-	(46 224 907)
Total liabilities	(46 224 907)	-	-	(46 224 907)
Assets held for managing liquidity risk				
Trade receivables	12 909	-	-	12 909
Cash and cash equivalents	51 189	-	-	51 189
Total assets held for managing liquidity risk	64 098	-	-	64 098
Liquidity gap	(46 160 809)	-	-	(46 160 809)
Cumulative liquidity gap	(46 160 809)	(46 160 809)	(46 160 809)	-

The Group has positive liquidity gap arising from long-term leases of ZWL 255 560 303. The Company's liquidity gap largely arises from intercompany balance of ZWL46 030 367 with African Sun 'Zimbabwe (Private) Limited. The amount will not be called until the Company is adequately funded. The Company expects to close the liquidity gap in the medium term as working capital increases as result of positive cash to be generated from operations of the Group and subsidiaries declare dividends.

3.2 Capital management

(i) Risk management

The capital of the Group consists equity which comprises issued ordinary share capital and premium, retained earnings and other reserves as detailed in note 16. A total of 561 745 443 shares were issued during the year ended 31 December 2021 to the former shareholders of Dawn Properties Limited ("DPL") in exchange of a 91.17% equity ownership in DPL.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.



Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (continued)

(i) Risk management (continued)

In order to maintain or adjust the shareholders' equity, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

During the financial year ended 31 December 2021 gearing ratio was negative because the cash held by the Group exceed the debt. The gearing ratio at 31 December 2021 and 2020 were as follows:

	Inflation adjusted			
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Lease liabilities	276 948 316	417 723 401	-	-
Less cash and cash equivalents (note 15)	(1256 324 196)	(1284 891 820)	(57 581)	(82 280)
Net debt	(979 375 880)	(867 168 419)	(57 581)	(82 280)
Total equity	17327 922 666	3305 434 769	2144 410 908	1026 867 376
Total capital	17327 922 666	3305 434 769	2144 410 908	1026 867 376
Gearing ratio	6%	26%	0%	0%
Net debt reconciliation				
Lease liabilities	276 948 316	417 723 401	-	-
Less cash and cash equivalents (note 15)	(1256 324 196)	(1284 891 820)	(57 581)	(82 280)
Net debt	(979 375 880)	(867 168 419)	(57 581)	(82 280)
	Historical cost			
	GROUP		COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Lease liabilities	276 948 316	259 879 759	-	-
Less cash and cash equivalents (note 15)	(1256 324 196)	(799 374 360)	(57 581)	(51 189)
Net debt	(979 375 880)	(539 494 601)	(57 581)	(51 189)
Total equity	15939 848 288	1882 066 591	686 293 378	(31 876 491)
Total capital	15939 848 288	1882 066 591	686 293 378	(31 876 491)
Gearing ratio	6%	29%	0%	0%
Net debt reconciliation				
Lease liabilities	276 948 316	259 879 759	-	-
Less cash and cash equivalents (note 15)	(1256 324 196)	(799 374 360)	(57 581)	(51 189)
Net debt	(979 375 880)	(539 494 601)	(57 581)	(51 189)

Notes to the financial statements (continued)

For the year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (continued)

(ii) Dividends

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Final dividend for the year ended 31 December 2021 of ZWL 0.12 cents per fully paid share (2020 – ZWL nil cents per fully paid share)	171 034 746	24 531 300	171 034 746	4 998 217
Total dividends declared and paid	171 034 746	24 531 300	171 034 746	4 998 217
Subsequent to year end, a final dividend of ZWL 0.12 cents per fully paid share was declared (2020 – 0 cents), out of the profits for the year ended 31 December 2021.	171 034 746	-	171 034 746	-

3.3 Fair value measurements

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

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

- level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Group has the ability to access;
- level 2** inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- level 3** inputs are unobservable inputs for the asset or liability inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair value hierarchy for property and equipment, investment property and biological assets valuations have been disclosed under notes 8, 9 and 10 respectively.



Notes to the financial statements (continued)

For the year ended 31 December 2021

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and judgements

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

(a) Functional currency

On the 22 February 2019, Statutory Instrument 33 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act (Chapter 22:15) that introduced a new currency called the Real Time Gross Settlement ("RTGS") dollar. An Exchange Control Directive RU 28 of 2019 was also issued on the same day which introduced an interbank exchange rate for the RTGS dollar to the US\$ as well as other existing currencies in the multicurrency regime. In addition, Statutory Instrument 33 of 2019 was issued on 22 February 2019 which makes reference to the following matters among other key provisions;

- that the RBZ has, with effect from 22 February 2019 ("the Effective Date") issued an electronic currency called the RTGS;
- RTGS balances expressed in US\$ immediately before 22 February 2019, shall from the Effective date be deemed to be opening balances in RTGS dollar at par with the US\$;
- for accounting and other purposes, all assets and liabilities that were valued and expressed in US\$ immediately before 22 February 2019 shall be deemed to be values in RTGS dollars at rate of one-to one to the US\$; and
- that after the Effective date any variance from the opening parity rate shall be determined from time to time by the rate at which authorised dealers under the Exchange Control Act (Chapter 22:15) exchange the RTGS dollar for the US\$ and other currencies on a willing-seller willing-buyer basis.

The Group translated its statement of financial position on the date of change in functional currency at a rate of 1 US\$ to 1 ZWL in accordance with Statutory Instrument 33 and subsequently remeasured foreign currency denominated monetary assets and liabilities using the inter bank market rate. Foreign currency transactions were translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Transactions between 1 January 2019 and 22 February 2021 were translated at a rate of 1 US\$ to 1 ZWL in accordance with Statutory Instrument 33 and subsequently all foreign denominated transactions were translated using the inter bank market rate prevailing at the dates of the transactions. On 24 June 2020 the currency was renamed from RTGS dollar to the Zimbabwe dollar ("ZWL") through Statutory Instrument 142 of 2020. During May 2020, the RBZ allowed the use of US\$, again under Statutory Instrument 185 of 2020, this time on as temporary measure to contain the effects of COVID-19. This position has not been reversed and is currently obtaining in the market. Based on the foregoing, and the assessment done by the Group, its functional and reporting currency has changed from the US\$ to Zimbabwe dollar ("ZWL") from 22 February 2019. The financial statements are therefore presented in ZWL being the currency of the primary economic environment in which the Group operates. Prior year historical financial information were also presented in ZWL converted at a rate of ZWL:US\$ rate of 1:1.

The following exchange rates of ZWL to US\$ were applied in foreign currency transactions and balances for the period under review,

- Average exchange rate - 88.8252 (2020: 52.0062)
- Closing exchange rate - 108.6660 (2020: 81,7866)

(b) Income taxes

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

(c) Impairment of trade receivables and financial assets

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

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

Notes to the financial statements (continued)

For the year ended 31 December 2021

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and judgements

(d) Determination of lease terms

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

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

(e) Going concern

The Directors have assessed the ability of the Group to continue as going concerns and are of the view that, the preparation of these financial statements on a going concern basis is appropriate. Refer to note 2.1.2.

(f) Principal assumptions underlying estimation of fair value of property and equipment and investment property

The property and equipment and investment property, was valued as at 31 December 2021 by Dawn Property Consultancy (Private) Limited. Refer to note 8 and note 10 respectively for the assumptions underlying estimation of fair value for the respective assets.

4.2 Definitions of non IFRS measures

Interest cover times

This is the ratio of income before income tax and interest to finance cost.

Net assets

These are equivalent to shareholders' equity.

Net assets value per share

This is calculated by dividing the total shareholders equity by number of ordinary shares in issue.

Average daily rate ("ADR")

This is calculated by dividing the total rooms revenue by total room nights sold for the year.

Revenue per available room ("RevPAR")

This is calculated by dividing the total rooms revenue by the available rooms for the year.

Earning before interest and tax ("EBIT")

This is the profit before financing costs and income, and income tax.

Earnings before interest, tax, depreciation and amortisation ("EBITDA")

This is the profit before financing costs or income, income tax, depreciation and amortisation.

Pre-tax return on equity

This is calculated by dividing operating income plus dividend income and equity accounted earnings by closing total shareholders' equity.

Pre-tax return on total assets

This is calculated by dividing profit before financing costs and income and income tax by closing total assets.

Normalised earnings

This is earnings adjusted for unusual transaction and non-recurring items to allow comparison with prior period.

Normalised EBITDA

This is EBITDA adjusted for unusual transaction and non-recurring items to allow comparison with prior period.

Basic earnings per share

The calculations are based on the earnings attributable to ordinary shareholders. Account is taken of the number of shares in issue for the period during which they have participated in the income of the Group.

Financial gearing ratio

This represents the ratio of interest bearing debt, less cash to total shareholders' equity.



Notes to the financial statements (continued)

For the year ended 31 December 2021

5 CHANGE IN ACCOUNTING POLICY

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

5.1 Acquisition of Dawn: Business Combination of Entities Under Common Control

On 20 January 2021, the Company acquired majority shareholding of Dawn Properties Limited (“DPL”), a Company previously owned by the parent Company, Arden Capital (Private) Limited. As such, the acquisition is a business combination of entities under common control.

A business combination of entities under common control is scoped out of IFRS 3 - ‘Business Combination’. Resultantly, the Group had to develop an accounting policy to account for such transactions in line with IAS 8 - ‘Accounting Policies, Accounting Estimates and Errors’ and the Conceptual Framework. The Group elected to adopt IFRS 3 to account for common control transactions.

Gain on bargain purchase on acquisition

The following information relate to the acquisition of Dawn Properties Limited, acquire on 20 January 2021 through a share swap:

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Identifiable net assets value	10 603 220 629	-	6 250 289 949	-
Fair value of non-monetary assets transferred as consideration	(1 072 884 986)	-	(703 698 516)	-
Non-controlling interest	(935 920 558)	-	(551 697 928)	-
Gain on bargain purchase	8 594 415 085	-	4 994 893 505	-
Consideration paid in cash	-	-	-	-
Cash and cash equivalents in subsidiary acquired	55 236 445	-	36 229 237	-
Net cash inflow from acquisition of subsidiary	55 236 445	-	36 229 237	-

The purchase consideration, is the market value of ASL shares issued to DPL shareholders on 20 January 2021, restated to December 2021 in line with IAS 29 - ‘Financial Reporting in Hyperinflationary Economies’.

The gross contractual amounts of the receivables acquired were ZWL 131 803 597 and the best estimate at the acquisition date of the contractual cash flows not expected to be collected are ZWL 2 675 849. Resultantly the fair value of the receivables acquired are ZWL 129 127 748.

All the other identifiable net assets were recognised at their best estimated fair values (market rates) on the acquisition date.

6 IAS 29 IMPLEMENTATION

6.1 Inflation adjustment

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of measuring unit current at the end of reporting date. Professional judgement was used and appropriate adjustments were made to historical financial information in preparing financial information which is IAS 29 compliant. The restatement has been calculated by means of adjusting factors derived from the general consumer price index (“CPI”) published by Zimbabwe National Statistics Agency (“ZimStat”), which is a regulatory body with the official mandate to do so.

The adjustment factors used to restate the financial statements of Zimbabwe based subsidiaries as 31 December 2021, using 2020 base year are as follows:

Date	Indices	Adjusting factor	% Movement
31 December 2021	3 977	1,0000	61%
31 December 2020	2 475	1,6074	449%

Notes to the financial statements (continued)

For the year ended 31 December 2021

6 IAS 29 IMPLEMENTATION (CONTINUED)

6.1 Inflation adjustment (continued)

The indices and adjusting factors have been applied to the historical cost of transactions and balances. All items in the statement of comprehensive income are restated by applying relevant monthly adjusting factors and the net effect of the inflation adjustments on the net monetary position is included in the statement of comprehensive income as a monetary loss or gain. Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date.

Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date. Non-monetary assets and liabilities that are not carried at amounts current at the reporting date and components of shareholders equity are restated by applying the relevant monthly adjusting factor.

Property and equipment were restated by applying the relevant monthly adjusting factor and then compared against the revalued amounts. A revaluation gain or impairment loss was recognised as appropriate. Property and equipment additions were restated from the date of purchase, using the relevant monthly adjusting factor. Disposals were restated from dates of sale using relevant monthly adjusting factor.

Capital work in progress was not revalued, but was restated by applying the relevant monthly adjusting factor.

Investment properties were carried at fair value, hence restated carrying amounts were only used to determine fair value gains recognised in income statement.

Prepayments were restated by applying the relevant monthly adjusting factor.

Inventories were carried at the lower of restated cost and net realisable value. Deferred tax was provided in respect of temporary differences arising from the restatement of assets and liabilities.

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

The Group's foreign subsidiary's transactions once converted to ZWL, are treated like all other ZWL numbers as described in note 2.1.3.

6.2 Restatement of prior year financial statements due to inappropriate method applied in determining inflation adjusted cost of sales

The Group adopted IAS 29- "Financial Reporting in Hyperinflationary Economies" with effect from 1 January 2019, after the Public Accountants and Audit Board pronounced that the Zimbabwe local currency was in hyperinflation. IAS29 requires that all amounts reported be stated in terms of the measuring unit current at the end of the reporting period. To achieve this, the historical amounts are restated by applying the inflation indices from the date it was first recognised in the financial statements (transaction date). The restatement of financial statements in accordance with IAS 29 allowed the use of procedures and judgments while emphasising on consistent application of these procedures and judgments as opposed to the precise accuracy of the resulting amounts included in the restated financial statements.

Since the initial adoption of IAS 29, the Group has applied the direct method to adjust the 'cost of sales' from the historical amounts to inflation-adjusted amounts. The direct method implies that the monthly cost of sales expense on historical numbers is adjusted by applying the monthly inflation indices. Management believed that this method is compliant with IAS 29 and has consistently applied it in previous periods. After due consideration relating to fair presentation, management decided to change to the 'indirect method' in respect of restating the cost of sales.

In terms of the indirect method, the cost of sales expense is determined as a function of various components which are; opening inventories, closing inventories, and purchases. Each component is restated separately to determine the restated cost of sales expenses as a function of the restated components.

This method was applied retrospectively by the re-computing prior period cost of sales expenses. This revision further resulted in the restatement of items in the statement of comprehensive income i.e. cost of sales and net-monetary loss recognised in the prior year with effect from 1 January 2020. This does not have any impact on current and prior year profit nor the statement of financial position.

The impact of the change in the method of hyper-inflating cost of sales expense on the Group's Statement of Comprehensive Income is as follows;

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

The Group does not rely on any one specific customer as none of its customers contributes a minimum of 10% (2019 : 10%) of its revenue.



Notes to the financial statements (continued)

For the year ended 31 December 2021

6 IAS 29 IMPLEMENTATION (CONTINUED)

6.2 Restatement of prior year financial statements due to inappropriate method applied in determining inflation adjusted cost of sales (continued)

	31 December 2020 ZWL
Increase in cost of sales	
Decrease in monetary loss	(287 903 515)
Change in profit for the year	287 903 515
Change in basic earnings	-

As seen above the impact on the prior year cost of sales comparatives was an increase to ZW\$1 114 417 027 from ZWL\$826 513 511 and consequently the net monetary gain increased to ZW\$ 2 696 415 638. The change in cost of sales method had no impact on basic earning per share as there was no impact on profit.

The retrospective application has not resulted in restatement of any component of equity.

7 SEGMENT INFORMATION

The Executive Committee assesses the performance of the operating segments based on:

- Hotel occupancies;
- Hotel revenue per available room ("RevPAR");
- Hotel average daily room rate ("ADR"); and
- Properties occupancies and sales
- Consultancy work completed
- Profitability.

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

1. City and Country Hotels

This segment comprise Troutbeck Resort, Holiday Inn Harare, Holiday Inn Bulawayo, Holiday Inn Mutare and Monomotapa Hotel. These hotels are headed by Country and City Hotels Operations Executive who reports to the Chief Executive Officer.

2. Resort Hotels

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

3. Partnership

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

4. Real Estate

This segment includes eight hotels, seven of which are leased to the hospitality segment, two timeshare lodges, residential properties in Harare, land banks across Zimbabwe, held either for sale or capital appreciation. This segment also includes a property consultancy business that offers property management, valuation, agency and other and property related ancillary services.

5. Other

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

Revenue from contracts with customers

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

The Group does not rely on any one specific customer as none of its customers contributes a minimum of 10% (2020 : 10%) of its revenue.

The segment information provided to the Executive Committee for the reportable segments is as follows:

	Inflation adjusted						
	City and Country Hotels ZWL	Resort hotels ZWL	Partnership hotels ZWL	Real Estate ZWL	Supporting business units ZWL	Intersegment transactions ZWL	Consolidated ZWL
Year ended 31 December 2021							
Revenue:							
Sale of room nights	1 272 607 634	650 715 468	86 155 208	-	-	-	2 009 478 310
Sale of food and beverages	1 034 373 986	508 300 623	29 486 595	-	-	-	1 572 161 204
Management fees and commissions	-	-	-	-	44 271 856	(44 271 856)	-
Conferencing	41 919 918	35 687 289	-	-	-	-	77 607 207
Property development sales	-	-	-	141 484 915	-	-	141 484 915
Valuation and consultancy services	-	-	-	97 443 242	-	(4 791 345)	92 651 897
Property rentals	-	-	-	274 595 919	-	(253 412 725)	21 183 194
Other income	217 707 905	148 439 484	24 218 845	-	18 866 235	(672 495)	408 559 974
Revenue from contracts with customers	2 566 609 443	1 343 142 864	139 860 648	513 524 076	63 138 091	(303 148 421)	4 323 126 701
Gaming	-	-	-	-	5 396 563	-	5 396 563
Total revenue	2 566 609 443	1 343 142 864	139 860 648	513 524 076	68 534 654	(303 148 421)	4 328 523 264
Material (expenses)/income							
Cost of sales	(718 390 187)	(413 366 669)	(28 679 544)	(159 088 206)	(4 663 719)	-	(1 324 188 325)
Employee benefit expenses	(285 587 682)	(202 063 267)	(28 534 011)	(80 939 324)	(239 880 120)	-	(837 004 404)
Operating lease costs	(233 801 936)	(220 667 092)	(13 178 798)	(6 186 550)	(972 619)	253 412 725	(221 394 270)
Fair value gains on investment property	-	-	-	4 567 173 374	-	(3 403 402 041)	1 163 771 333
Exchange (loss)/gain	(8 125 014)	(68 316 470)	15 377 228	23 323 110	185 909 127	-	148 167 981
Other information	(1 245 904 819)	(904 413 498)	(55 015 125)	4 344 282 404	(59 607 331)	(3 149 989 316)	(1 070 647 685)
EBITDA	754 775 225	(6 285 186)	6 367 710	4 704 736 927	(150 720 282)	5 182 247 710	10 491 122 104
Depreciation and impairment loss	(213 185 432)	(143 780 276)	(54 383 279)	(30 941 348)	(63 992 894)	(92 953 825)	(599 237 054)
Rights of use assets amortisation	(9 739 971)	(320 528)	(49 398)	-	(5 303 628)	-	(15 413 525)
Finance costs - borrowings (net)	(20 922 694)	(26 594 184)	-	(395 581)	90 693	-	(47 821 766)
Finance costs - lease liabilities	(32 084 567)	(830 407)	(130 911)	-	(1 485 884)	-	(34 531 769)
Monetary Loss	-	-	-	(41 538 481)	18 655 370	-	(22 883 111)
Profit/(loss) before income tax	478 842 561	(177 810 581)	(48 195 878)	4 631 861 517	(202 756 625)	5 089 293 885	9 771 234 879
Total assets as at 31 December 2021	3 562 085 284	2 114 018 518	414 457 867	15 680 399 831	2 563 298 492	(2 198 019 377)	22 136 240 615
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):	92 888 920	80 149 977	163 445 957	12 454 431	21 229 088	-	370 168 373
-Property and equipment							
Total liabilities as at 31 December 2021	847 055 197	700 713 492	50 403 345	532 519 196	656 728 202	708 055 167	3 495 474 599
Key performance indicators							
Occupancy (%)	45%	19%	14%	-	-	-	31%
ADR (ZWL)	10 011	11 658	30 997	-	-	-	10 820
RevPAR (ZWL)	4 539	2 251	4 253	-	-	-	3 408
Total RevPAR (ZWL)	9 154	4 646	6 904	-	-	-	6 907



Notes to the financial statements (continued)

For the year ended 31 December 2021

SEGMENT INFORMATION (CONTINUED)

	Inflation adjusted						
	City and Country Hotels ZWL	Resort hotels ZWL	Partnership hotels ZWL	Real Estate ZWL	Supporting business units ZWL	Intersegment transactions ZWL	Consolidated ZWL
Year ended 31 December 2020							
Revenue:							
Sale of room nights	1 085 742 849	367 687 564	92 034 912	-	-	-	1 545 465 325
Sale of food and beverages	847 497 047	388 834 553	44 007 724	-	-	-	1 280 339 324
Management fees and commissions	-	-	-	-	80 956 614	(80 956 614)	-
Confencing	35 001 706	25 541 731	-	-	-	-	60 543 437
Other income	30 091 990	23 429 243	8 952 378	-	3 447 391	-	65 921 002
Revenue from contracts with customers	1 998 333 592	805 493 091	144 995 014	-	84 404 005	(80 956 614)	2 952 269 088
Gaming	-	-	-	-	5 218 114	-	5 218 114
Total revenue	1 998 333 592	805 493 091	144 995 014	-	89 622 119	(80 956 614)	2 957 487 202
Material (expenses)/income							
Cost of sales	(674 450 139)	(381 192 544)	(56 325 140)	-	(2 448 920)	-	(1 114 416 743)
Employee benefit expenses	(218 564 243)	(178 226 231)	(34 361 562)	-	(151 623 649)	-	(582 775 685)
Operating lease costs	(186 447 562)	(80 394 892)	(14 238 164)	-	(1 782 876)	-	(282 863 494)
Exchange (loss)/gain	(344 338 870)	(222 024 696)	82 144 444	-	170 893 255	-	(313 325 867)
Other information							
EBITDA	568 742 655	(186 330 812)	35 411 495	-	(777 978 665)	80 956 614	(279 198 713)
Depreciation and impairment loss	(231 536 172)	(138 013 450)	(51 350 613)	-	(42 305 192)	-	(463 205 427)
Rights of use assets amortisation	(8 511 249)	(730 705)	(100 805)	-	(4 731 318)	-	(14 074 077)
Finance costs - borrowings (net)	(35 071 407)	(43 057 209)	(687 648)	-	4 752 814	-	(74 063 450)
Finance costs - lease liabilities	(27 321 515)	(1 906 274)	(313 163)	-	(1 209 829)	-	(30 750 781)
Monetary Loss	-	-	-	-	(2 120 607 781)	-	(2 120 607 781)
Profit/(loss) before income tax	266 302 312	(370 038 450)	(17 040 734)	-	(2 942 079 971)	80 956 614	(2 981 900 229)
Total assets as at 31 December 2020	2 596 319 418	1 163 034 463	326 681 172	-	1 567 954 091	-	5 653 989 144
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):	101 659 889	131 673 802	3 588 720	-	50 929 988	-	287 852 399
-Property and equipment							
Total liabilities as at 31 December 2020	1 108 310 454	666 492 355	57 396 790	-	516 354 776	-	2 348 554 375
Key performance indicators							
Occupancy (%)	36%	12%	12%	-	-	-	23%
ADR (ZWL)	10 826	10 810	32 281	-	-	-	11 268
RevPAR (ZWL)	3 871	1 281	3 912	-	-	-	2 614
Total RevPAR (ZWL)	7 124	2 805	6 164	-	-	-	5 002

Notes to the financial statements (continued)

For the year ended 31 December 2021

	Historical cost						
	City and Country Hotels ZWL	Resort hotels ZWL	Partnership hotels ZWL	Real Estate ZWL	Supporting business units ZWL	Intersegment transactions ZWL	Consolidated ZWL
Year ended 31 December 2021							
Revenue:							
Sale of room nights	1 041 011 123	565 776 159	73 943 512	-	-	-	1 680 730 794
Sale of food and beverages	859 836 648	442 657 223	25 412 672	-	-	-	1 327 906 543
Management fees and commissions	-	-	-	-	36 193 044	(36 193 044)	-
Conferencing	34 761 027	31 767 679	-	-	-	-	66 528 706
Property development sales	-	-	-	117 933 271	-	-	117 933 271
Valuation and consultancy services	-	-	-	76 360 865	-	(3 324 563)	73 036 302
Property rentals	-	-	-	231 968 541	-	(214 766 853)	17 201 688
Other income	182 232 992	129 346 764	20 704 979	-	16 715 514	(513 191)	348 487 058
Revenue from contracts with customers	2 117 841 790	1 169 547 825	120 061 163	426 262 677	52 908 558	(254 797 651)	3 631 824 362
Gaming	-	-	-	-	4 463 630	-	4 463 630
Total revenue	2 117 841 790	1 169 547 825	120 061 163	426 262 677	57 372 188	(254 797 651)	3 636 287 992
Material (expenses)/income							
Cost of sales	(569 518 331)	(341 879 968)	(23 584 466)	(24 076 583)	(3 814 486)	-	(962 873 834)
Employee benefit expenses	(235 304 463)	(168 498 625)	(23 583 986)	(64 631 906)	(196 554 004)	-	(688 572 984)
Operating lease costs	(193 769 174)	(180 212 563)	(11 318 937)	(4 604 292)	(827 822)	214 766 853	(175 965 935)
Fair value gains on investment property	-	-	-	8 428 663 572	-	(6 284 978 276)	2 143 685 296
Exchange (loss)/gain	(10 614 212)	(59 539 777)	11 166 993	20 901 944	164 050 406	-	125 965 354
Other information							
EBITDA	(1 009 206 180)	(750 130 933)	(47 320 396)	8 356 252 735	(37 145 906)	(6 070 211 423)	442 237 897
Depreciation and impairment loss	650 472 316	57 771 747	9 323 229	8 678 343 649	(114 289 482)	(1 297 756 396)	7 983 865 063
Rights of use assets amortisation	(164 924 328)	(111 882 869)	(42 035 022)	(8 926 467)	(37 427 644)	(73 243 011)	(438 439 344)
Finance costs - borrowings (net)	(7 553 326)	(248 393)	(38 281)	-	(4 205 179)	-	(12 045 179)
Finance costs - lease liabilities	(17 706 318)	(23 113 407)	-	(196 297)	72 436	-	(40 943 586)
Monetary Loss	(24 859 421)	(643 290)	(101 416)	-	(1 202 916)	-	(26 807 043)
Profit/(loss) before income tax	435 428 923	(78 116 212)	(32 851 490)	8 669 220 885	(157 052 785)	(1 370 999 407)	7 465 629 914
Total assets as at 31 December 2021	2 748 439 241	1 631 137 659	319 788 038	15 123 706 581	2 563 298 492	(739 901 846)	21 060 963 465
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets):	76 728 133	66 205 507	135 009 677	10 870 798	17 535 657	-	306 349 772
Total liabilities as at 31 December 2021	847 055 197	700 713 492	50 403 345	447 830 202	528 534 258	1 271 429 487	3 845 965 981
Key performance indicators							
Occupancy (%)	45%	19%	14%	-	-	-	31%
ADR (ZWL)	8 189	8 189	8 189	-	-	-	9 050
RevPAR (ZWL)	3 713	3 713	3 713	-	-	-	2 850
Total RevPAR (ZWL)	7 554	7 554	7 554	-	-	-	5 813



Notes to the financial statements (continued)

For the year ended 31 December 2021

	Historical cost							Consolidated ZWL
	City and Country Hotels ZWL	Resort hotels ZWL	Partnership hotels ZWL	Real Estate ZWL	Supporting business units ZWL	Intersegment transactions ZWL		
Year ended 31 December 2020								
Revenue:								
Sale of room nights	487 799 009	143 636 795	19 902 666	-	-	-	-	651 338 470
Sale of food and beverages	378 521 425	129 759 618	10 454 523	-	-	-	-	518 735 566
Management fees and commissions	-	-	-	-	21 726 890	(21 726 890)	-	-
Conferecing	14 962 964	5 946 894	-	-	-	-	-	20 909 858
Other income	15 286 935	8 563 230	2 723 707	-	2 074 137	-	-	28 648 009
Revenue from contracts with customers	896 570 333	287 906 537	33 080 896	-	23 801 027	(21 726 890)	-	1 219 631 903
Gaming	-	-	-	-	1 535 941	-	-	1 535 941
Total revenue	896 570 333	287 906 537	33 080 896	-	25 336 968	(21 726 890)	-	1 221 167 844
Material (expenses)/income								
Cost of sales	(200 504 228)	(97 042 564)	(10 696 053)	-	(811 401)	-	-	(309 054 246)
Employee benefit expenses	(82 612 201)	(63 172 979)	(11 661 854)	-	(59 002 016)	-	-	(216 449 050)
Operating lease costs	(80 593 723)	(28 097 908)	(3 172 724)	-	(536 548)	-	-	(112 400 903)
Exchange (loss)/gain	(130 412 468)	(82 718 914)	23 707 575	-	52 018 592	-	-	(137 405 215)
Other information	(494 122 620)	(271 032 365)	(1 823 056)	-	(8 331 373)	-	-	(775 309 414)
EBITDA								
Depreciation and impairment loss	384 779 871	(34 903 087)	(828 579)	-	(332 749 235)	21 726 890	-	38 025 860
Rights of use assets amortisation	(93 517 991)	(53 140 232)	(18 164 890)	-	(16 984 090)	-	-	(181 807 203)
Finance costs - borrowings (net)	(4 275 523)	(248 393)	(38 280)	-	(1 785 483)	-	-	(6 347 679)
Finance costs - lease liabilities	(21 818 884)	(26 787 336)	(116 416)	-	940 922	-	-	(47 781 714)
Monetary Loss	(13 795 393)	(649 421)	(102 301)	-	(403 085)	-	-	(14 950 200)
Profit/(loss) before income tax	251 372 080	(115 728 469)	(19 250 466)	-	(350 980 971)	21 726 890	-	(212 860 936)
Total assets as at 31 December 2020	1 508 909 460	675 907 974	189 858 115	-	911 251 807	-	-	3 285 927 356
Total assets include:								
Additions to non-current assets (other than financial instruments and deferred tax assets):								
-Property and equipment	84 504 538	95 387 045	2 644 954	-	27 957 094	-	-	210 493 631
Total liabilities as at 31 December 2020	675 602 775	406 279 741	34 987 878	-	286 990 371	-	-	1 403 860 765
Key performance indicators								
Occupancy (%)	36%	12%	12%	-	-	-	-	23%
ADR (ZWL)	4 864	4 223	6 981	-	-	-	-	4 749
RevPAR (ZWL)	1 739	500	846	-	-	-	-	1 102
Total RevPAR (ZWL)	3 196	1 003	1 406	-	-	-	-	2 065

Notes to the financial statements (continued)

For the year ended 31 December 2021

PROPERTY AND EQUIPMENT

	Inflation adjusted						Total ZWL
	Freehold properties ZWL	Leasehold properties ZWL	Equipment ZWL	Service stocks ZWL	Motor vehicles ZWL	Capital work in progress ZWL	
Year ended 31 December 2020							
Opening net book amount	490 911 854	410 353 217	1 902 209 176	42 695 063	173 489 700	239 654 140	3 259 313 150
Additions	30 720 164	8 408 644	79 138 905	14 165 748	61 108 099	94 310 839	287 852 399
Transfers in/out	-	124 137 705	67 240 155	-	-	(191 377 860)	-
Foreign exchange difference	-	-	(2 052 003)	-	-	-	(2 052 003)
Disposals cost	-	-	(30 592 704)	-	(12 563 982)	-	(43 156 686)
Accumulated depreciation on disposals	-	-	18 105 374	-	559 316	-	18 664 690
Revaluation - cost	59 521 204	(140 930 968)	(410 018 910)	-	4 817 374	-	(486 611 300)
Revaluation - depreciation	6 320 933	197 599 778	348 803 941	-	35 057 094	-	587 781 746
Depreciation and usage	(7 933 831)	(112 043 913)	(270 050 000)	(34 059 306)	(39 118 377)	-	(463 205 427)
Closing net book amount	579 540 324	487 524 463	1 702 783 934	22 801 505	223 349 224	142 587 119	3 158 586 569
As at 31 December 2020							
Cost	987 335 215	865 576 629	3 648 871 330	332 322 901	234 002 638	142 587 119	6 210 695 832
Accumulated depreciation and accumulated impairment	(407 794 891)	(378 052 166)	(1 946 087 396)	(309 521 396)	(10 653 414)	-	(3 052 109 263)
Net book amount	579 540 324	487 524 463	1 702 783 934	22 801 505	223 349 224	142 587 119	3 158 586 569
Year ended 31 December 2021							
Opening net book amount	579 540 324	487 524 463	1 702 783 934	22 801 505	223 349 224	142 587 119	3 158 586 569
Additions	9 663 345	27 126 595	82 089 924	26 499 273	15 834 554	208 954 682	370 168 373
Acquisition of subsidiary	7 622 595 614	-	28 506 080	-	40 996 575	-	7 692 098 269
Transfers in/out	-	3 637 987	6 412 937	-	-	(10 050 924)	-
Foreign exchange difference	-	-	(326 533)	-	-	-	(326 533)
Disposals cost	-	(391 503)	(32 946 658)	-	(1 709 003)	-	(35 047 164)
Accumulated depreciation on disposals	-	391 503	23 836 589	-	1 367 200	-	25 595 292
Revaluation - cost	4 321 006 653	137 892 879	874 814 926	-	92 656 105	-	5 426 370 563
Revaluation - depreciation	(405 705 556)	(1 476 414)	(466 563 848)	-	50 128 247	-	(823 617 571)
Depreciation and usage	(99 007 822)	(140 113 457)	(280 536 227)	-	(58 184 336)	(24 191 587)	(602 033 429)
Closing net book amount	12 028 092 558	514 592 053	1 938 071 124	49 300 778	364 438 566	317 299 290	15 211 794 369
As at 31 December 2021							
Cost or fair value	12 940 600 827	1 033 842 583	4 609 474 009	25 109 194	381 780 876	341 490 870	19 332 298 359
Accumulated depreciation and accumulated impairment	(912 508 270)	(519 250 533)	(2 671 402 884)	-	(17 342 303)	-	(4 120 503 990)
Net book amount	12 028 092 557	514 592 050	1 938 071 125	25 109 194	364 438 573	341 490 870	15 211 794 369



Notes to the financial statements (continued)

For the year ended 31 December 2021

	Historical cost						Total ZWL
	Freehold properties ZWL	Leasehold properties ZWL	Equipment ZWL	Service stocks ZWL	Motor vehicles ZWL	Capital work in progress ZWL	
Year ended 31 December 2020							
Opening net book amount	68 083 500	56 910 994	263 520 225	3 208 036	24 060 915	21 905 126	437 688 796
Additions	15 128 303	65 968 478	57 809 222	4 956 575	13 792 009	52 839 044	210 493 631
Transfers in/out	-	13 100 434	6 025 093	-	-	(19 125 527)	-
Foreign exchange difference	-	-	800 013	-	-	-	800 013
Disposals cost	-	(18 297)	(6 465 570)	-	(3 196 538)	-	(9 680 405)
Accumulated depreciation on disposals	-	18 297	3 940 146	-	77 585	-	4 036 028
Revaluation - cost	474 710 097	338 306 020	1 668 571 800	-	109 762 151	-	2 591 350 068
Revaluation - depreciation	(194 710 780)	(122 987 683)	(823 385 290)	-	11 398 475	-	(1 129 685 278)
Depreciation and usage	(2 659 620)	(47 992 904)	(111 456 566)	(2 756 596)	(16 941 517)	-	(181 807 203)
Closing net book amount	360 551 500	303 305 339	1 059 359 073	5 408 015	138 953 080	55 618 643	1 923 195 650
As at 31 December 2020							
Cost	614 254 400	538 504 292	2 270 455 780	8 164 609	145 580 627	55 618 643	3 632 578 351
Accumulated impairment	(253 702 900)	(235 198 953)	(1 211 096 707)	(2 756 594)	(6 627 547)	-	(1 709 382 701)
Net book amount	360 551 500	303 305 339	1 059 359 073	5 408 015	138 953 080	55 618 643	1 923 195 650
Year ended 31 December 2021							
Opening net book amount	360 551 500	303 305 339	1 059 359 073	5 408 015	138 953 080	55 618 643	1 923 195 650
Additions	8 409 954	22 447 867	76 260 694	23 172 150	14 562 393	161 496 714	306 349 772
Acquisition of subsidiary	4 742 272 770	-	17 677 511	-	25 239 112	-	4 785 189 393
Transfers in/out	-	1 896 134	3 698 146	-	-	(5 594 280)	-
Foreign exchange difference	-	-	166 273	-	-	-	166 273
Impairment	-	-	-	-	-	-	-
Disposals	-	(243 567)	(20 551 587)	-	(1 063 226)	-	(21 858 380)
Accumulated depreciation on disposals	-	243 567	14 924 660	-	850 581	-	16 018 808
Revaluation - cost	7 555 952 887	471 237 853	2 299 424 707	-	179 999 084	-	10 506 614 531
Revaluation - depreciation	(561 160 011)	(175 905 214)	(1 305 112 026)	-	42 805 753	-	(1 999 371 498)
Depreciation and usage	(77 934 545)	(108 389 936)	(207 776 340)	-	(36 908 183)	(7 164 103)	(438 173 107)
Closing net book amount	12 028 092 555	514 592 043	1 938 071 111	28 580 165	364 438 594	204 356 974	15 078 131 442
As at 31 December 2021							
Cost or fair value	12 920 890 011	1 033 842 581	4 647 131 530	21 416 060	364 317 983	211 521 076	19 199 119 241
Accumulated depreciation and accumulated impairment	(892 797 456)	(519 250 533)	(2 709 060 402)	-	120 592	-	(4 120 987 799)
Net book amount	12 028 092 555	514 592 048	1 938 071 128	21 416 060	364 438 575	211 521 076	15 078 131 442

Notes to the financial statements (continued)

For the year ended 31 December 2021

8 PROPERTY AND EQUIPMENT (CONTINUED)

	Inflation adjusted			
	COMPANY			
	Leasehold properties ZWL	Equipment ZWL	Motor vehicles ZWL	Total ZWL
Year ended 31 December 2020				
Opening net book value	5 012 845	9 723 287	1 070 347	15 806 479
Disposals	-	(1 106 348)	(2 100 620)	(3 206 968)
Accumulated depreciation on disposals	-	587 248	205 605	792 853
Revaluation - cost	350 455	(7 598 648)	816 194	(6 431 999)
Revaluation - accumulated depreciation	631 562	8 671 040	188 079	9 490 681
Depreciation	(1 282 025)	(3 823 798)	(179 605)	(5 285 428)
Closing net book value	4 712 837	6 452 781	-	11 165 618
As at 31 December 2020				
Cost	5 363 300	1 018 291	(214 079)	6 167 512
Accumulated depreciation and accumulated impairment	(650 463)	5 434 490	214 079	4 998 106
Net book value	4 712 837	6 452 781	-	11 165 618
Year ended 31 December 2021				
Opening net book value	4 712 837	6 452 781	-	11 165 618
Disposals	-	(98 595)	-	(98 595)
Accumulated depreciation on disposals	-	45 821	-	45 821
Revaluation- cost	462 749	(4 412 441)	-	(3 949 692)
Revaluation- depreciation	902 890	4 471 053	-	5 373 943
Depreciation	(1 778 312)	(2 645 223)	-	(4 423 535)
Closing net book value	4 300 164	3 813 396	-	8 113 560
As at 31 December 2021				
Cost	5 175 586	1 941 745	-	7 117 331
Accumulated depreciation and accumulated impairment	(875 422)	1 871 651	-	996 229
Net book value	4 300 164	3 813 396	-	8 113 560



Notes to the financial statements (continued)

For the year ended 31 December 2021

8 PROPERTY AND EQUIPMENT (CONTINUED)

	Historical cost			
	COMPANY			
	Leasehold properties ZWL	Equipment ZWL	Motor vehicles ZWL	Total ZWL
Year ended 31 December 2020				
Opening net book value	695 220	1 348 501	148 445	2 192 166
Disposals	-	(153 436)	(291 332)	(444 768)
Accumulated depreciation on disposals	-	81 444	28 515	109 959
Revaluation - cost	4 134 520	5 040 449	113 197	9 288 166
Revaluation - accumulated depreciation	(1 363 631)	(853 901)	47 416	(2 170 116)
Depreciation	(534 097)	(1 448 563)	(46 241)	(2 028 901)
Closing net book value	2 932 012	4 014 494	-	6 946 506
As at 31 December 2020				
Cost	5 258 058	7 842 580	(142 887)	12 957 751
Accumulated depreciation and accumulated impairment	(2 326 046)	(3 828 086)	142 887	(6 011 245)
Net book value	2 932 012	4 014 494	-	6 946 506
Year ended 31 December 2021				
Opening net book value	2 932 012	4 014 494	-	6 946 506
Disposals	-	(61 339)	-	(61 339)
Accumulated depreciation on disposals	-	28 507	-	28 507
Revaluation- cost	3 656 344	313 662	-	3 970 006
Revaluation- depreciation	(910 096)	1 459 472	-	549 376
Depreciation	(1 378 100)	(1 941 395)	-	(3 319 495)
Closing net book value	4 300 160	3 813 401	-	8 113 561
As at 31 December 2021				
Cost	8 914 402	8 094 903	-	17 009 305
Accumulated depreciation and accumulated impairment	(4 614 242)	(4 281 502)	-	(8 895 744)
Net book value	4 300 160	3 813 401	-	8 113 561

Capital work in progress relates to refurbishment equipment and hotel furniture, fittings and equipment for the hotels that was undertaken during the financial year. This is not depreciated until it is brought to use.

All the depreciation is charged in operating expenses in the statement of comprehensive income.

There were no contractual commitments for the acquisitions of property and equipment as at 31 December 2021 (2020: ZWLnil)

Notes to the financial statements (continued)

For the year ended 31 December 2021

8 PROPERTY AND EQUIPMENT (CONTINUED)

Valuation processes

Property and equipment was valued as at 31 December 2021 by Dawn Property Consultancy (Private) Limited (“DPC”). The fair value was determined in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual (the “Red Book”) 6th Edition, International Valuations Standards Committee (“IVSC”) and the Real Estate Institute of Zimbabwe (“REIZ”) Standards. The valuation basis was based on market comparison method for land and freehold property while cost approach was used on valuation of equipment. Both valuation approaches conform to international valuation standards. The different levels of determining the fair values have been defined as follows:

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

There are no level 1 and level 2 assets and there were no transfers between level 1 and level 2 during 2021.

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

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

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value as at 31 December 2021 ZWL	Valuation technique	Unobservable inputs	Range of Unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value	
Freehold properties	12 028 092 557	Market approach	ZWL rate per square meter price	Low density houses High density houses Boundary walls Gates	ZWL4 300- ZWL4 900 per square meter ZWL 3 800- ZWL4 500 per square meter ZWL 5 000- ZWL 7 000 per square meter ZWL160 000- ZWL180 000 per square meter	The higher the price per square meter the higher the fair value
Leasehold properties	514 592 050	Cost approach	Estimated cost of similar items		Wide cost range as the category comprises various items of hotel soft furnishings	The higher the cost of the inputs or items the higher the fair value
Equipment	1 938 071 125	Cost approach	Estimated cost of similar equipment		Wide cost range as the category comprises various items of equipment	The higher the cost of the equipment the higher the fair value
Motor vehicles	364 438 573	Cost approach	Estimated cost of similar vehicle		Cost per vehicle lowest ZWL 450 000 - highest ZWL 7 500 000	The higher the cost of the vehicle the higher the fair value



Notes to the financial statements (continued)

For the year ended 31 December 2021

9 BIOLOGICAL ASSETS

The Group owns biological assets in the form of a timber plantation. The timber is held mainly for sale as raw timber at maturity. The total area under the timber plantation as at 31 December 2021 is approximately 228.2 hectares (2020: 228.2 hectares).

The carrying amount of timber plantation was measured at fair value less cost to sale as at 31 December 2021. The fair value of plantation with age 14 to 29 years was determined using prices and other relevant information generated by market transactions involving timber of the same age. Market prices were obtained from the weekly auctions at the local market, which is considered the principal market for the purpose of the valuation. Fair values for timber plantation with an age below 14 years were determined using the amount that reflects the amount that would be required currently to replace the service capacity of an asset (current replacement cost).

Costs to sale include the incremental selling costs including estimated costs of transport to the market but excludes finance costs and income taxes.

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Timber plantations				
Mature (trees which are 14 years and older)	105 261 746	23 340 032	105 261 746	14 520 618
Immature (trees which are below 14 years)	13 130 462	22 833 675	13 130 462	14 205 596
	118 392 208	46 173 707	118 392 208	28 726 214

The fair value measurements of the timber has been categorised as level 3 (2020 : level 3) fair values based on the inputs to the valuation techniques used.

The following table presents the Group's biological assets that are measured at fair value, as at 31 December 2021.

	level 1 ZWL	level 2 ZWL	level 3 ZWL	Total ZWL
Timber plantations				
-mature	-	-	105 261 746	105 261 746
-immature	-	-	13 130 462	13 130 462
	-	-	118 392 208	118 392 208

The following table presents the Group's biological assets that are measured at fair value, as at 31 December 2020.

	level 1 ZWL	level 2 ZWL	level 3 ZWL	Total ZWL
Timber plantations				
-mature	-	-	23 340 032	23 340 032
-immature	-	-	22 833 675	22 833 675
	-	-	46 173 707	46 173 707

	Inflation adjusted		Historical cost	
	Timber plantation 31 December 2021 ZWL	Timber plantation 31 December 2020 ZWL	Timber plantation 31 December 2021 ZWL	Timber plantation 31 December 2020 ZWL
The reconciliation in the fair value of biological assets is as follows:				
Fair value as at 1 January	46 173 706	26 459 484	28 726 214	3 669 608
Fair value gains less estimated point of sale costs	72 218 502	19 714 222	89 665 994	25 056 606
As at 31 December	118 392 208	46 173 706	118 392 208	28 726 214
Net fair value gains for the year included in the statement of comprehensive income	72 218 502	19 714 222	89 665 994	25 056 606

Notes to the financial statements (continued)

For the year ended 31 December 2021

9 BIOLOGICAL ASSETS (CONTINUED)

No timber was sold during the year (2020: ZWL nil)

There are no biological assets with restricted title or pledged as collateral (2020: ZWL nil).

There are no commitments for the development or acquisitions of biological assets (2020: ZWL nil).

The Group is exposed to risks arising from regulatory, supply and demand, fire, diseases, environmental and climatic changes. The plantation is not insured as the cost of insurance outweighs the current fair value of the plantation.

Observability

Since biological assets are unique in nature the valuation inputs are largely unobservable.

There are inter-relationships between unobservable inputs. Increases in prices of timber and the costs of land preparation that enhance the biological assets may result in an increase in future values.

10 INVESTMENT PROPERTY

GROUP

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Balance at the beginning of the year	-	-	-	-
Acquisitions (excluding owner occupied hotel properties)	2291 574 114	-	1425 665 230	-
Additions	151 591 944	-	8 369 774	-
Transfer to assets classified as held for sale	(201 210 835)	-	(153 520 000)	-
Disposals	(15 117 332)	-	(9 405 000)	-
Fair value gains	1146 301 109	-	2102 028 996	-
Balance at the end of the year	3373 139 000	-	3373 139 000	-

Acquisitions relate to investment properties recognised as a result of the acquisition of Dawn Properties Limited ("DPL") effective January 2021. These investment properties are classified under the "Real Estate Segment" of the Group which comprises of eight hotel properties, two timeshare lodges, residential properties as well as a vast land bank across Zimbabwe, held either for capital appreciation or development. Seven of the eight hotel properties are leased to a fellow subsidiary of DPL, African Sun Zimbabwe (Private) Limited. Hotel properties leased to a fellow subsidiary are reclassified to Property Plant and Equipment as they are taken as owner occupied at Group level.

10.1 Valuation processes

Investment property was valued as at 31 December 2021 by Dawn Property Consultancy (Private Limited ("DPC") in accordance with the relevant professional guidelines and statements issued under the Royal "Institute of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book") 6th Edition, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards." The valuation basis was based on market comparison method for land and cost approach for freehold property. Both valuation approaches conform to international valuation standards.

DPC - a subsidiary of the Company, is a related party and therefore is not an independent valuer as encouraged but not required by IAS 40 - Investment property. DPC holds recognised and relevant professional qualifications and has experience in valuing similar assets in Zimbabwe.

10.1 Valuation techniques underlying management's estimation of fair value

Hotel buildings and timeshare properties with fair values of ZWL 12.5 billion, ZWL 1.9 billion and ZWL 224.8 million, respectively as at 31 December 2021 were valued based on the depreciated replacement cost basis as there was no active market for such assets in Zimbabwe during the year and in the previous year. These properties are included in investment property valued at ZWL 3.4 billion as at 31 December 2021 (31 December 2020: ZWL nil).

The valuers considered the gross replacement cost and the depreciated replacement cost in estimating the fair value of the hotel properties, in addition to taking into account recent market transactions where available.



Notes to the financial statements (continued)

For the year ended 31 December 2021

10 INVESTMENTS IN OTHER ENTITIES (CONTINUED)

10.1 Valuation techniques underlying management's estimation of fair value (continued)

The summary of the results are as follows:

	31 December 2021 ZWL	31 December 2020 ZWL
Hotel properties value indicators:		
Gross replacement cost (buildings)	37 351 905 000	-
Depreciated replacement cost (buildings)	9 926 206 000	-
Land value	2 596 810 000	-
Land value plus depreciated replacement cost of buildings	12 523 016 000	-
Market value	12 527 670 000	-

10.2 Valuation techniques underlying management's estimation of fair value

(a) Construction costs figures: Based on architectural design/modern equivalent as well as the costs from quantity surveyors' cost on steel and other requisite building materials.
To come up to the replacement cost per square metre.

(b) Age of property: Based on the use to date as well as the date from commissioning of the property and the current state of structures and utilities specific to its use as investment property, and the financial obsolescence of the structure.

(c) Comparable land values: Based on the intrinsic value of the land on which the structure is built supplied by quantity surveyors taking into consideration the respective zoning conducted by the office of the Surveyor General.

The Group's investment property is measured at fair value. The Group holds four classes of investment property being hotel properties, land, office and timeshares properties, all being situated in Zimbabwe.

	Hotel properties ZWL	Residential Properties ZWL	Land ZWL	Timeshares ZWL	Total ZWL
Fair value hierarchy	3	3	3	3	
	Cost approach	Cost approach	Market approach	Cost approach	
Year ended 31 December 2021					
As at 1 January 2021	-	-	-	-	-
Acquisitions	669 139 176	621 803 600	857 798 313	142 833 025	2 291 574 114
Additions	-	-	151 591 943	-	151 591 943
Transfer to assets classified as held for sale	-	-	(201 210 835)	-	(201 210 835)
Disposals	-	(15 117 332)	-	-	(15 117 332)
Fair value gains	534 750 823	198 773 732	330 820 579	81 955 975	1 146 301 109
As at 31 December 2021	1 203 889 999	805 460 000	1 139 000 000	224 789 000	3 373 138 999

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

Notes to the financial statements (continued)

For the year ended 31 December 2021

10 INVESTMENTS IN OTHER ENTITIES (CONTINUED)

10.3 Sensitivity analysis

Sensitivity analysis is performed on valuation of assets and liabilities with significant unobservable inputs (level 3) to generate a range of reasonable alternative valuations. The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative methods.

	Cost approach ZWL	Sales comparison ZWL
Sensitivity on managements estimates:		
Change in depreciated replacement cost/square metre (cost/sqm):		
Year ended 31 December 2021		
5% decrease in the replacement cost/sqm	496 310 300	-
5% increase in the replacement cost/sqm	(496 310 300)	-
5% decrease in the replacement cost/sqm	-	129 840 500
5% increase in the selling price/sqm	-	(129 840 500)

10.4 Observability

Since each property is unique in nature and the hotel real estate is illiquid, valuation inputs are largely unobservable.

There are inter-relationships between unobservable inputs. Increases in construction costs that enhance the property's features may result in an increase in future rental values and/or replacement costs.

11 ASSETS CLASSIFIED AS HELD FOR SALE

The carrying amounts of non-current assets held for sale as at 31 December 2021 is summarised as follows:

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Balance at the beginning of the year	-	-	-	-
Transfer from Investment property	201 210 835	-	153 520 000	-
Impairment	(17 789 390)	-	-	-
Fair value gains	17 470 224	-	41 656 300	-
Disposal	(15 125 369)	-	(9 410 000)	-
Balance at the end of the year	185 766 300	-	185 766 300	-

In January 2021, African Sun Limited acquired DPL and amongst the assets acquired were assets classified as non current assets held for sale, namely Brondesbury Park Hotel and a 1.7 hectares piece of land in Harare. Following the decision by Board to dispose non-core assets under the Real Estate segment, two land pieces one in Mandara and another one in Glen Lorne, met the non-current asset held for sale recognition criteria under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and were reclassified from investment property to non current assets held for sale category. The disposal disclosed above relates to Glen Lorne land bank that was disposed before the end of the year.

The properties classified as non-current assets held for sale were measured at the lower of carrying amount and fair value less costs to sale as required by IFRS 5 - "Non-current assets held for sale and discontinued operations". The fair values of the hotel property and piece of land were determined using the depreciated replacement cost approach and the market comparison method, respectively.



Notes to the financial statements (continued)

For the year ended 31 December 2021

12 INVESTMENTS

	Inflation adjusted	
	COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL
Investment in subsidiaries (note 12.1)	2 212 240 721	1 146 194 393
12.1 Investment in subsidiaries		
African Sun Limited South Africa Branch 100% owned (2020: 100%)		
At acquisition	-	-
Shareholders' loan	32 599 800	39 438 459
Total investment in African Sun Limited Branch 100% owned (2020:100%)	32 599 800	39 438 459
African Sun Zimbabwe (Private) Limited 100% owned (2020: 100%)		
At acquisition	287 540 701	287 540 701
Shareholders' loan	819 215 233	819 215 233
Total investment in African Sun Zimbabwe (Private) Limited 100% owned (2020: 100%)	1 106 755 934	1 106 755 934
Dawn Properties Limited 91,17% (2020: 0%)		
At acquisition	1 072 884 987	-
Total investment in Dawn Property Limited 91.17% owned (2020: 0%)	1 072 884 987	-
Total investment in subsidiaries	2 212 240 721	1 146 194 393

	Historical cost	
	COMPANY	
	31 December 2021 ZWL	31 December 2020 ZWL
Investment in subsidiaries (note 12.2)	754 123 190	42 360 855
12.2 Investment in subsidiaries		
African Sun Limited South Africa Branch owned 100% (2020: 100%)		
At acquisition	-	-
Shareholders' loan	32 599 799	24 535 980
Total investment in African Sun Limited South Africa Branch owned 100% (2020: 100%)	32 599 799	24 535 980
African Sun Zimbabwe (Private) Limited owned 100% (2020: 100%)		
At acquisition	4 630 991	4 630 991
Shareholders' loan	13 193 884	13 193 884
Total investment in African Sun Zimbabwe (Private) Limited owned 100% (2020: 100%)	17 824 875	17 824 875
Dawn Properties Limited owned 91.17% (2020: 0%)		
At acquisition	703 698 516	-
Total investment in Dawn Properties Limited owned 91.17% (2020: 0%)	703 698 516	-
Total investment in subsidiaries	754 123 190	42 360 855

Loan to African Sun Zimbabwe (Private) Limited and African Sun Limited South Africa Branch do not bear interest. All loans to subsidiaries are unsecured and do not have fixed repayment dates.

The investments in subsidiaries were not impaired during the year (2020: ZWLnil).

Notes to the financial statements (continued)

For the year ended 31 December 2021

12 INVESTMENTS (CONTINUED)

12.3 Investment in Dawn Properties Limited

On 20 January 2021, the Company acquired majority shareholding of Dawn Properties Limited ("DPL"), a Company previously owned by the parent Company Arden Capital (Private) Limited. Therefore the acquisition is a business combination of entities under common control.

A business combination of entities under common control is scoped out of IFRS 3 - 'Business Combination'. Resultantly, the Group had to develop an accounting policy to account for such transactions in line with IAS 8 - "Accounting Policies, Accounting Estimates and Errors"; and the Conceptual Framework. The Group elected to adopt IFRS 3 to account for common control transactions.

The purchase consideration, was taken as the market value of ASL shares issued to DPL shareholders on 20 January 2021, restated to December 2021 in line with IAS 29 - "Financial Reporting in Hyperinflationary Economies".

The following assets and liabilities were recognised at the date of acquisition:

	Restated 2021 ZWL	Historical Cost 2021 ZWL
Investment property	9 803 084 263	6 098 828 000
Property and equipment	66 706 277	42 916 623
Trade and other receivables	196 872 978	35 173 707
Inventories	818 171 452	139 026 302
Cash and cash equivalents	55 236 445	36 229 237
Assets held for sale	111 085 466	69 110 000
Total Assets	1 1051 156 881	6 421 283 869
Interest bearing borrowings	(5 910 520)	(3 876 673)
Deferred lease income	(972 475)	(637 840)
Deferred income tax liabilities	(349 172 097)	(106 215 132)
Trade and other payables	(81 443 087)	(53 418 008)
Provisions	(2 589 390)	(1 698 365)
Income tax	(7 848 683)	(5 147 902)
Total liabilities	(447 936 252)	(170 993 920)
Total identifiable assets	1 0603 220 629	6 250 289 949
Non-controlling interest	(935 920 558)	(551 697 928)
Fair value of non-monetary assets transferred as consideration	(1 072 884 986)	(703 698 516)
Gain on bargain purchase	8 594 415 085	4 994 893 505
Consideration paid in cash	-	-
Cash and cash equivalents in subsidiary acquired	55 236 445	36 229 237
Net cash inflow from acquisition of subsidiary	55 236 445	36 229 237

On the date of the transaction DPL's net assets were significantly above the purchase consideration resulting in a gain on bargain purchase. The gain on bargain purchase was driven by fair value adjustments to investment property and property and equipment revaluations as at 31 December 2020. The swap ratios in the original offer was determined based on the 31 December 2019 net assets values as presented in the Group's circular to shareholders published on 22 September 2020. However subsequent to the determination of the swap ratio as at 31 December 2019 the net assets of DPL were revalued as at 31 December 2020. The transaction then happened on 20 January 2021 when the net assets were now significantly above the purchases consideration. At the acquisition date, DPL did not have any contingent liabilities. In line with the IFRS 3 the difference between the purchases consideration and net assets acquired is recognized in profit and loss as a gain on bargain purchase.



Notes to the financial statements (continued)

For the year ended 31 December 2021

12 INVESTMENTS (CONTINUED)

12.4 Interest in joint operation

The Group has a 50% interest in The Victoria Falls Hotel Partnership through its 100% owned subsidiary, African Sun Zimbabwe (Private) Limited. The Victoria Falls Hotel is a leased hotel in Victoria Falls. The following amounts represent the Group's 50% share of the assets and liabilities, and sales and results of the joint operation. They are included in the statement of financial position and statement of comprehensive income.

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Summarised statement of financial position				
Assets				
Non-current assets				
Property and equipment	538 366 152	288 239 544	403 848 525	152 981 886
Right of use assets	9 069 458	9 447 439	918 746	957 027
	547 435 610	297 686 983	404 767 271	153 938 913
Current assets				
Cash at banks and on hand	63 003 801	44 528 922	63 003 801	27 702 938
Trade receivables	15 383 541	2 793 472	15 087 490	1 737 913
Intercompany	(170 019 717)	4 272 582	(170 019 717)	2 658 117
Inventories	8 265 865	9 880 672	6 949 191	3 820 234
	(83 366 510)	61 475 648	(84 979 235)	35 919 202
Total assets	464 069 100	359 162 631	319 788 036	189 858 115
Liabilities				
Non-current liabilities				
Lease liabilities	(994 114)	(1 612 575)	(994 114)	(1 003 237)
	(994 114)	(1 612 575)	(994 114)	(1 003 237)
Current liabilities				
Trade and other payables	(46 692 581)	(47 569 142)	(46 692 581)	(29 594 361)
Provision for other liabilities	(2 716 650)	(7 056 812)	(2 716 650)	(4 390 280)
Borrowings	-	-	-	-
	(49 409 231)	(54 625 954)	(49 409 231)	(33 984 641)
Total liabilities	(50 403 345)	(56 238 529)	(50 403 345)	(34 987 878)
Net assets	413 665 755	302 924 102	269 384 691	154 870 237
Summarised statement of comprehensive income				
Revenue	139 860 648	144 995 013	120 061 163	33 080 896
Cost of sales	(28 679 544)	(41 773 846)	(23 584 466)	(10 696 053)
Gross profit	111 181 104	103 221 167	96 476 697	22 384 843
Operating expenses	(174 754 210)	(200 330 185)	(140 495 180)	(65 109 417)
Other income	15 377 228	61 338 805	11 166 993	12 774 747
(Loss)/Profit before income tax	(48 195 878)	(35 770 213)	(32 851 490)	(29 949 827)

Notes to the financial statements (continued)

For the year ended 31 December 2021

12 TRADE RECEIVABLES (CONTINUED)

12.5 Interest in Dawn Properties Limited

The Group has a 91.17% interest in Dawn Properties Limited. Dawn Properties is a Zimbabwe domiciled company in the real estate industry. It has investments in land and buildings across the country, including seven hotels that are leased to African Sun Zimbabwe (Private) Limited a fellow subsidiary of the Group. The following amounts represent assets and liabilities, and sales and results of the subsidiary that was consolidated into the group financial statements.

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Summarised statement of financial position				
Assets				
Non-current assets				
Property and equipment	76 836 850	-	76 836 850	-
Investment property	14 408 800 000	-	14 408 800 000	-
	14 485 636 850	-	14 485 636 850	-
Current assets				
Cash at banks and on hand	206 386 198	-	206 386 198	-
Trade receivables	91 388 747	-	75 491 640	-
Assets held for sale	185 766 300	-	185 766 300	-
Related party receivables	54 146 042	-	54 146 044	-
Inventories	657 075 694	-	116 279 549	-
	1 194 762 981	-	638 069 731	-
Total assets	15 680 399 831	-	15 123 706 581	-
Liabilities				
Non-current liabilities				
Deferred lease income	1 024 435	-	1 024 435	-
Deferred tax liabilities	410 817 584	-	326 128 590	-
	411 842 019	-	327 153 025	-
Current liabilities				
Trade and other payables	99 030 003	-	99 030 003	-
Provision for other liabilities	2 538 985	-	2 538 985	-
Deferred lease income	4 403 685	-	4 403 685	-
Income tax	14 704 504	-	14 704 504	-
	120 677 177	-	120 677 177	-
Total liabilities	532 519 196	-	447 830 202	-
Net assets	15 147 880 635	-	14 675 876 379	-
Summarised statement of comprehensive income				
Revenue	513 524 076	-	426 262 677	-
Cost of sales	(159 088 206)	-	(24 076 583)	-
	354 435 870	-	402 186 094	-
Operating expenses	(272 080 460)	-	(188 260 452)	-
Finance costs	(395 581)	-	(196 297)	-
Other income	4 549 901 688	-	8 455 491 540	-
	4 631 861 517	-	8 669 220 885	-



Notes to the financial statements (continued)

For the year ended 31 December 2021

12 TRADE RECEIVABLES (CONTINUED)

12.6 Non-controlling interest

The following table summarises the information relating to the Group's Dawn Properties Limited subsidiary that have non-controlling interests ("NCI") before inter-company eliminations:

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
GROUP				
Summarised statement of financial position				
Current assets	1 194 762 981		638 069 731	-
Current liabilities	(120 677 177)		(120 677 177)	-
Current net assets	1 074 085 804	-	517 392 554	-
Non-current assets	14 485 636 850		638 069 731	-
Non-current liabilities	(411 842 019)		(327 153 025)	-
Non-current net assets	14 073 794 831	-	310 916 706	-
Net assets	15 147 880 635	-	828 309 260	-
Accumulated NCI	1 312 843 350	-	1 275 149 196	-

Refer to note 12.1 for additional key financial information relating to Dawn Properties Limited and African Sun Limited.

12.7 Principal subsidiaries

The Group had the following subsidiaries at 31 December 2021 and 31 December 2020:

Name	Country of incorporation and place of business	Ultimate parent	Immediate parent	Nature of Business	2021 Proportion of ordinary shares directly held by Group (%)	2020 Proportion of ordinary shares held by the Group (%)
African Sun Zimbabwe (Private) Limited	Zimbabwe	African Sun Limited	African Sun Limited	Hotel and catering	100.00	100.00
African Sun Limited South African Branch	Republic of South Africa	African Sun Limited	African Sun Limited	Regional sales office	100.00	100.00
Dawn Properties Limited	Zimbabwe	African Sun Limited	African Sun Limited	Real Estate	91.17	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Notes to the financial statements (continued)

For the year ended 31 December 2021

13 INVENTORIES

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
	GROUP			
Property inventory	649 331 617	-	115 520 891	-
Food and beverage	147 290 261	98 466 871	123 148 364	52 953 760
Shop merchandise	2 309 172	2 455 592	1 852 691	7 994 457
Consumable stocks	100 103 116	107 766 896	78 426 310	14 454 799
Maintenance stocks	43 607 294	39 781 975	34 986 930	22 186 347
Total	942 641 460	248 471 334	353 935 186	97 589 363

The cost of inventories recognised as expenses and included in "cost of sales" amounted to ZWL 485 523 665 (2020: ZWL 274 501 380).

* Inflation adjusted comparatives have been restated (see note 6.2).

There were no items of inventory impaired during the year (2020 : ZWL nil)

13.1 Analysis of property inventory

At the beginning of the year	-	-	-	-
Acquisitions	818 171 452	-	139 026 302	-
At the end of the year	649 331 617	-	115 520 891	-

14 TRADE RECEIVABLES

Trade receivables				
Trade receivables	271 445 089	231 867 474	271 445 089	144 252 544
Less: expected credit losses	(38 766 298)	(61 165 903)	(38 766 298)	(38 053 363)
Trade receivables - net	232 678 791	170 701 571	232 678 791	106 199 181

14.1 Credit quality of trade receivables

As at 31 December 2021, trade receivables of ZWL 148 429 651 (2020: ZWL 107 137 919) were fully performing and the ageing of these trade receivables is as follows:
Up to 30 days

	148 429 651	107 137 919	148 429 651	66 654 098
Lifetime expected credit losses	7 779 828	9 795 235	7 779 828	6,093,944

Credit quality of trade receivables

As at 31 December 2021 trade receivables of ZWL 48 088 991 (2020: ZWL 25 003 616) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

30 to 60 days	27 528 063	15 664 694	27 528 063	9 745 532
60 to 90 days	20 560 928	9 338 922	20 560 928	5 810 057
Lifetime expected credit losses	48 088 991	25 003 616	48 088 991	15 555 589
	2 016 294	1 456 075	2 016 294	905 873



Notes to the financial statements (continued)

For the year ended 31 December 2021

14 TRADE RECEIVABLES (CONTINUED)

	Inflation adjusted		Historical cost	
	GROUP			
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
14.1 Credit quality of trade receivables (continued)				
As at 31 December 2021, trade receivables of ZWL 74 926 447 (2020: ZWL 99 725 940) were impaired and provided for. The individually impaired receivables mainly relate to customers in difficult economic situations.				
The ageing analysis of these trade receivables is as follows:				
90 to 120 days	6 507 479	1 024 938	6 507 479	637 649
Over 120 days	68 418 968	98 701 001	68 418 968	61 405 208
	74 926 447	99 725 939	74 926 447	62 042 857
Lifetime expected credit losses	28 970 176	49 914 593	28 970 176	31 053 546
Trade receivables	271 445 089	231 867 474	271 445 089	144 252 544
Total lifetime expected credit losses	38,766,298	61,165,903	38 766 298	38 053 363
The carrying amounts of the Group's trade receivables are denominated in the following currencies:				
Zimbabwe dollars	106 114 098	65 639 809	106 114 098	40 836 730
United States dollars	165 330 991	166 227 665	165 330 991	103 415 814
14.2 Expected credit losses on trade receivables				
Movements on the Group's allowance for expected credit losses are as follows:				
Expected credit losses balance as at 1 January 2021	61 165 903	115 484 210	38 053 363	16 016 255
Allowance for expected credit losses	(22 399 605)	(54 318 307)	712 935	22 037 108
As at 31 December 2021	38 766 298	61 165 903	38 766 298	38 053 363
14.3 Other financial assets				
	Inflation adjusted		Historical cost	
	GROUP			
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Prepayments	180 503 350	119 450 762	139 955 836	44 446 511
Other receivables	23 265 075	26 448 403	23 265 075	16 454 440
Receivables from related parties (note 31.2)	32 373 787	11 173 886	32 373 787	6 951 650
Staff receivables	19 059 294	18 266 476	19 059 294	11 364 188
Total other financial assets	255 201 506	175 339 527	214 653 992	79 216 789
Less :expected credit losses allowance	(12 672 556)	(5 473 384)	(12 672 556)	(3 405 176)
	242 528 950	169 866 143	201 981 436	75 811 613
Staff receivables	8 734 288	9 952 623	8 734 288	6 191 861
Current portion	233 794 662	159 913 520	193 247 148	69 619 752

Notes to the financial statements (continued)

For the year ended 31 December 2021

14 TRADE RECEIVABLES (CONTINUED)

14.3 Other financial assets (continued)

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
GROUP				
All non-current receivables are due within five years from the end of the reporting period Amount receivables from joint operations partner relates to the share of loan given to the Partnership by African Sun Zimbabwe Limited				
The fair value of staff receivables (both current and non-current) is based on cash flows discounted using the Group and Company average cost of borrowing of 35% (2020: 35%). The loans relate to car loans and housing loans which are payable over 5 years.				
The effective interest rates on non-current receivables were as follows:				
Receivables from related parties	35.00%	35.00%	35.00%	35.00%
Staff receivables	35.00%	35.00%	35.00%	35.00%

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
COMPANY				
Prepayments	-	-	-	-
Other receivables	11 297 678	20 750	11 297 678	12 909
Receivables from related parties (note 31.2)	-	-	-	-
Staff receivables	-	-	-	-
Total other financial assets	11 297 678	20 750	11 297 678	12 909
Less :expected credit losses allowance	-	-	-	-
	11 297 678	20 750	11 297 678	12 909
Less non-current portion:				
Staff receivables	-	-	-	-
Current portion	11 297 678	20 750	11 297 678	12 909
All non-current receivables are due within five years from the end of the reporting period Amount receivables from joint operations partner relates to the share of loan given to the Partnership by African Sun Zimbabwe Limited				
The fair value of staff receivables (both current and non-current) is based on cash flows discounted using the Group and Company average cost of borrowing of 35% (2020: 35%). The loans relate to car loans and housing loans which are payable over 5 years.				
The effective interest rates on non-current receivables were as follows:				
Receivables from related parties	35.00%	35.00%	35.00%	35.00%
Staff receivables	35.00%	35.00%	35.00%	35.00%



Notes to the financial statements (continued)

For the year ended 31 December 2021

14 TRADE RECEIVABLES (CONTINUED)

14.4 Expected credit losses on other receivables

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
GROUP				
Movements on the Group's allowance for expected credit losses are as follows:				
Balance at 1 January	5 473 384	670 174	3 405 175	92 945
Allowance for expected credit losses	7 199 172	4 803 210	9 267 381	3 312 230
Balance as at 31 December	12 672 556	5 473 384	12 672 556	3 405 175

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
COMPANY				
Movements on the Group's allowance for expected credit losses are as follows:				
Balance at 1 January	-	-	-	-
Allowance for expected credit losses	-	-	-	-
Balance as at 31 December	-	-	-	-

15 CASH AND CASH EQUIVALENTS

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
GROUP				
Cash at bank and on hand	1 256 322 947	1 284 891 820	1 256 322 947	799 374 360
Short-term bank deposits	1 249	-	1 249	-
	1 256 324 196	1 284 891 820	1 256 324 196	799 374 360
The breakdown of cash at hand by currency are as follows:				
Zimbabwe dollars	346 841 773	178 114 287	346 841 773	110 810 881
United States of America dollars	868 144 879	1 048 694 498	868 144 879	652 428 072
South African rand	17 114 660	30 992 818	17 114 660	19 281 673
Botswana pula	11 847	-	11 847	-
Euro	24 204 866	27 082 315	24 204 866	16 848 818
Australian dollars	6 171	7 902	6 171	4 916
	1 256 324 196	1 284 891 820	1 256 324 196	799 374 360
The cash and cash equivalent balance is further separated as follows:				
ZWL account balance	346 841 773	178 114 287	346 841 773	110 810 881
Foreign currency account balance	909 482 423	1 106 777 533	909 482 423	688 563 479
	1 256 324 196	1 284 891 820	1 256 324 196	799 374 360

Included in cash and cash equivalents are balances with Banks. These balances are used for transacting on a daily basis.

Notes to the financial statements (continued)

For the year ended 31 December 2021

15 CASH AND CASH EQUIVALENTS (CONTINUED)

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
	COMPANY			
Cash at bank and on hand	57 581	82 280	57 581	51 189
Short-term bank deposits	-	-	-	-
	57 581	82 280	57 581	51 189
The breakdown of cash at hand by currency are as follows:				
Zimbabwe dollars	-	-	-	-
United States of America dollars	57 581	82 280	57 581	51 189
South African rand	-	-	-	-
Botswana pula	-	-	-	-
Euro	-	-	-	-
Australian dollars	-	-	-	-
	57 581	82 280	57 581	51 189
The cash and cash equivalent balance is further separated as follows:				
ZWL account balance	-	-	-	-
Foreign currency account balance	57 581	82 280	57 581	51 189
	57 581	82 280	57 581	51 189

Included in cash and cash equivalents are balances with Banks. These balances are used for transacting on a daily basis.

16 SHARE CAPITAL AND OTHER CAPITAL RESERVES

16.1 Share Capital and Share Premium

	Inflation adjusted			Total ZWL
	Number of shares	Ordinary share capital ZWL	Share premium ZWL	
As at 1 January 2021	861 771 777	535 078 582	1 559 943 002	2 095 021 584
Issued shares during the year	561 745 443	8 564 580	1 064 320 406	1 072 884 986
As at 31 December 2021	1 423 517 220	543 643 162	2 624 263 408	3 167 906 570
	Historical cost			Total ZWL
	Number of shares	Ordinary share capital ZWL	Share premium ZWL	
As at 1 January 2021	861 771 777	8 617 716	25 123 685	33 741 401
Issued shares during the year	561 745 443	5 617 456	698 081 062	703 698 518
As at 31 December 2021	1 423 517 220	14 235 172	723 204 747	737 439 919

The total authorised number of ordinary shares is 1.7 billion (2020: 1.7 billion) with a par value of ZWL0.01 per share. No additional shares were authorised during the year (2020: 200 000 000).

A total of 561 745 443 were issued during the year ended 31 December 2021 to the former shareholders of Dawn Properties Limited (2020:0).

All issued shares are fully paid.

The unissued shares are under the control of the Directors, subject to the limitations imposed by the Articles and Memorandum of Association of the Company, the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements.



Notes to the financial statements (continued)

For the year ended 31 December 2021

16 SHARE CAPITAL AND OTHER CAPITAL RESERVES (CONTINUED)

16.2 Directors' shareholdings

As at 31 December 2021, no Directors held shares directly in the Company (2020: nil).

16.3 Revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of property and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The revaluation surplus net of deferred tax transferred to revaluation reserve is as follows;

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
GROUP				
Revaluation-gross	4 602 752 992	101 170 446	8 507 243 033	1 461 664 790
Deferred tax	(1 055 260 706)	(12 025 264)	(1 977 458 563)	(305 997 881)
Revaluation surplus	3 547 492 286	89 145 182	6 529 784 470	1 155 666 909

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
COMPANY				
Revaluation-gross	1 424 251	3 058 682	4 519 382	7 118 050
Deferred tax	(352 075)	(756 108)	(1 117 191)	(1 758 868)
Revaluation surplus	1 072 176	2 302 574	3 402 191	5 359 182

16.4 Foreign currency translation reserve

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

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Movements in FCTR during the year				
Balance at the beginning of the year	1 726 825 870	847 198 974	379 230 453	54 037 995
Recognised during the year	17 990 412	879 626 896	15 403 705	325 192 458
Balance at the end of the year	1 744 816 282	1 726 825 870	394 634 158	379 230 453

Notes to the financial statements (continued)

For the year ended 31 December 2021

17 LEASES

This note provides information for leases where the Group is a lessee.

17.1 Amounts recognised in the statement of financial position

The recognised right-of-use assets relate to the following type of assets

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Right of use assets				
Hotel buildings	481 104 830	497 533 546	236 922 134	245 520 494
Office buildings	23 020 129	5 808 703	16 952 977	2 484 013
Staff Houses	65 784 520	68 525 628	6 663 983	6 941 648
Land	3 065 862	3 430 123	75 812	84 820
Total right of use assets	572 975 341	575 298 000	260 614 906	255 030 975
Lease liabilities				
Non-current	271 418 495	410 780 429	271 418 495	255 560 303
Current	5 529 821	6 942 972	5 529 821	4 319 456
Total lease liabilities	276 948 316	417 723 401	276 948 316	259 879 759
17.2 Amounts recognised in the statement of profit or loss				
Depreciation charge for right of use assets				
Hotel buildings	11 628 299	9 310 257	9 015 510	4 926 372
Office buildings	3 415 300	3 379 146	2 742 996	1 028 134
Staff Houses	358 303	801 905	277 666	277 666
Land	11 623	582 769	9 007	115 507
Total depreciation charge for right of use assets	15 413 525	14 074 077	12 045 179	6 347 679

Expense relating to variable lease payments not included in lease liabilities (included in operating expenses)

The leases that were recognised as right of use assets were the following;

- Holiday Inn Bulawayo - hotel building;
- Holiday Inn Harare - hotel building;
- Central Office - office building;
- South Africa branch - office building;
- Sun Casino - building;
- Elephant Hills - golf course; and
- Victoria Falls - staff houses



Notes to the financial statements (continued)

For the year ended 31 December 2021

18 TRADE AND OTHER PAYABLES

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
GROUP				
Trade payables	589 865 028	739 988 271	589 865 028	460 371 559
Amounts due to related parties (note 31.2)	15 185 317	43 405 306	15 185 317	27 003 899
Statutory liabilities	114 066 183	60 986 644	114 066 183	37 941 840
Accruals	202 559 740	133 479 887	202 559 740	83 042 321
Guests deposits (note 24.2)	347 444 594	218 446 456	347 444 594	135 902 878
Other payables	(30 144 165)	59 199 305	(30 144 165)	36 829 876
	1 238 976 697	1 255 505 869	1 238 976 697	781 092 373
Current	1 238 976 697	1 255 505 869	1 238 976 697	781 092 373

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
COMPANY				
Trade payables	1 062 455	-	1 062 455	-
Amounts due to related parties (note 31.2)	85 601 317	73 987 915	85 601 317	46 030 367
Statutory liabilities	-	38 636	-	24 037
Accruals	-	274 062	-	170 503
Guests deposits (note 24.2)	-	-	-	-
Other payables	-	-	-	-
	86 663 772	74 300 613	86 663 772	46 224 907
Current	86 663 772	74 300 613	86 663 772	46 224 907

Statutory liabilities relate to pay as you earn ("PAYE"), pension obligations, value added tax ("VAT") and tourism levy.

Accruals relates to heat, light and water obligations, and goods and services provided received but yet to be settled. This does not include provisions made for possible obligations.

Guests deposits are amounts received from hotel guests in advance on or before booking date for reservation and these amounts are utilised in future while refunds can be made in certain instances subject to terms and condition of the company policy on refunds. These amounts are deferred revenue and can only be recognised in revenue upon utilised during stay by a guest.

Included in other payables are sundry creditors who provide other goods and services which do not form part of the direct costs and services of the business.

Notes to the financial statements (continued)

For the year ended 31 December 2021

19 CURRENT INCOME TAX LIABILITIES

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
GROUP				
Current income tax liabilities as at 01 January	22 989 434	62 131 084	14 302 499	8 616 825
Acquisitions	8 274 593	-	5 147 902	-
Current income tax charged to statement of comprehensive income (note 23.1)	160 775 208	8 792 062	159 693 983	4 513 161
2021 Income tax payments	(27 498 935)	(31 124 359)	(21 964 011)	(6 874 507)
Quarterly provisional payments("QPDs") for current year income tax	(116 743 932)	-	(108 490 839)	-
Effects of foreign currency translation	999 518	8 047 020	999 518	8 047 020
Effects of IAS29 restatements	893 166	(24 856 373)	-	-
Current income tax liabilities as at 31 December	49 689 052	22 989 434	49 689 052	14 302 499
Current income tax liabilities is further analysed by jurisdiction as follows:				
Payable to Zimbabwe Revenue Authority ("ZIMRA")	49 689 052	2 097 616	49 689 052	1 304 997
Payable to South African Revenue Services ("SARS")	-	20 891 818	-	12 997 502
Current income tax liabilities as at 31 December	49 689 052	22 989 434	49 689 052	14 302 499
COMPANY				
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Current income tax liabilities as at 01 January	737 359	3 843 322	458 736	533 022
Acquisitions	-	-	-	-
Current income tax charged to statement of comprehensive income (note 23.1)	-	-	-	-
2021 Income tax payments	-	-	-	-
Quarterly provisional payments("QPDs") for current year income tax	-	(364 597)	-	(74 286)
Effects of foreign currency translation	-	-	-	-
Effects of IAS29 restatements	(278 623)	(2 741 366)	-	-
Current income tax liabilities as at 31 December	458 736	737 359	458 736	458 736
Current income tax liabilities is further analysed by jurisdiction as follows:				
Payable to Zimbabwe Revenue Authority ("ZIMRA")	458 736	737 359	458 736	458 736
Payable to South African Revenue Services ("SARS")	-	-	-	-
Current income tax liabilities as at 31 December	458 736	737 359	458 736	458 736

The effects of restatements on the inflation adjusted numbers is a result of the applying CPI index on QPDs paid during the year.



Notes to the financial statements (continued)

For the year ended 31 December 2021

20 PROVISIONS

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

Inflation adjusted				
GROUP				
	1 January 2021 ZWL	Current provision ZWL	Utilised/ reversed provision ZWL	31 December 2021 ZWL
31 December 2021				
The provisions balance is made up of the following:				
Leave pay	(4 388 886)	37 947 452	-	33 558 566
Contractual claims	51 264 716	(634 696)	(47 913 370)	2 716 650
Claims from former employees	3 705 467	-	(3 705 467)	-
Other provisions	91 274 141	9 018 322	-	100 292 463
	141 855 438	46 331 078	(51 618 837)	136 567 679

Historical cost				
GROUP				
	1 January 2021 ZWL	Current provision ZWL	Utilised/ reversed provision ZWL	31 December 2021 ZWL
31 December 2021				
The provisions balance is made up of the following:				
Leave pay	(2 730 473)	36 289 039	-	33 558 566
Contractual claims	31 893 502	631 665	(29 808 517)	2 716 650
Claims from former employees	2 305 295	-	(2 305 295)	-
Other provisions	56 784 709	43,507,753.93	-	100 292 463
	88 253 033	80 428 458	(32 113 812)	136 567 679

Inflation adjusted				
GROUP				
	1 January 2020 ZWL	Current provision ZWL	Utilised/ reversed provision ZWL	31 December 2020 ZWL
31 December 2020				
The provisions balance is made up of the following:				
Leave pay	7 062 076	-	(11 450 962)	(4 388 886)
Contractual claims	44 236 303	7 028 413	-	51 264 716
Claims from former employees	6 026 391	-	(2 320 924)	3 705 467
Other provisions	12 137 258	79 136 883	-	91 274 141
	69 462 028	86 165 296	(13 771 886)	141 855 438

Historical cost				
GROUP				
	1 January 2020 ZWL	Current provision ZWL	Utilised/ reversed provision ZWL	31 December 2020 ZWL
31 December 2020				
The provisions balance is made up of the following:				
Leave pay	979 424	-	(3 709 897)	(2 730 473)
Contractual claims	6 135 037	25 758 465	-	31 893 502
Claims from former employees	835 787	1 469 508	-	2 305 295
Other provisions	1 683 290	55 101 419	-	56 784 709
	9 633 538	82 329 392	(3 709 897)	88 253 033

Notes to the financial statements (continued)

For the year ended 31 December 2021

20 PROVISIONS (CONTINUED)

The Codet litigation was settled during the year in favour of the company and no further expenses were required to settle the litigation. The provision amount of ZWL 47 913 370 was reversed during the year. The Partnership case with its former employees was settled during the year through an out of court settlement.

Inflation adjusted				
COMPANY				
	1 January 2021 ZWL	Current provision/ transfer ZWL	Utilised/ reversed provision ZWL	31 December 2021 ZWL
31 December 2021				
Contractual claims	47 913 370	-	(47 913 370)	-
Other provisions	13 146 148	-	(2 279 548)	10 866 600
	61 059 518	-	(50 192 918)	10 866 600

Historical cost				
COMPANY				
	1 January 2021 ZWL	Current provision/ transfer ZWL	Utilised/ reversed provision ZWL	31 December 2021 ZWL
31 December 2021				
Contractual claims	29 808 517	-	(29 808 517)	-
Other provisions	8 178 660	2 687 940	-	10 866 600
	37 987 177	2 687 940	(29 808 517)	10 866 600

Inflation adjusted				
COMPANY				
	1 January 2020 ZWL	Current provision ZWL	Utilised/ reversed provision ZWL	31 December 2020 ZWL
31 December 2020				
Contractual claims	44 236 303	3 677 067	-	47 913 370
Other provisions	12 137 259	1 008 889	-	13 146 148
	56 373 562	4 685 956	-	61 059 518

Historical cost				
COMPANY				
	1 January 2020 ZWL	Current provision ZWL	Utilised/ reversed provision ZWL	31 December 2020 ZWL
31 December 2020				
Contractual claims	6 135 037	23 673 480	-	29 808 517
Other provisions	1 683 290	6 495 370	-	8 178 660
	7 818 327	30 168 850	-	37 987 177

(a) Leave pay

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

(b) Contractual claims

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



Notes to the financial statements (continued)

For the year ended 31 December 2021

20 PROVISIONS (CONTINUED)

(c) Claims from former employees

The Victoria Falls Hotel Partnership, in which the Group has 50% joint control, is a defendant in a legal case involving 69 dismissed employees. The employees were dismissed following their involvement in an illegal industrial action. The case was settled in full during the current year through an out of court settlement.

(d) Other provisions

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

(e) Incentive bonus

This is a provision for incentive bonus for employees as per the Group incentive bonus scheme.

21 DEFERRED LEASE INCOME

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Non-current portion of deferred lease income	1 024 435	-	1 024 435	-
Current portion of deferred lease income	4 403 685	-	4 403 685	-
Total deferred lease income	5 428 120	-	5 428 120	-
At the beginning of the year	-	-	-	-
Acquisition of subsidiary	637 840	-	637 840	-
Additions	5 030 812	-	5 030 812	-
Amortised in the current year	(240 532)	-	(240 532)	-
Monetary adjustment	-	-	-	-
At the end of the year	5 428 120	-	5 428 120	-

Deferred lease income relates to timeshare contract sales that are spread over the contract period.

22 EQUITY SETTLED SHARE BASED PAYMENT RESERVE

In terms of the Group's share option scheme rules, options were granted on 19 March 2020 and were recognised at fair value. The Group recognised an additional expenses of ZWL23 636 209 in respect of share options granted. The options granted vest after 3 years and, accordingly, the fair value will be amortised over those periods.

The board resolved to accelerate the vesting the share options for the two executives who resigned during the year and approved the vesting on 31 December 2021. In line with the board resolution the Group expensed immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

	Number of Share Options Grante	Inflation adjusted		Historical cost	
		Year ended 31 December 2021 ZWL	Year ended 31 December 2020 ZWL	Year ended 31 December 2021 ZWL	Year ended 31 December 2020 ZWL
Outstanding at the beginning of the year	30 162 012	16 535 269	-	8 043 669	-
Expensed during the year	-	23 636 209	16 535 269	20 759 665	8 043 669
Outstanding at the end of the year	30 162 012	40 171 478	16 535 269	28 803 334	8 043 669
Exercisable at the end of the year	19 777 662	26 756 560	-	20 919 061	-

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

Notes to the financial statements (continued)

For the year ended 31 December 2021

23 INCOME TAXES

23.1 Income tax expense

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Current income tax:				
Income tax on current year profits	160 775 208	8 792 062	159 693 983	4 513 161
Deferred tax:				
Originating and reversal of temporary differences	(126 947 125)	(571 620 105)	(205 650 676)	(145 720 942)
Income tax expense/(credit)	33 828 083	(562 828 043)	(45 956 693)	(141 207 781)
The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:				
Profit/(loss) before income tax	9 771 234 879	(2 981 900 229)	7 465 629 914	(212 860 936)
Tax calculated at domestic tax rates applicable to profits in the respective countries	2 168 014 817	(737 125 737)	2 168 014 817	(52 619 223)
Tax effects of:				
Income not subject to tax and non-deductible expenses:				
Loss from disposal of property, plant, and equipment	544 504	-	544 504	-
Export incentives	-	(6 073)	-	(3 778)
Fair value adjustment on biological assets	(22 165 434)	(9 956 050)	(22 165 434)	(6 193 993)
Fair value adjustment on investment property	(2 204 987 607)	-	(2 204 987 607)	-
Reversal of provisions	1 926 357	(6 537 736)	1 926 357	(4 067 345)
Unrealised exchange gain on monetary assets	(36 648 271)	(271 646 923)	(36 648 271)	(169 000 675)
Penalty and interest on ZIMRA taxes	2 819 089	114 193	2 819 089	71 043
Intermediary transaction tax	14 764 612	6 414 200	14 764 612	3 990 489
Loss from disposal of property and equipment	3 071 533	1 402 403	3 071 533	872 482
Equity settled share based payments costs	5 131 789	3 196 090	5 131 789	1 988 395
Expected credit loss allowance	-	10 071 109	-	6 265 575
Finance costs Lease liabilities	6 646 483	5 843 380	6 646 483	3 635 363
Depreciation on right of use assets	3 071 533	-	3 071 533	-
Donations	1 245 323	-	1 245 323	-
Staff meals	11 996 307	-	11 996 307	-
Unrealised exchange loss on monetary assets	-	116 154 233	-	72 263 450
Monetary loss	-	595 383 992	-	-
Effects of restatement	79 784 776	(278 691 548)	-	-
Other (non-taxable)/non-deductible items	(1 387 728)	2 556 424	(1 387 728)	1 590 436
Income tax expense	33 828 083	(562 828 043)	(45 956 693)	(141 207 781)

The weighted average applicable tax rate was 0.34% (2020: 18.87%).

The applicable tax rates in the different countries for the year were, Zimbabwe 24.72% (2020: 24.72%); South Africa 28% (2020: 28%)



Notes to the financial statements (continued)

For the year ended 31 December 2021

23 INCOME TAXES

23.2 Deferred taxes

23.2.1 The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
GROUP				
Deferred tax assets:				
-Deferred tax assets to be recovered within 12 months	128 133 393	155 188 604	132 184 509	97 762 799
	128 133 393	155 188 604	132 184 509	97 762 799
Deferred tax liabilities:				
-Deferred tax liabilities to be recovered within 12 months	(1915 998 128)	(665 668 837)	(2270 540 626)	(358 095 900)
	(1915 998 128)	(665 668 837)	(2270 540 626)	(358 095 900)
Net deferred tax (liabilities)/assets	(1787 864 735)	(510 480 233)	(2138 356 117)	(260 333 101)
23.2.2 The net movement on the deferred tax account is as follows:				
As at 1 January 2021	(510 480 233)	(1 070 075 076)	(260 333 101)	(99 970 004)
Acquisitions	(349 172 097)	-	(106 215 132)	-
(Charged)/credited to statement of comprehensive income	(928 212 405)	559 594 843	(1 771 807 884)	(160 363 097)
As at 31 December 2021	(1 787 864 735)	(510 480 233)	(2 138 356 117)	(260 333 101)
Deferred tax by tax jurisdiction is further analysed below				
23.2.3 Attributable to Zimbabwean tax jurisdiction				
Deferred tax assets	122 435 116	155 188 604	126 486 232	97 625 057
Deferred tax liabilities	(1913 992 456)	(665 510 670)	(2270 298 201)	(357 859 757)
Deferred tax (liabilities) / assets	(1791 557 340)	(510 322 066)	(2143 811 969)	(260 234 700)
Attributable to South African tax jurisdiction				
Deferred tax assets	5 698 277	221 403	5 698 277	137 742
Deferred tax liabilities	(2 005 672)	(379 570)	(242 425)	(236 143)
Deferred tax	3 692 605	(158 167)	5 455 852	(98 401)
Net deferred tax (assets)/ liabilities	(1787 864 735)	(510 480 233)	(2138 356 117)	(260 333 101)

Notes to the financial statements (continued)

For the year ended 31 December 2021

23 INCOME TAXES (CONTINUED)

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
COMPANY				
Deferred tax assets:				
-Deferred tax assets to be recovered within 12 months	12 696 149	8 261 324	12 696 148	5 139 647
	12 696 149	8 261 324	12 696 148	5 139 647
Deferred tax liabilities:				
-Deferred tax liabilities to be recovered within 12 months	(2 005 673)	(2 759 499)	(2 005 672)	(1 716 777)
	(2 005 673)	(2 759 499)	(2 005 672)	(1 716 777)
Net deferred tax (liabilities)/assets	10 690 476	5 501 825	10 690 476	3 422 870
23.2.2 The net movement on the deferred tax account is as follows:				
As at 1 January 2021	5 501 825	(3 663 011)	3 422 870	(551 594)
Acquisitions	-	-	-	-
(Charged)/credited to statement of comprehensive income	5,188,651	9 164 836	7 267 606	3 974 464
As at 31 December 2021	10 690 476	5 501 825	10 690 476	3 422 870
Deferred tax by tax jurisdiction is further analysed below				
23.2.3 Attributable to Zimbabwean tax jurisdiction				
Deferred tax assets	12 696 149	8 261 324	12 696 148	5 139 647
Deferred tax liabilities	(2 005 673)	(2 759 499)	(2 005 672)	(1 716 777)
Deferred tax (liabilities) / assets	10 690 476	5 501 825	10 690 476	3 422 870
Attributable to South African tax jurisdiction				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	-	-	-	-
Deferred tax	-	-	-	-
Net deferred tax (assets)/ liabilities	10 690 476	5 501 825	10 690 476	3 422 870



Notes to the financial statements (continued)

For the year ended 31 December 2021

23 INCOME TAXES (CONTINUED)

23.2.4 The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Inflation adjusted							Total ZWL
	Accelerated tax depreciation ZWL	Leases ZWL	Subject to capital gains tax ZWL	Prepaid Expenses ZWL	Consumables ZWL	Property Inventory ZWL	Other ZWL	
Deferred tax liabilities								
Year ended 31 December 2020								
As at 1 January 2020	(672 993 823)	(326 013 436)	(7 827 939)	-	(16 935 170)	-	(46 541 771)	(1 070 312 139)
Credit/(charged) to statement of comprehensive income	110 844 308	287 086 931	(21 149 077)	(11 867 747)	(5 710 561)	-	45 439 448	404 643 302
As at 31 December 2020	(562 149 515)	(38 926 505)	(28 977 016)	(11 867 747)	(22 645 731)	-	(1 102 323)	(665 668 837)
Year ended 31 December 2021								
As at 1 January 2021	(562 149 515)	(38 926 505)	(28 977 016)	(11 867 747)	(22 645 731)	-	(1 102 323)	(665 668 837)
Acquisition of subsidiary (Charged)/credit to statement of comprehensive income	(25 682 353)	-	(142 669 358)	(34 582 380)	(2 797 553)	(144 497 792)	-	(350 229 436)
	(98 078 103)	(34 237 879)	(804 896 884)	40 356 546	11 671 126	(16 016 984)	1 102 323	(900 099 855)
As at 31 December 2021	(685 909 971)	(73 164 384)	(976 543 258)	(6 093 581)	(13 772 158)	(160 514 776)	-	(1 915 998 128)
	Historical cost							
Deferred tax liabilities								
Year ended 31 December 2020								
As at 1 January 2020	(92 318 909)	(326 013 436)	1 085 640	-	-	-	(8 883 341)	(426 130 046)
(Charged)/credit to statement of comprehensive income	(247 063 625)	286 865 527	16 941 935	-	-	-	(27 857 600)	28 886 237
As at 31 December 2020	(339 382 534)	(39 147 909)	18 027 575	-	-	-	(36 740 941)	(397 243 809)
Year ended 31 December 2021								
As at 1 January 2021	(339 382 534)	-	18 027 575	-	-	-	(36 740 941)	(358 095 900)
Acquisition of subsidiary (Charged)/credit to statement of comprehensive income	(17 398 226)	-	(88 759 400)	(628 654)	(90 322)	-	-	(106 876 602)
	(371 896 651)	-	(1 469 185 753)	628 654	(1 855 315)	-	36 740 941	(1 805 568 124)
As at 31 December 2021	(728 677 411)	-	(1 539 917 578)	-	(1 945 637)	-	-	(2 270 540 626)

Notes to the financial statements (continued)

For the year ended 31 December 2021

23 INCOME TAXES (CONTINUED)

23.2.5 The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows: (continued)

	Inflation adjusted			Historical cost		
	Accelerated tax depreciation ZWL	Other ZWL	Total ZWL	Accelerated tax depreciation ZWL	Other ZWL	Total ZWL
COMPANY						
Year ended 31 December 2021						
As at 1 January 2021	(3 900 066)	-	(3 900 066)	(560 457)	-	(560 457)
Credit/(charged) to statement of comprehensive income	1 140 567	-	1 140 567	(1 156 320)	-	(1 156 320)
As at 31 December 2021	(2 759 499)	-	(2 759 499)	(1 716 777)	-	(1 716 777)
Year ended 31 December 2021						
As at 1 January 2021	(2 759 499)	-	(2 759 499)	(1 716 777)	-	(1 716 777)
Credit/(charged) to statement of comprehensive income	753 827	-	753 827	(288 895)	-	(288 895)
As at 31 December 2021	(2 005 672)	-	(2 005 672)	(2 005 672)	-	(2 005 672)



Notes to the financial statements (continued)

For the year ended 31 December 2021

23 INCOME TAXES (CONTINUED)

23.3 Deferred taxes

	Restated				Historical Cost			
	GROUP				COMPANY			
Deferred tax assets	Assessed tax losses ZWL	Unrealised Exchange Losses ZWL	Other ZWL	Total ZWL	Assessed tax losses ZWL	Unrealised Exchange Losses ZWL	Other ZWL	Total ZWL
Year ended 31 December 2020								
Restated as at 1 January 2021	-	-	237 057	237 057	-	-	146 606	146 606
Credited to statement of comprehensive income	118,986,401	18 019 231	17 945 914	154 951 546	74 025 437	11 210 369	12 380 385	97 616 191
As at 31 December 2020	118 986 401	18 019 231	18 182 971	155 188 603	74 025 437	11 210 369	12 526 991	97 762 797
Year ended 31 December 2021								
Restated As at 1 January 2021	118 986 401	18 019 231	18 182 971	155 188 603	74 025 437	11 210 369	12 526 991	97 762 797
(Charged)/credit to statement of comprehensive income	(100,707,192)	76 064 516	(2 412 534)	(27 055 210)	(55 746 228)	82 873 378	7 294 562	34 421 712
As at 31 December 2021	18 279 209	94 083 747	15 770 437	128 133 393	18 279 209	94 083 747	19 821 553	132 184 509
	Restated				Historical Cost			
Deferred tax assets	COMPANY							
Year ended 31 December 2021								
As at 1 January 2021	-	32 877	-	32 877	-	8 862	8 862	
Charged to statement of comprehensive income	-	5 106 769	-	5 106 769	-	5 130 784	5 130 784	
As at 31 December 2021	-	5 139 646	-	5 139 646	-	5 139 646	5 139 646	
Year ended 31 December 2021								
As at 1 January 2021	-	5 139 646	-	5 139 646	-	5 139 646	5 139 646	
Charged to statement of comprehensive income	-	7 556 503	-	7 556 503	-	7,556,502.53	7 556 503	
As at 31 December 2021	-	12 696 149	-	12 696 149	-	12,696,149	12 696 149	

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Based on forecasts, Directors are of the opinion that, the taxable profits will offset the current deferred tax asset.

The Group did not have any unrecognised tax losses (2020: ZWL nil).

Notes to the financial statements (continued)

For the year ended 31 December 2021

24 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has recognised the following amounts relating to revenue in the statement of statement of comprehensive income:

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
	GROUP			
Revenue from contracts with customers	4 323 126 701	2 952 269 088	3 631 824 362	1 219 631 903
Gaming income	5 396 563	5 218 114	4 463 630	1 535 941
Total revenue	4 328 523 264	2 957 487 202	3 636 287 992	1 221 167 844



Notes to the financial statements (continued)

For the year ended 31 December 2021

24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

24.1 Disaggregation of revenue from contracts with customers

	Inflation adjusted							
	Sale of room nights ZWL	Sale of food and beverages ZWL	Management fees and commissions ZWL	Conferencing ZWL	Property development ZWL	Valuation and consultants services ZWL	Other income ZWL	Total ZWL
Year ended 31 December 2021								
The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:								
Segment revenue	2 009 478 310	1 572 161 204	44 271 856	77 607 207	416 080 834	97 443 242	409 232 469	4 626 275 122
Inter-segment transactions	-	-	(44 271 856)	-	(253 412 725)	(4 791 345)	(672 495)	(303 148 421)
Revenue from external customers	2 009 478 310	1 572 161 204	-	77 607 207	162 668 109	92 651 897	408 559 974	4 323 126 701
Timing of revenue recognition								
At a point in time	2 009 478 310	1 572 161 204	-	77 607 207	162 668 109	92 651 897	408 559 974	4 323 126 701
Overtime	-	-	-	-	(240 532)	-	-	(240 532)
Year ended 31 December 2020								
Segment revenue	1 545 465 325	1 280 339 324	80 956 614	60 543 437	-	-	65 921 002	3 033 225 702
Inter-segment transactions	-	-	(80 956 614)	-	-	-	-	(80 956 614)
Revenue from external customers	1 545 465 325	1 280 339 324	-	60 543 437	-	-	65 921 002	2 952 269 088
Timing of revenue recognition								
At a point in time	1 545 465 325	1 280 339 324	-	60 543 437	-	-	65 921 002	2 952 269 088

Notes to the financial statements (continued)

For the year ended 31 December 2021

24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

24.1 Disaggregation of revenue from contracts with customers (continued)

	Historical cost							Total ZWL
	Sale of room nights ZWL	Sale of food and beverages ZWL	Management fees and commissions ZWL	Conferencing ZWL	Property development ZWL	Valuation and consultants services ZWL	Other income ZWL	
Year ended 31 December 2021								
The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:								
Segment revenue	1 680 730 794	1 327 906 543	36 193 044	66 528 706	349 901 812	76 360 865	349 000 249	3 886 622 013
Inter-segment transactions	-	-	(36 193 044)	-	(214 766 853)	(3 324 563)	(513 191)	(254 797 651)
Revenue from external customers	1 680 730 794	1 327 906 543	-	66 528 706	135 134 959	73 036 302	348 487 058	3 631 824 362
Timing of revenue recognition								
At a point in time	1 680 730 794	1 327 906 543	-	66 528 706	135 134 959	73 036 302	348 487 058	3 631 824 362
Year ended 31 December 2020								
Segment revenue	651 338 470	518 735 566	21 726 890	20 909 858	-	-	28 648 009	1 241 358 793
Inter-segment transactions	-	-	(21 726 890)	-	-	-	-	(21 726 890)
Revenue from external customers	651 338 470	518 735 566	-	20 909 858	-	-	28 648 009	1 219 631 903
Timing of revenue recognition								
At a point in time	651 338 470	518 735 566	-	20 909 858	-	-	28 648 009	1 219 631 903



Notes to the financial statements (continued)

For the year ended 31 December 2021

24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

24.2 Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Balance at 1 January	218 446 456	144 031 252	135 902 878	19 975 382
Revenue recognised in 2021 that was included in the contract liability balance in 2021	(218 446 456)	(144 031 252)	(135 902 878)	(19 975 382)
Contract liability recognised during the year	347 444 594	218 446 456	347 444 594	135 902 878
Contract liability recognised from costs incurred to fulfil a contract at 31 December	347 444 594	218 446 456	347 444 594	135 902 878

25 EMPLOYEE PENSION COSTS

The Group and all employees contribute to one or more of the following independently administered defined contribution pension funds:

(a) Brainwork Group Pension Fund - Zimbabwe

This fund is a defined contribution scheme. All employees, except those who are members of the Catering Industry and Pension Fund are members of this fund.

(b) Catering Industry Pension Fund - Zimbabwe

This is a defined contribution scheme which covers employees in specified occupations of the catering industry. The majority of employees of African Sun Limited are members of this fund.

(c) Provident Fund- South Africa

The Branch which is resident in South Africa has a defined contribution provident fund, of which full time employees of the Branch are members.

(d) National Social Security Authority Scheme (NSSA) - Zimbabwe

The Group and all its employees based in Zimbabwe contribute to the National Social Security Authority Scheme, promulgated under the National Social Security Act (Chapter 14:17). The Group's obligations under this scheme are limited to specific contributions legislated from time to time.

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Group contributions to the plans during the year charged to the income statement amounted to;				
African Sun Limited Pension Fund	18 353 785	710 939	15 780 160	236 310
Catering Industry Pension Fund	6 334 238	525 873	5 198 638	237 720
Unemployment Insurance Fund - South Africa	125 481	162 364	83 536	46 810
Provident Fund - South Africa	1 265 076	1 032 013	846 245	320 691
National Social Security Authority Scheme	7 940 850	1 925 321	6 740 558	863 553
	34 019 430	4 356 510	28 649 137	1 705 084

Notes to the financial statements (continued)

For the year ended 31 December 2021

26 OTHER INCOME AND OTHER EXPENSES

26.1 Other income

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Treasury income	47 262 726	-	39 857 351	-
RBZ export incentive	-	107 792	-	15 282
Fair value adjustment on investments property	1 163 771 333	-	2 143 685 296	-
Fair value adjustment on biological assets	72 218 502	40 275 282	89 665 994	25 056 606
Foreign exchange gain	148 167 981	206 469 746	125 965 354	50 537 677
	1 431 420 542	246 852 820	2 399 173 995	75 609 565

Other income primarily consists of income received, not in the ordinary course of the business and not accounted under IFRS 15 "Revenue from contracts with customers".

26.2 Other expenses

Retrenchment costs	-	32 442 270	-	18 813 235
Loss from sale of property and equipment	9 391 547	11 435 917	2 301 607	3 529 442
Foreign exchange Loss	-	315 666 497	-	137 405 214
	9 391 547	359 544 684	2 301 607	159 747 891

27 EXPENSES BY NATURE

Inventory recognised in cost of sales	632 873 709	562 404 895	382 412 017	108 905 580
Outside laundry in cost of sales	32 127 736	20 029 774	27 048 731	7 417 368
Employee costs in costs of sales	435 729 122	358 597 846	364 223 084	129 134 739
Other cost of sales	223 457 758	173 384 228	189 190 002	63 596 559

Cost of sales **1 324 188 325** **1 114 416 743** **962 873 834** **309 054 246**

Employee costs in operating expenses	813 368 195	599 310 952	688 572 984	224 492 718
Equity settled share based payments	23 636 209	16 535 269	20 759 665	8 043 669
Directors' fees	23 845 951	17 984 165	19 608 958	9 254 310
Depreciation, usage and amortization (note 8)	599 237 054	463 205 427	438 439 341	181 807 203
Depreciation-right of use asset (note 17.2)	15 413 525	14 074 077	12 045 179	6 347 679
Sales and marketing	70 435 848	106 216 363	60 592 989	30 983 408
Operating lease costs: Variable lease expenses	221 394 270	282 863 494	175 965 935	112 400 903
Audit fees and other professional services;	34 980 761	39 965 179	28 631 203	18 418 510
Repairs and maintenance	146 174 400	139 429 633	121 225 275	56 822 250
Heat, light and water	224 603 629	160 668 493	180 425 073	57 068 900
Council rates	61 613 041	22 072 269	47 744 972	7 787 921
Franchise fees	110 535 614	84 441 605	88 239 384	38 386 745
Insurance	56 689 883	70 342 211	47 736 850	30 632 413
Licenses	34 708 648	30 212 098	27 653 031	11 245 234
Vehicle running expenses	27 412 358	13 173 428	20 284 671	5 606 191
Security	80 352 321	53 788 086	64 619 845	23 654 470
Bank charges	34 020 842	19 813 801	25 091 858	8 163 349
Transaction tax	71 192 697	42 384 910	59 669 383	16 142 755
Consultancy costs	20 683 797	13 264 866	17 753 684	4 946 078
Legal expenses	22 867 806	15 378 019	18 630 336	6 749 423
Subscriptions	20 642 909	13 332 400	16 145 194	5 194 137
Commissions	6 182 557	13 332 400	5 113 711	5 194 137
Travel expenses	17 876 151	18 873 239	14 977 145	6 678 468
Other	421 639 461	285 709 525	321 892 526	76 734 085

Operating expenses **3 159 507 927** **2 536 371 909** **2 521 819 192** **952 754 956**

Total cost of sales and operating expenses **4 483 696 252** **3 650 788 652** **3 484 693 026** **1 261 809 202**



Notes to the financial statements (continued)

For the year ended 31 December 2021

28 FINANCE COSTS AND INCOME

28.1 Finance income

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Interest income on bank deposits	90 693	4 064 543	72 436	824 335
Interest on other receivables at amortised cost	492 897	-	421 940	-
	583 590	4 064 543	494 376	824 335

28.2 Finance costs

Interest costs on bank borrowings	(48 405 356)	(78 127 993)	(41 437 962)	(48 606 049)
Interest on overdue accounts	(47 516 878)	(78 127 993)	(40 819 725)	(48 606 049)
	(48 405 356)	(78 127 993)	(41 437 962)	(48 606 049)
Net financing costs for the year	(47 821 766)	(74 063 450)	(40 943 586)	(47 781 714)

28.3 Net interest paid

For the purposes of statement of cash flows, net interest paid comprise the following;
Finance costs from continuing operations per statement of comprehensive income

	(888 478)	-	(618 237)	-
Total interest paid	(888 478)	-	(618 237)	-
Interest received				
Interest costs on bank deposits	90 693	4 064 543	72 436	824 335
Interest cost on short term investments	492 897	-	421 940	-
	583 590	4 064 543	494 376	824 335
Net interest paid	(304 888)	(74 063 450)	(123 861)	(47 781 714)

There were no borrowing costs capitalised during the year (2020:ZWLnil)

29 EARNINGS/(LOSS) PER SHARE

(i) Earnings/(loss) per share

Basic and diluted (loss)/earnings attributable to owners of parent (ZWL cents)

674.07	(280.71)	506.73	(8.31)
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(ii) Normalised earnings/(loss) per share

Normalise basic and diluted earnings/(loss) per share (ZWL cents)

70.32	(280.71)	155.85	(8.31)
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(iii) Reconciliation of normalised earnings/(loss) used in calculating earnings per share is as follows;

Earnings/(loss) attributable to owners of the parent

9 595 439 884	(2 419 072 186)	7 213 447 802	(71 653 155)
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Adjustments for:

Gain on bargain purchase (note 12)

(8 594 415 085)	-	(4 994 893 505)	-
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Normalised earnings/(loss) attributable to owners of the parent

1001 024 799	(2419 072 186)	2218 554 297	(71 653 155)
---------------------	-----------------------	---------------------	---------------------

Weighted average number of shares used as the denominator

Weighted average number of shares used as the denominator

Number	Number	Number	Number
1 423 517 220	861 771 777	1 423 517 220	861 771 777
1 423 517 220	861 771 777	1 423 517 220	861 771 777

Number of shares in issue

Weighted average number of shares in issue for basic and diluted earnings / (loss) per share

Notes to the financial statements (continued)

For the year ended 31 December 2021

29 EARNINGS/(LOSS) PER SHARE (CONTINUED)

For the purpose of basic (loss)/earnings per share, the weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time weight factor. The time weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in a year.

Weighted average number of shares for diluted (loss)/earnings are calculated by adjusting the weighted number of ordinary shares with the potentially dilutive ordinary shares. As at 31 December 2021 there were no potential dilutive share options (2020: nil).

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Net asset value per share (cents)				
Net assets	17 327 922 666	3 305 434 769	15 939 848 288	1 882 066 591
Number of ordinary shares in issue	1 423 517 220	861 771 777	1 423 517 220	861 771 777
Net asset value per share	1,217.26	383.56	1,119.75	218.40
30 SUMMARY OF CASH FLOW WORKINGS				
30.1 Cash generated from operations				
Profit/(loss) before income tax	9 771 234 879	(2 981 900 229)	7 465 629 914	(212 860 936)
Adjustments for non-cash items:				
Depreciation and hotel equipment usage (note 8)	599 237 054	463 205 427	438 439 341	181 807 203
Depreciation: right of use assets (note 17)	15 413 525	14 074 077	12 045 179	6 347 679
Loss from disposal of equipment and investment property	9 391 547	11 435 917	2 301 607	3 529 442
Provision (reversal)/expenses	(7 877 149)	48 242 767	46 616 281	30 013 446
Fair value adjustment on biological assets (note 9)	(72 218 502)	(40 275 282)	(89 665 994)	(25 056 606)
Fair value adjustment on investments property (note 10)	(1 163 771 333)	-	(2 143 685 296)	-
Foreign exchange gains (note 26)	(148 167 981)	-	(125 965 354)	-
Equity settled share based payments costs (note 22)	23 636 209	16 535 269	20 759 665	8 043 669
Monetary loss - effects of restatement (IAS 29)	22 883 111	2 120 607 781	-	-
Impairment loss on assets held for sale (note 11)	17 789 390	-	-	-
Gain on bargain purchase (note 12)	(8 594 415 085)	-	(4 994 893 505)	-
Finance cost-lease liabilities (note 17)	34 531 769	30 750 781	26 807 043	14 950 200
Finance costs net	47 821 766	74 063 450	40 943 586	47 781 714
Cash generated from operations before changes in working capital	555 489 200	(243 260 042)	699 332 467	54 555 811
Changes in working capital:				
Inventories				
-Decrease/(Increase) in inventories	124 001 326	226 068 782	(117 319 522)	(64 799 388)
Current trade receivables ,financial assets and trade and other payables	(35 739 313)	57 352 464	186 990 589	315 765 982
-Decrease/(Increase) in current trade receivables	62 232 946	479 690 146	(217 475 726)	(44 323 341)
-(Decrease)/Increase in current trade payables	(97 972 259)	(422 337 682)	404 466 315	360 089 323
Cash generated from operations	643 751 213	40 161 204	769 003 534	305 522 405
30.2 Proceeds from disposal of property and equipment				
Cost of property and equipment disposed of	35 047 164	43 156 686	21 858 380	9 680 405
Accumulated depreciation of property and equipment disposed	(25 595 292)	(18 664 690)	(16 018 808)	(4 036 028)
Net book value	9 451 872	24 491 996	5 839 572	5 644 377
Loss on disposal of property and equipment	(5 448 348)	(11 435 917)	(2 301 607)	(3 529 442)
Cash proceeds from disposal of property and equipment	4 003 524	13 056 079	3 537 965	2 114 935



Notes to the financial statements (continued)

For the year ended 31 December 2021

31 RELATED PARTY TRANSACTIONS

31.1 Other related party transactions

The following transactions occurred with related parties during the year

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Variable lease expenses charged by Dawn Properties Limited	253 412 725	181 286 461	214 766 853	75 006 809
Consultancy Fee paid to Dawn Properties Limited	4 791 345	3 404 140	3 324 563	991 391
Company secretarial fees paid to Arden Capital (Private) Limited	1 370 962	-	1 073 372	-
Management fees charge to African Sun Zimbabwe (Private) Limited	20 367 585	-	17 141 685	-
Compensation to key management personnel	23 845 951	17 984 165	19 608 958	9 254 310

Related party transactions are further explained below;

(a) Variable lease expenses payable to Dawn Properties Limited

Lease rentals relate to the leases of 7 hotels leased from Dawn Properties Limited a subsidiary of the Company. This is an intercompany transaction that is eliminated at consolidation.

- Monomotapa Hotel;
- Troutbeck Resort;
- Carribea Bay Resort;
- Great Zimbabwe Hotel;
- Elephant Hills Resort;
- Hwange Safari Lodge; and
- Holiday Inn Mutare

All the 7 leases were determined to be variable leases because the rentals are based on a percentage of revenue generated by the Group, and there are no base rentals, as a result no right of use assets have been recognised on these leases and the Group continues to recognise these leases as an expense in profit or loss on a straight-line basis.

The leases rentals payable to Dawn Properties Limited are for the properties listed below;

- Elephant Hills Resort and Conference Centre - hotel building;
- Monomotapa Hotel - hotel building;
- Carribea Bay Resort - hotel building;
- Hwange Safari Lodge - hotel building;
- Troutbeck Resort - hotel building;
- Great Zimbabwe Hotel - hotel building; and
- Holiday Inn Mutare - hotel building;

(b) Consultancy Fee paid to Dawn Properties Limited

Consultancy fee relates to charge for revaluation services provided for by Dawn Properties to conduct valuation of property and equipment. This intercompany transaction was eliminated at consolidation.

(c) Company secretarial fees paid to Arden Capital (Private) Limited

Arden Capital (Private) Limited provides secretarial services to Dawn Properties Limited in return for secretarial fee charge. During the year, a charge of ZWL 1.4 million was charged to the group profit or loss (2020: ZWL nil).

(d) Management fees charge to African Sun Zimbabwe (Private) Limited

This charge relates to management fees charged to African Sun Hotels for services offered by African Sun Limited executive management. This charge is eliminated at consolidation as an intercompany transaction.

Notes to the financial statements (continued)

For the year ended 31 December 2021

31 RELATED PARTY TRANSACTIONS (CONTINUED)

31.1 Other related party transactions (continued)

(e) Key management compensation

Key management includes Directors (executive and non-executive), Human Resources Executive, Company Secretary and Head of Internal Audit. The compensation paid or payable to key management for employee services is as shown below:

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31 December 2021 ZWL	Year ended 31 December 2020 ZWL	Year ended 31 December 2021 ZWL	Year ended 31 December 2020 ZWL
Salaries and other short term employee benefits	-	-	-	-
Non-executive directors' fees	23 845 951	17 984 165	19 608 958	9 254 310
	23 845 951	17 984 165	19 608 958	9 254 310

31.2 Year end balances arising from transactions with related parties

	Nature of relationship	INFLATION ADJUSTED			
		Year ended 31 December 2021 ZWL	Year ended 31 December 2020 ZWL	Year ended 31 December 2021 ZWL	Year ended 31 December 2020 ZWL
(a) Payables to related parties					
Meikles Hospitality Limited	Partners	13 829 149	-	13 829 149	-
Arden Capital (Private) Limited	Parent	1 356 168	-	1 356 168	26 087 554
		15 185 317	-	15 185 317	26 087 554
Payable balance to Meikles Hospitality relates to costs recovery charged to The Victoria Falls Hotel ("Partnership").					
Balance due to Arden Capital relates to secretarial fees offered to Dawn Properties Limited.					
(b) Receivables from related parties					
(i) Short-term receivable					
Arden Capital Limited	Holding company	16 340 867	-	16 340 867	-
Meikles Hospitality Limited	Partners	16 032 920	11 173 886	16 032 920	6 951 650
		32 373 787	11 173 886	32 373 787	6 951 650
Receivables from Arden Capital Limited arose from short-term loan extended during the year.					
Receivable from Meikles Hospitality Limited relates to 50% of amounts owed by The Partnership Hotel to other African Sun Hotels. The balance arose as cost recovery charges from other hotel to The Partnership Hotel.					
(ii) Long-term receivable					
Loans to executive management	Employees	5 973 935	3 922 830	5 973 935	2 440 524



Notes to the financial statements (continued)

For the year ended 31 December 2021

31 RELATED PARTY TRANSACTIONS (CONTINUED)

31.2 Year end balances arising from transactions with related parties (continued)

The receivables from executives arose from housing and car loans advanced. Housing and car loans are payable over a 5 year period in 60 equal instalments and no interest is charged. The balance on loans to executives is analysed below:

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
	GROUP			
As at 1 January	3 922 830	3 327 353	2 440 524	461 463
Housing and car loans advanced during the year	5 582 874	3 879 650	4 373 705	2 413 661
Housing and car loans repaid during the year	(1 050 778)	(797 036)	(840 294)	(434 600)
Restatement effects	(2 480 991)	(2 487 137)	-	-
As at 31 December	5 973 935	3 922 830	5 973 935	2 440 524

Receivables from related parties are discounted using the Group's average cost of borrowing of 35% (2020 : 35%)

32 COMMITMENTS

	Inflation adjusted		Historical cost	
	31 December 2021 ZWL	31 December 2020 ZWL	31 December 2021 ZWL	31 December 2020 ZWL
Capital expenditure				
Authorised by Directors and contracted for	42 578 816	15 411 886	42 578 816	9 588 252
Authorised by Directors but not contracted for	1 637 727 563	1 749 167 220	1 637 727 563	1 088 215 681
	1 680 306 379	1 764 579 106	1 680 306 379	1 097 803 933

Capital expenditure relates to hotel properties refurbishments acquisition of property and equipment. The greater part of capital expenditure will be financed from cash generated from operations and debt finance.

33 EVENTS AFTER REPORTING DATE

33.1 Dividend

Subsequent to year end, the Board resolved to declare a dividend of ZWL0.0815947 per share, amounting to a total of ZWL 116,151,461 and an additional USD0.0003548 per share amounting to a total of USD505,064, with respect to the year ended 31 December 2021.

33.2 Acquisition of the remaining 8.83% of Dawn Properties shares

Subsequent to year end, DPL shareholders comprising 3.61% (88 755 546) accepted the offer to be acquired via Tag Along in terms of section 239 of the Companies and Other Business Entities Act [Chapter 24:31] ("the COBE").

For the remaining 5.22%, the Magistrate Court granted an order for ASL to acquire these remaining 128 133 074 ordinary shares in DPL, ("Remaining Shares") via Drag Along in terms of section 238 of the COBE. Both the Drag Along and Tag Along legal processes are work in progress and are expected to be completed by the end of Q2 2022.

Group supplementary information

For the year ended 31 December 2021

5 YEAR REVIEW	CAGR %	31 December 2021	Inflation adjusted			
			31 December 2020	31 December 2019	31 December 2018	31 December 2017
SHARE PERFORMANCE: CENTS						
Per share						
Basic earnings						
Basic earnings / (loss) per share from continuing operations	109	674.07	(280.71)	156.49	47.87	35.57
Diluted earnings						
Diluted (loss) / earnings per share from continuing operations	109	674.07	(280.71)	156.49	47.87	35.57
Headline earnings						
Headline (loss)/earnings per share	137	601.31	(279.38)	157.36	47.72	19.21
Diluted headline (loss)/earnings per share	137	601.31	(279.38)	157.36	47.72	19.21
Net asset value per share	124	1,217.26	383.56	552.79	145.42	47.98
Closing market price	33	232.51	373.73	89.69	298.04	74.50
Share information						
In issue	13	1 423 517 220	861 771 777	861 771 777	861 771 777	861 771 777
Market capitalisation	51	3 309 819 888	3 220 699 851	772 934 720	2 568 414 977	642 034 485
ZSE industrial index	251	21 858	8782	327	327	145
RATIOS AND RETURNS						
Revenue generation						
Revenue: ZW\$	12	4 328 523 264	2 957 487 202	6 591 336 233	3 929 487 784	2 707 204 174
Room occupancy %	(8)	31	23	48	59	44
RevPAR: ZW\$	5	3 408	2 614	6 114	3 681	2 794
ADR: ZW\$	17	10 820	11 268	12 684	6 264	5 791
Profitability and returns						
EBITDA: ZW\$	136	10 491 122 104	(279 198 713)	2 797 272 958	974 161 928	340 556 087
EBITDA margin (%)	110	242	-9	42	25	13
Pre-tax return on equity (%)	45	56	(90)	51	48	629
Income after taxation to total capital employed (%)		56	(73)	28	43	276
Pre-tax return on total assets (%)	(23)	44	(53)	32	23	124
Solvency						
Gearing (%)	(36)	6	26	25	34	34
*Interest cover (times)	134	120	(27)	39	3	4
Shareholders' equity to total assets (%)	(18)	78	58	63	172	171
Total liabilities to total shareholders' funds (%)	(53)	20	71	58	106	405
Liquidity						
Current assets to interest free liabilities and short term borrowings	(22)	1.87	1.31	1.86	1.31	5.08
Productivity						
Turnover per employee: ZW\$	20	4 874 463	3 282 450	5 687 089	3 425 883	2 381 006
Other						
Number of employees	(6)	888	901	1 159	1 147	1 137
Number of shareholders	-	7 681	7 292	7 173	7 192	7 173

* Ratio has been calculated excluding non-cash items and material non-recurring items like profit on disposal of subsidiary



Group supplementary information (continued)

For the year ended 31 December 2021

5 YEAR REVIEW	Historical cost					
	CAGR %	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
SHARE PERFORMANCE: CENTS						
Per share						
Basic earnings						
Basic (loss) / earnings per share from continuing operations	-	506.73	(8.31)	12.35	1.18	0.56
Diluted earnings						
Diluted (loss) / earnings per share from continuing operations	-	506.73	(8.31)	12.35	1.17	0.56
Headline earnings						
Headline (loss)/earnings per share	-	372.27	(7.91)	12.43	1.17	0.31
Diluted headline (loss)/earnings per share	-	372.27	(7.91)	12.43	1.17	0.31
Net asset value	(438)	1,119.75	218.40	54.52	2.28	1.34
Closing market price	164	232.51	232.51	12.44	10.00	4.80
Share information						
In issue	13.37	1 423 517 220	861 771 777	861 771 777	861 771 777	861 771 777
Market capitalisation	199	3 309 819 888	2 003 705 559	107 204 409	86 177 178	41 365 045
ZSE industrial index	186	21 858	8782	327	327	327
RATIOS AND RETURNS						
Revenue generation						
Revenue: ZW\$	(189)	3 636 287 992	1 221 167 844	449 225 618	68 499 411	51 827 232
Room occupancy %	12%	31	23	48	59	53
RevPAR: ZW\$	(178)	2 850	1 102	414	64	48
ADR: ZW\$	(214)	9 050	4 749	859	109	93
Profitability and returns						
EBITDA: ZW\$	437	7 983 865 063	38 025 860	173 341 858	17 129 262	9 601 179
EBITDA margin (%)	84	220	3	39	25	19
Pre-tax return on equity (%)	2	47	(11)	32	69	51
Income after taxation to total capital employed (%)	-	47	(4)	23	47	32
Pre-tax return on total assets (%)	25	35	(6)	19	29	14
Solvency						
Gearing (%)	(35)	6	29	35	(49)	34
*Interest cover (times)	147	111	(2)	57	21	3
Shareholders' equity to total assets (%)	39	76	57	59	41	20
Total liabilities to total shareholders' funds (%)	(51)	24	75	71	141	405
Liquidity						
Current assets to interest free liabilities and short term borrowings	25	1.43	1.21	1.65	1.06	0.59
Productivity						
Turnover per employee: ZW\$	209	4 094 919	1 355 347	387 598	59 434	45 027
Other						
Number of employees	(6)	888	901	1 159	1 147	1 137
Number of shareholders	-	7 681	7 292	7 173	7 192	7 173

* Ratio has been calculated excluding non-cash items and material non-recurring items like profit on disposal of subsidiary

Group supplementary information (continued)

For the year ended 31 December 2021

UNITED STATES DOLLARS ("US\$")						
5 YEAR REVIEW US\$ Translated	CAGR %	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
SHARE PERFORMANCE: CENTS						
Per share						
Basic earnings						
Basic (loss) / earnings per share from continuing operations	-	6.20	(2.14)	1.19	1.18	0.56
Diluted earnings						
Diluted (loss) / earnings per share from continuing operations	-	6.20	(2.14)	1.19	1.18	0.56
Headline earnings						
Headline earnings / (loss) per share	77	5.53	(2.13)	1.20	1.18	0.56
Diluted headline earnings / (loss) per share	-	5.53	(2.13)	1.20	1.18	0.56
Net asset value	(70)	11.20	2.92	4.20	2.28	1.34
Closing market price	(18)	2.14	2.84	0.68	10.00	4.80
Share information						
In issue	13	1 423 517 220	861 771 777	861 771 777	861 771 777	861 771 777
Market capitalisation	(17)	30 463 269	24 474 318	1 597 873 786	46 389 405	65 718 324
ZSE industrial index	251	21 858	8782	327	327	145
RATIOS AND RETURNS						
Revenue generation						
Revenue: US\$	6	39 833 281	22 496 988	54 306 633	68 499 411	51 827 232
Room occupancy %	(8)	31	23	48	59	44
RevPAR: US\$	10	31	20	47	64	48
ADR: US\$	(2)	100	86	96	109	93
Profitability and returns						
EBITDA: US\$	78	96 544 661	66 216	21 278 271	17 129 262	9 601 179
EBITDA margin (%)	89	242	0	42	25	19
Pre-tax return on equity (%)	(3)	56	(90)	51	69	51
Income after taxation to total capital employed (%)	-	56	(73)	28	47	32
Pre-tax return on total assets (%)	33	44	(53)	32	29	14
Solvency						
Gearing (%)	-	6	26	25	(49)	34
*Interest cover (times)	151	120	(27)	39	21	3
Shareholders' equity to total assets (%)	41	78	58	63	41	20
Total liabilities to total shareholders' funds (%)	(53)	20	71	58	141	405
Liquidity						
Current assets to interest free liabilities and short term borrowings	33	1.87	1.31	1.86	1.06	0.59
Productivity						
Turnover per employee: US\$	(3)	44 857	24 969	475 128	38 347	50 727
Other						
Number of employees	(6)	888	901	1 159	1 147	1 137
Number of shareholders	-	7 681	7 292	7 173	7 192	7 173

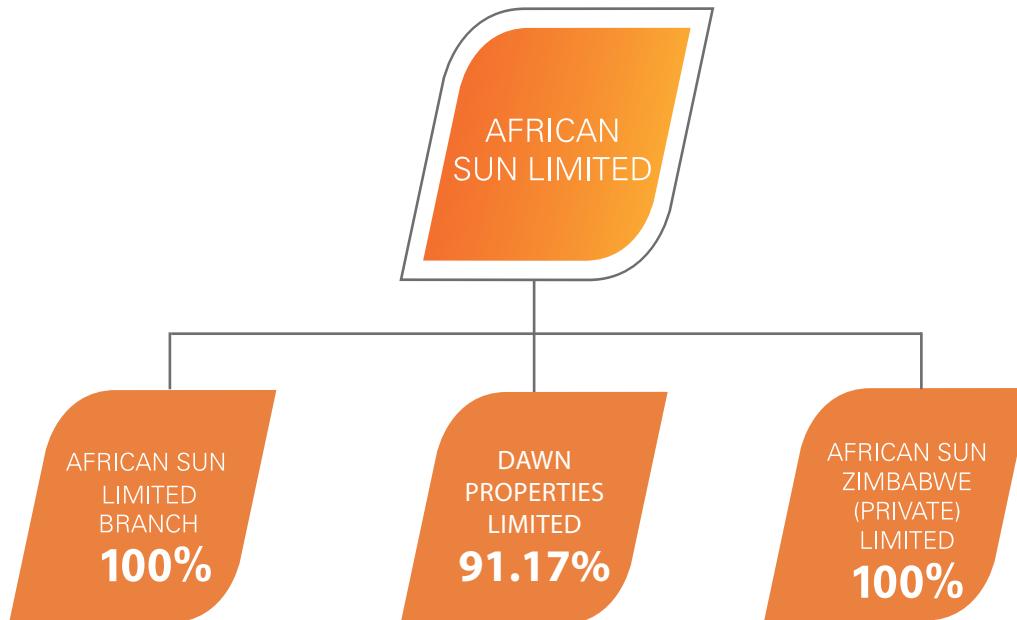
* Ratio has been calculated excluding non-cash items and material non-recurring items like profit on disposal of subsidiary



Group structure

For the year ended 31 December 2021

African Sun Zimbabwe [Private] Limited is the hotel operating entity. African Sun Limited Branch is the Group's Pan African Central Reservations office, primarily servicing foreign guests into the Group's hotels. Dawn properties Limited is the real estate arm of the Group. Dawn owns property investments (including 7 of the 11 hotels operated by the Group) and offers property development and consultancy services.



Shareholders' diary

Anticipated Date

June 2022	Annual Report 2021 Published
29 June 2022	Fiftieth Annual General Meeting
September 2022	Half Year Results 2022
March 2023	Full Year Results 2022
June 2023	Annual Report 2022 Published
June 2023	Fifty-first Annual General Meeting

Shareholders' profile

As at 31 December 2021

Shareholders analysis as at 31 December 2021 by volume

Range of holdings	Number of shareholders	Percentage	Issued shares	Percentage
1-5000	6 489	84,48	5 112 532	0,36
5001-10000	384	5,00	2 652 761	0,19
10001-25000	430	5,60	6 563 192	0,46
25001-50000	138	1,80	4 775 078	0,34
50001-100000	91	1,18	6 383 001	0,45
100001-200000	65	0,85	9 102 962	0,64
200001-500000	39	0,51	12 692 739	0,89
500001-1000000	20	0,26	14 120 499	0,99
1000001 and Above	25	0,33	1 362 114 456	95,69
TOTAL	7 681	100,00	1 423 517 220	100,00

Top ten shareholders

Range of holdings	As at 31 December 2021		As at December 2020	
	Issued shares	Percentage	Issued shares	Percentage
Brainworks Hotels (Private) Limited	892 899 243	62,72	497 010 465	57,67
Old Mutual Life Ass Co Zim Limited	404 953 731	28,45	273 271 220	31,71
Mega Market (Private) Limited	31 068 818	2,18	8 157 324	0,95
Zimbabwe Sun Employee Share	12 581 032	0,88	6 698 969	0,78
Stanbic Nominees (Private) Limited	9 265 345	0,65	4 294 841	0,50
Local Authorities Pension Fund	4 043 310	0,28	4 043 310	0,47
Pickover Investments P/L	3 711 317	0,26	3 108 442	0,36
Faanya Rose	2 283 539	0,16	1 354 340	0,16
Msasa Nominees (Private) Limited	1 820 639	0,13	1 820 639	0,21
La France Holdings Limited (NNR)	1 765 961	0,12	1 765 961	0,20
Other	59 124 285	4,15	60 246 266	6,99
Total	1 423 517 220	100,00	861,771,777	100,00

Shareholders analysis as at 31 December 2021 by type

Range of holdings	Number of shareholders	Percentage	Issued shares	Percentage
Local Companies	641	8,35	939077672	65,97
Insurance Companies	17	0,22	405742543	28,50
Local Individual Resident	6379	83,05	32265504	2,27
Fund Managers	35	0,46	13934165	0,98
Pension Funds	63	0,82	12419238	0,87
Local Nominee	113	1,47	9659658	0,68
New Non Resident	194	2,53	6260536	0,44
Other Investments & Trust	91	1,18	1277581	0,09
Foreign Nominee	12	0,16	1208434	0,08
Trusts	51	0,66	744886	0,05
Foreign Individual Resident	6	0,08	299533	0,02
Deceased Estates	52	0,68	292551	0,02
Foreign Companies	6	0,08	194529	0,01
Charitable	14	0,18	114612	0,01
Government / Quasi	3	0,04	18207	0,00
Banks	3	0,04	7071	0,00
Employees	1	0,01	500	0,00
Total	7 681	100,00	1 423 517 220	100,00



Shareholders' profile (continued)

As at 31 December 2021

Major shareholders

	As at 31 December 2021		As at December 2020	
	Issued shares	Percentage	Issued shares	Percentage
Brainworks Hotels (Private) Limited	892 899 243	62,72	497 010 465	57,67
Old Mutual Life Ass Co Zim Limited	404 953 731	28,45	273 271 220	31,71
Total	1 297 852 974	91,17	770 281 685	89,38

Resident and non-resident shareholders

	As at 31 December 2021		As at December 2020	
	Issued shares	Percentage	Issued shares	Percentage
Resident	1 416 722 311	99,52	860 888 075	99,90
Non Resident	6 794 909	0,48	883 702	0,10
Total	1 423 517 220	100	861 771 777	100

Range of holdings	Number of shareholders		Percentage	
	Number of shareholders	Percentage	Issued shares	Percentage
Public	7 629	99,32	1 410 936 188	99,12
Directors	-	-	-	-
Non-public	52	0,68	12 581 032	0,88
Total	7 681	100	1 423 517 220	100

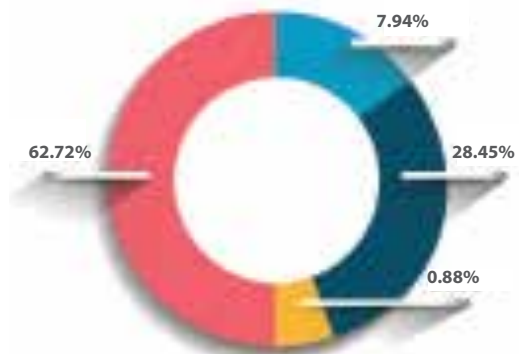
Non-Public includes Employee Share Participation Trust and managerial employees who hold shares in the Company in their individual capacities.

Public refers to Local Companies, Insurance Companies, Nominees, Banks, Investments, Trusts, Pension Funds and other organisations.

Directors mean Company directors who hold shares in the Company directly and indirectly.

Major shareholders

Percentage Shareholding for Chart	Percentage
● Brainworks Hotels (Private) Limited	62,72
● Old Mutual Life Ass Co Zim Limited	28,45
● Public Investors	7,94
● African Sun Employee Share	0,88
Total	100,00





AFRICAN SUN

LIMITED



Sun Leisure

Let us drive you
there in comfort
and style





**SUN
LEISURE
TOURS**

35 & 14
SEATER LUXURY BUSES

8
LUXURY SEDANS



Board of Directors

Experienced, effective and diverse leadership

Our business is led by our Board of Directors.

Biographical details of the Directors and senior management.



DR. EMMANUEL ANESU FUNDIRA
Independent non-executive Chairman

Emmanuel was appointed Chairman of the African Sun Board on 20 October 2021 having joined the Board on 17 October 2012. He is a holder of BSc (Hons) in Economics and MBA in Strategic Management and PhD in Ecology. A Chartered Marketer and Fellow of the Institute of Marketing Management UK with more than 20 years' experience in Tourism & Hospitality Management.



MR. PETER SAUNGWEME
Chief Executive Officer

Peter was appointed to the position of Chief Executive Officer on the 3 January 2022. A Chartered Accountant by training, Peter is the former Chief Executive Officer of Arden Capital Limited (former Brainworks Capital Limited). Before his appointment Peter was a non-executive director on the African Sun Board.



MR. NDANGARIRO MUTIZWA
Chief Finance Officer

Ndanga was appointed to the position of Chief Finance Officer (CFO) on 1 December 2021. He is both a Chartered Accountant and a Chartered Financial Analyst charter holder. Before his appointment, Ndanga was the Finance Director of Dawn Properties Limited.



MRS. GEORGINA CHIKOMO
Independent non-executive Director

Georgina was appointed to the African Sun Board on 30 August 2018. Georgina is an Accountant. She has a Bachelors Studies as well as a Masters Degree in Business Leadership. Georgina is the Managing Director of ZB Bank Limited.



MR. CONSTANTINE CHIKOSI
Independent non-executive Director

Constantine was appointed to the African Sun Board on 1 May 2021. Constantine holds a law degree from the University of Zimbabwe and is a Chartered Management Accountant (UK). He has a career spanning 20 years with the World Bank Group, which included the opening of the World Bank's office in Malaysia and Mauritius.



MR. BRETT CHILDS
Non-executive Director

Brett was appointed to the African Sun Board on 16 March 2017. Brett is a Chartered Accountant (South Africa). Brett has extensive experience on business with 30 years' experience in capital raising, IPO's, managing investments and corporate exits.



MR. VERNON WRIGHT LAPHAM
Non-executive Director

Vernon was appointed to the African Sun Board on 1 November 2021. He is a Chartered Accountant and is member of the Institution of Chartered Accountants of Zimbabwe. Additionally, Vernon holds a Post graduate Diploma in Applied Accounting (DAA). Vernon focuses in medium sized privately owned businesses and is in the process of listing a private equity company.



MR. LLOYD MHISHI
Independent non-executive Director

Lloyd was appointed to the African Sun Board on 1 May 2021. Lloyd has a legal career stretching back to 1993, which includes a published book entitled "The Law & Practice of Conveyancing in Zimbabwe" (Legal Resources Foundation, August, 2005). He is the Founder and current Senior Partner of the law firm; Mhishi Nkomo Legal Practice based in Harare.



MS. THANDIWE MIRANDA NGWENYA
Independent non-executive Director

Thandiwe was appointed to the African Sun Board on 30 August 2018. A marketer by profession, Thandi has over 22 years of corporate experience. Thandi holds a Master in Business Administration and a Bachelor of Commerce Honour Degree and is a members of the Marketers Association of Zimbabwe (MAZ) as a Marketing fellow.



MR. ALEX EDGAR SIYAVORA
Non-executive Director

Alex was appointed to the African Sun Board on 1 November 2021. He is a Chartered Accountant and a member of the Institution of Chartered Accountants of Zimbabwe. In addition, Alex holds a Masters in Business Leadership (South Africa). Alex is the former Chief Executive Officer for Ok Zimbabwe Limited and has vast experience in managing companies profitably.

Executive management



MR. PETER SAUNGWEME
Chief Executive Officer



MR. NDANGARIRO MUTIZWA
Chief Finance Officer



MR. MARKUS de KLERK
Legal Executive



MR. VENON MUSIMBE
Company Secretary



MRS MEMORY MACHEKA
Human Resources Executive



Corporate information

DIRECTORATE

Chairman

Dr. E. A. Fundira

Non-executive Directors

G. Chikomo
C. Chikosi
B. Childs
V.W. Lapham
L.M. Mhishi
T.M. Ngwenya
A.E. Siyavora

Executive Directors

P. Saungweme – Chief Executive Officer
N.Y. Mutizwa – Chief Financial Officer

Board Committees

Risk and Audit Committee

G. Chikomo (Chairman)
B. Childs
V.W. Lapham
L.M. Mhishi

Investment Committee

B. Childs (Chairman)
G. Chikomo
C. Chikosi
L.M. Mhishi
A.E. Siyavora

Nominations Committee

Dr. E.A. Fundira (Chairman)
G. Chikomo
C. Chikosi

Human Resources and Remuneration Committee

L.M. Mhishi (Chairman)
G. Chikomo
Dr. E.A. Fundira
A.E. Siyavora

Sales, Marketing and Innovation Committee

T.M. Ngwenya (Chairman)
C. Chikosi
A.E. Siyavora

Corporate Social Responsibility Committee

C. Chikosi (Chairman)
B. Childs
V.W. Lapham
T. M. Ngwenya

Information Technology Governance Committee

V.W. Lapham (Chairman)
C. Chikosi
T.M. Ngwenya

Company Secretary

V.T. Musimbe

DIVISIONAL HEADS

D. Kung	Resort Hotel
I. Katsidzira	City and Country
P. Saungweme	Other Strategic Business Units

HOTEL AND RESORT GENERAL MANAGEMENT

Property General Managers

Resort Hotels

C. Mulinde	Elephant Hills Resort and Conference Centre
N. Moyo	The Kingdom at Victoria Falls
*J. Kuwanda	Hwange Safari Lodge
K. Mupfigo	Caribbea Bay Resort
A. Takaza	Great Zimbabwe Hotel

*Acting

City and Country Hotels

I. Katsidzira	Monomotapa Hotel
R. Mavhumashava	Troutbeck Resort
C. Chinwada	Holiday Inn Harare
A. Matema	Holiday Inn Bulawayo
C. Chimbara	Holiday Inn Mutare

The Victoria Falls Hotel Partnership

F. Chimba	The Victoria Falls Hotel
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Sun Leisure Division

*P. Vuntarde	Harare Sun Casino and Makasa Sun Casino
D. Kung	Sun Leisure Tours

*Acting

Real Estate

J. Dowa	Dawn Properties Limited
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Independent Auditor

Deloitte & Touche Chartered Accountants (Zimbabwe)
West Block, Borrowdale Office Park
Liberation Legacy Way, Borrowdale. P.O Box 267, Harare

Main Bankers

FBC Bank Limited
5th Floor, FBC Centre, Nelson Mandela Avenue, Harare, Zimbabwe

Nedbank Zimbabwe Limited

16th Floor, Old Mutual Centre, Third Street, Harare, Zimbabwe

Legal Advisors

Dube, Manikai and Hwacha Commercial Law Chambers
DMH House, Number 4 Fleetwood Road, Alexandra Park,
Harare, Zimbabwe.

Registered Office

African Sun Limited
c/o Monomotapa Harare
54 Parklane, Harare, Zimbabwe

Physical Address

African Sun Limited

Bally House, Mount Pleasant Business Park,
870 Endeavour Crescent, Off Norfolk Road, Harare
P.O. Box CY 1211, Causeway, Harare, Zimbabwe



AFRICAN SUN

LIMITED



Sun Leisure

It's a sure bet
all the way





Harare & Victoria Falls

Stand-alone / Hotel-based

CHARITY CASINO

CASINO



Sustainability report



AFRICAN SUN
LIMITED

REPORT FREQUENCY AND CONTENT

The African Sun Limited (We, ASL or the Company) Sustainability Report, published annually, is part of the annual report for the Company.



Sustainability report (continued)

Overview



Customer Satisfaction Index (CSI) of at least 75% and above

Employees

Health

To align the ASL model to Hotel Asset Management Company

Charity

Create a benchmark in our talent development for sustainability, succession and growth



AFRICAN SUN

L I M I T E D

Victoria Falls Hotel

To achieve an EBITDA margin of at least 25% or more

Kingdom Hotel

Consistently achieve no less than 20% pre-tax return on equity

Troutbeck Inn

Seek to be in top 3 measured by Revenue Generation Index (RGI) in markets we operate

Monomotapa Hotel

Ensure that associations with reputable brands has sustainable long-term returns

Sustainability report (continued)

Who Are We?

African Sun Limited (the Group) is a leading hospitality provider in Zimbabwe, operating some of the most iconic hotels in the country. We have an illustrious history and bring a local touch to the internationally recognized brands we operate. Our vision is to be the leading Hospitality and Leisure Company in the markets we operate. This entails leading the hospitality and leisure industry in quality, guest satisfaction, stakeholder value creation and sustainability, across all our brands.



Overview

The people of Southern Africa are renowned for their open, welcoming, and hospitable nature built on 'Ubuntu' (humanity). ASL recognises and appreciates the relevance of local culture. As such, we have seamlessly merged these local values with world-class hospitality best practices, in a bid to build a renowned international hotel asset management company.

With a clear vision to become the leading hospitality and leisure company in the markets we operate, we run some of the most iconic hotels in Southern Africa. We have an illustrious history in hospitality that brings a unique local touch to the globally recognised brands we operate. A stay at any of our hotels becomes an indelible experience, leading in quality, guest satisfaction, stakeholder value creation, and sustainability in each of our markets.

Our approach to sustainability

Sustainability is a journey requiring adaptability to meet emerging challenges and opportunities. As such, ASL continues in its quest toward fully preserving a future, built on each year's achievements, and adopting new targets for the current financial year.

We continue to be guided by the principles of embedding sustainability into each of the three pillars of our business - the environment, the community, and the people. This approach ensures that for ASL, sustainability becomes a way of life and a hallmark of all our interactions. We have already begun to record positive results from this approach, reaping benefits for the long-term viability and profitability of the group through preserving and nurturing the human, natural and communal resources that sustain our business. ASL is confident that this will ultimately create a balance between its economic, social, and environmental outcomes.

ASL's commitment to sustainability

ASL is guided and inspired by global sustainability mandates such as the United Nations (UN) Sustainable Development Goals (SDGs). The Company fully subscribes to the definition of sustainable development, an approach to holistically developing and growing

by using resources in a way that allows them to continue to exist for others.

The Company is committed to fulfilling its part within the global sustainability frameworks that apply to its industry. Our brands are mindful of key local resource dependencies and the need for locally-driven and supported sustainability solutions.

The Company's accolades over the past year demonstrate how it has taken firm strides toward sustainability. The Company is accelerating the implementation of sustainable development and transparency in resource and waste management for the benefit of its communities and stakeholders. As a result, the Company has undertaken a range of sustainability-centered actions, such as the adoption of green refurbishment exercises in an effort to facilitate long-term profitability through waste reduction and earth-friendly business practices.

The ASL values

Our business operations are guided at all times by our values and corporate culture. Our long-term presence within the hospitality sector has defined a sustainability-focused value system throughout our brands. These values have influenced how we interact with guests, stakeholders, and the communities around us. Sustainability is a key component embedded into our "PRILFSC" value system as it leads us to respect our environment, our people, and our communities through:

- Professionalism;
- Respect;
- Integrity;
- Leisure;
- Fairness;
- Service excellence; and
- Care.



Sustainability report (continued)



The impact of sustainability on our stakeholders

The Company is cognisant of the earth's finite resources and is aware of the benefits of a sustainable tourism approach not just for us but also for all our stakeholders. The Company aims to consistently provide "tourism services that take full account of its current and future economic, social and environmental impact, addressing the needs of visitors, the industry and the environment and host communities" as prescribed by the UN Environment Program and UN World Tourism Organisation. We ensure that our ecosystem of service providers and recipients, respects our ethos throughout the value chain.

Our guests

Local and international travellers are increasingly concerned with low-impact, environmentally-friendly holidays. Not only do they consider carbon cost and waste, but they also factor the community impact into their holiday decisions. ASL's accolades in these areas allow guests to enjoy their African hospitality experience with the assurance of minimised waste and environmental impact as well as community support. In the long term, this will ensure that our guests consistently enjoy earth-friendly and affordable packages.

Our employees

The Company fosters strong relationships and empowers its employees to develop. ASL invests in retaining and enhancing its human capital within the group, whilst providing opportunities for personal fulfilment and growth. We are aware that a vision is only as good as the team implementing it, as well as its alignment to the strategic goals. In this spirit, ASL views its employees as critical partners in achieving its sustainability goals.

The communities we operate within

Each destination is a major influence on the communities we operate in, helping to shape the community around it socially and economically. To guarantee the long-term viability of our hotels, we ensure that each of our hotels contributes to the well-being of its community and that local communities share in our success.

The Company provides employment creation, giving preference to local suppliers as well as development assistance to the needy within the community whilst it continuously sets an example on waste management. Regular community clean-up exercises have become a hallmark of our operations, demonstrating ASL's commitment to sustainability and positively impacting its communities.

Our business partners

The Company interacts with local, regional, and international business partners. In such a multi-faceted landscape, our adherence to international standard policies such as the UN SDGs allows our partners to quickly and easily ascertain our compliance to the internationally recognised sustainability approaches we subscribe to.

Our shareholders

Accurate and transparent reporting is a consideration for international and institutional investors. A clear and effective sustainability plan allows our shareholders to maintain internationally compliant portfolios whilst holding a stake in a dynamic, vertically integrated hospitality player with marque hotels in the top travel destinations across the region.

Sustainability report (continued)

ASL and SDGs

ASL's approach to SDGs

The UN "Agenda 2030" which calls on all businesses to actively and creatively be part of the solutions to the main challenges facing the world, informs our operations.

The 2030 Agenda for sustainable development has seventeen SDGs, each focusing on a key area that supports the flourishing of people and the earth. The Company has identified and focused on seven key SDGs that affect our business, environment, and the communities around us. We consider addressing these SDGs as not only good stewardship of resources but also an astute long-term business planning position.



SDG 1: NO POVERTY

Poverty is a global phenomenon whose impact has been keenly felt by many local communities. Climate-related events, as well as repercussions of the Covid-19 pandemic, have exacerbated the economic hardships Zimbabweans have faced in recent times. Almost half of the country faced extreme poverty in 2021. In cognisance of this, ASL launched a range of initiatives to lessen the impact of poverty on the communities around our hotels, both in the form of immediate-term support and long-term self-supporting poverty alleviation initiatives.

Some of our activities in 2021 included the following:

- Monomotapa Hotel donated towels and bedsheets to Kukosha Group, an organisation that supports homeless children and orphans.

- Monomotapa Hotel assisted Nyarai Children's Home with basic food items, which included maize meal, sugar, salt, beef and flour.

Goals for 2022

The Company intends to continue working on minimising the impact of poverty and empowering the communities, in which we operate. In this regard, we aim to continue to support charities and vulnerable members of our society through donations, community development initiatives, skills training, and mentorship. The Company will continue to push for long-term poverty alleviation and to hire from local communities and give preference to buying locally, creating jobs, and supporting small businesses around our hotels.



Sustainability report (continued)

SDG 2: ZERO HUNGER

The Covid-19 pandemic and related logistical challenges have negatively affected food security in Zimbabwe, making SDG 2 a key focus area for the Company. The communities around some of our hotels were in unprecedented need of nutritional support. In our effort to address food insecurity and promote the well-being of the less fortunate, we assisted with the much-needed food items and endeavour to continue to support communities with not just food and other related donations, but also with sustainable agricultural projects that alleviate hunger in the long term.

2021 activities in that regard were as follows:

- Holiday Inn Harare, as part of its commitment to fighting hunger, donated cooking oil and 1,000 kilogrammes of mealie meal to Bumhudzo Old People's Home;
- Caribbea Bay Hotel facilitated a Christmas lunch for children at Tony Waite Organisation, giving them a taste of the spirit of giving during the festive season;
- Great Zimbabwe Hotel celebrated Unity Day at Nemamwa Clinic, living up to the principles of unity and community outreach by hosting a luncheon for the children present; and
- Monomotapa Hotel hosted a Christmas luncheon for the homeless, who are often overlooked.

Goals for 2022

All our hotels will continue to provide nutritional support through contributions and donations of food as well as basic commodities to the less privileged in our communities such as those in orphanages, rehabilitation centres, clinics, old people's homes as well as the homeless to reduce the impact of malnutrition.



SDG 3: GOOD HEALTH AND WELL-BEING

Access to health services and well-being for all remains an area of notable focus for the Company. To us, a healthy nation not only presents a group of flourishing clients but also a thriving workforce. Apart from our commitment to national health and welfare through our continued contribution to statutory commitments such as the National AIDS levy, we additionally provide our staff members with notable medical insurance schemes extending to their immediate families. Our hotels also boast an array of world-class health and fitness facilities to ensure wellness for our visitors.

The Company is committed to SDG3 within a local context. Recently, our strategic decisions in this regard have been informed by the Covid-19 pandemic and its impact on employees, their families, and communities. ASL has prioritised this global issue alongside its contribution toward relevant community initiatives.

Some of our notable activities in 2021 are as follows:

- As part of the Company's strategy to adhere to the best practice protocols in ensuring the safety of all stakeholders, the Company facilitated the Covid-19 vaccination programme for employees and their families;
- Caribbea Bay Hotel supported the Kariba Hospital Children's Ward where the team repainted bathrooms and refurbished toilets among other activities;
- The Holiday Inn Hotel in Bulawayo donated linen to Mpilo Hospital (the region's provincial health facility), to ensure there is sufficient linen for all patients;
- The Kingdom at Victoria Falls Hotel and the Victoria Falls Hotel championed the repainting of Chinotimba Clinic;
- Great Zimbabwe Hotel supported Nemamwa Clinic with linen and counselling sessions for HIV and AIDS-infected children;
- Holiday Inn Mutare painted Gimboki Clinic, creating an attractive and reassuring space for patients; and
- Holiday Inn Harare earmarked the Sally Mugabe C3 female surgical ward in 2021. The first phase, including the refurbishment of bathrooms, was completed. The hotel also donated 200 bedsheets and provided food items to patients.

Goals for the future

We are conscious that health and well-being are long-term goals requiring consistent and renewed investment. Consistent effort and resources to improve health outcomes within communities will be extended toward initiatives for the same in the coming year. We will make adjustments as needed, to best suit emerging health needs. Additionally, we will take part in relevant awareness campaigns for example Breast Cancer, Covid-19 and HIV and AIDS, to improve our employees' well-being, communities, and the general public's attention to key health challenges.

Sustainability report (continued)



SDG4: QUALITY EDUCATION

Education remains a key component to uplifting communities out of poverty and a requisite requirement for improvements on other sustainability goals. In 2021, Covid-19 negatively affected access to education, particularly for low-income and rural children¹. ASL played its part in addressing these challenges by identifying and sponsoring disadvantaged learners through payment of school fees, thus allowing them access to education.

We are also committed to nurturing talented individuals by providing educational opportunities aimed at reducing unemployment in local communities. In part, this has been achieved by providing mentorship for those seeking a rewarding career in the hospitality industry and beyond.

Our 2021 activities entail in that regard entailed the following:

- Great Zimbabwe Hotel and Elephant Hills Resort and Conference Centre continue to extend financial support to students at various tertiary institutions;
- Great Zimbabwe Hotel paid school fees for learners at Nemamwa Primary School;
- Elephant Hills Resort and Conference Centre paid school fees for students at Chinotimba Primary School;
- The Company supports the Chinhoyi University, Harare Institute of Technology, the University of Zimbabwe and Africa University by sponsoring trophies and cash prizes for the best students in the Tourism and Hospitality departments;
- In addition to financial support, the Company provides mentorship to students at the Chinhoyi University of Technology where general managers for Holiday Inn (Harare and Mutare) regularly present topics on youth entrepreneurship in the Tourism industry as part of youth empowerment initiatives; and
- The Company also embarked on a number of refurbishment projects, for example, the Chinhoyi University kitchen renovation project, the state-of-the-art kitchen equipment donation to Magamba Vocational Training Centre, which was handed over, through the Ministry of Youth, Sports, Arts, and Recreation.

Goals for the future

ASL will continue to seek and monitor opportunities that provide access to education in the communities around our hotels as well as support-selected students at all levels (primary, secondary, and tertiary) with funding, equipment, stationery, and career development events.

SDG 5: GENDER EQUALITY

Historically, we have built a solid reputation on enhancing the “gender agenda”. The Company relies on a dynamic and diverse team to bring different perspectives to solving hospitality and sustainability challenges. We are committed to providing and enabling gender equality hence providing opportunities for our women employees and management. Gender imbalances within the group are identified and addressed. The Company strives to provide a more equitable and inclusive representation across all departments, at all levels within the organisation, as well as in local communities.

Our 2021 activities

The Company continues to recognise the efforts of women in the group by supporting their aspirations and enabling their self-improvement and career development through some of the following initiatives:

- Appointment of qualified and capable female managers at all levels; and
- Monthly mentorship sessions for both male and female employees.

Goals for the future

ASL will be collaborating with appropriate organisations and experts to embark on an ambitious programme to improve gender balance, health, sanitary and reproductive education for young women in our communities. This will entail:

- Continued prioritisation of mentorship for female staff members and students for career development;
- Collaboration with relevant organisations for initiatives that empower and enrich the girl child; and
- Career guidance sessions targeting the girl child in marginalised communities.



Sustainability report (continued)



SDG 6: CLEAN WATER AND SANITATION

We believe that clean water is arguably the most important of all natural resources. Clean water and sanitation are essential for sustaining life and maintaining healthy environments, making them a key resource for our hotels and their communities. We are aware that the hospitality industry has traditionally been a prolific user of water. The Company recognises its potential to be a leader and beacon in sustainable water and sanitation management in the hospitality industry. ASL is committed to sustainable water use and low-impact sanitation processes whilst maintaining high standards for the provision of clean water and hygienic sanitation facilities at all our hotels and offices as well as supporting community access to potable water and thus prevention of water-borne diseases.

Our 2021 activities in that regard were as follows:

- Holiday Inn Harare embarked on a VIVREAU water purification project, which has resulted in the hotel supplying all in-house guests with purified water that is safe and clean for consumption; and
- All our hotels were compliant with the relevant by-laws and regulations applicable to the environment and sustainability at local, regional, and national levels, which has resulted in us saving water, reducing waste, and being energy efficient, for the benefit of the surrounding environment.

Goals for the future

- ASL will facilitate the drilling of boreholes in the various communities where it operates.
- All hotels will embark on campaigns targeted at raising awareness of the importance of clean water and sanitation in local communities as well as how to preserve and manage water.

SDG 7: LIFE ON LAND

According to the United Nations Development Program (UNDP), only 15 percent of the land is crucial forests that provide sustainable bio-diversity and the 'lungs of the planet' are protected. As an African tourism operator, we consider our natural environment as our key attraction and communal asset that must be protected for posterity. As we benefit from the natural beauty and bio-diversity around our hotels and resorts, we seek to participate and contribute to the protection, restoration and promotion of sustainable use of terrestrial ecosystems, sustainable forest management, reduction of desertification, halt and reverse land degradation, and biodiversity loss.

2021 activities in that regard were as follows:

- ASL has been participating in the 'Friday national clean-up campaign', a directive that was initiated by the President of Zimbabwe, His Excellency Cde E. D. Mnangagwa;
- As a way of promoting a sustainable eco-system and helping sustain our wildlife species, Hwange Safari Lodge, The Victoria Falls Hotel, The Kingdom at Victoria Falls Hotel and Elephant Hills Resort and Conference Centre support the Anti-Poaching Units with monthly contributions in the form of cash and fuel to this vital wildlife preservation endeavour; and
- The Company through its subsidiary (Dawn Properties Limited (Dawn)) availed land to the Presidential Elephants Research Trust (the Trust), for carrying out scientific research aimed at conserving and monitoring the iconic Presidential Elephants herd in the Hwange/Dete area. Dawn has committed to making a monthly donation of USD1 000 to support the activities of the Trust.

Goals for the future

- We will continue to engage with and support conversation and anti-poaching efforts to support the biodiversity of fauna and flora in Zimbabwe.

Sustainability report (continued)

ENVIRONMENT

Environmental responsibility

At ASL, we consider the natural environment to be a gift we are responsible for preserving and promoting. We make sustainable efforts to ensure it benefits communities for posterity. As such, we continue to engage in a range of initiatives to limit our impact on our immediate environment as well as on wider, global environmental challenges exacerbating climate change and damaging our atmosphere.

In one example of the Company's efforts to avoid products and processes that create environmentally unsafe waste, ASL is taking bold steps to reduce the use of Hydrochlorofluorocarbon (HCFC)

namely R22 and R134 at all its facilities across the country. HCFC is a colourless gas used in air conditioning and refrigeration. It is being phased out worldwide because of its harmful effect on the ozone layer and is being replaced with Hydrfluorocarbon (HFC) namely R410 and R404, which will be phased out by 2045.

ASL is adapting its processes to ensure guests enjoy their stay whilst minimising environmental impact through adopting a target to complete replacement of all HCFC with the much safer HFC at most of its hotels over the coming year (well ahead of global targets).

The table below highlights the prevalence of HCFC (R22 and R134) the HFC (R410 and R404) quantity targets as well as the replacement schedule at the Company's hotels:

Hotel	Component type	# of units using R410 /R404 (new standard)	# of units using R22 / R134 (being phased out and to be replaced)	Date of Replacement
Holiday Inn Harare	Air conditioner units	232	8	November 2022
	Cold-rooms		3	December 2022
Holiday Inn Bulawayo	Air conditioner units	163	22	November 2022
	Under-bar refrigerators		2	November 2022
	Cold-rooms		2	November 2022
Holiday Inn Mutare	Air conditioner	130	1	December 2022
	Freezer room		1	December 2022
Monomotapa hotel	Air conditioner units		12	December 2022
	Air conditioner chiller		1	December 2023
	Freezer room		1	December 2023
	Kitchen cold rooms		6	December 2023
	Conference room and office air conditioners		10	December 2023
	Under bar refrigerators		2	December 2023
Troutbeck Resort	Air conditioner units	5	73	December 2022
	Cold-rooms		1	December 2022
	Freezer room		1	December 2022
	Under Bar Fridges		70	December 2022
Caribbea Bay Resort	Air conditioner units	12	98	December 2022
	Cold room	2		December 2021
	Chest Freezers	4		December 2021
	Ice Machines	1		December 2022
The Victoria Falls Hotel	Air conditioner units	141	44	December 2022
Hwange safari lodge	Air conditioner units	9	93	June 2023
Kingdom Hotel	Air conditioner units	28	309	June 2023
	Cold-room		6	June 2023
Elephant Hills Resort	Air conditioner units	163	152	June 2023
	Air conditioner chiller		2	December 2022
	Freezer room	1	2	December 2022
	Cold-rooms	1	12	December 2022
	Chest Freezers	1	6	December 2022
	Under bar Fridges		26	December 2022
	Ice Machines	4		December 2021
Great Zimbabwe Hotel	Air conditioner	32	3	December 2022
	Freezer room	1		December 2021
	Cold rooms	2		December 2023
	Chest freezers		4	December 2022
	Under bar fridges		2	December 2022
	Ice machine	2		December 2021



Sustainability report (continued)

Green programmes

In light of the key importance of the natural environment to our business, we consider environmental protection and green programs integral to the long-term viability of our business and of the communities within which we operate.

We are committed to ensuring that we continue to further integrate community and environmental best practices into our business strategy and operations. We aim for sustainability, conservation, renewable energy, and overall consideration for future generations across our entire value chain. The Company's Environment policy, therefore, positions it as a corporate citizen that is part of an intricate system made up of people, other organizations, and nature. This approach highlights the importance of:

- Conducting business in a socially responsible and ethical manner;
- Protecting the environment and its inhabitants; and
- Engaging, learning from, and respecting the communities and cultures with which we identify.

Green programs are implemented across the group on a hotel-by-hotel basis, taking into account local community and environmental challenges and resources.

The IHG is one of the largest and most revered hotel chains in the world. IHG recognises the importance of sustainability in long-term resource management and has developed the Green Engage program for its hotel partners to create 'Great Hotels Guests' Love'. This online sustainability platform helps hotels measure, report, and manage their use of energy, carbon, water, and waste, minimising their overall utility costs and environmental impact whilst maintaining guest satisfaction and service delivery.

Green Engage program provides more than 200 Green Solutions – sustainable and efficient actions that hotels can implement to reduce their environmental footprint and can reduce energy consumption by up to 25% per year, not only reducing impact but improving profitability as well.

The Holiday Inn hotels have gone on a drive to ensure they reduce use of water, energy, and reduce carbon emissions and landfilling waste in an environmentally sustainable way, in accordance with the IHG Green Engage standards.

The following are the initiatives that have been adopted by each of the Holiday Inn hotels in their drive to achieve sustainability in the areas of water and energy conservation and carbon emissions and landfilling waste reduction:

Sustainability objective	Holiday Inn Harare initiatives	Holiday Inn Bulawayo initiatives	Holiday Inn Mutare initiatives
Water conservation	Fully on borehole water	Partial potable & borehole water	Partial potable & borehole water
Reduction in energy usage	Design the impact out” of the process	Installed dimmer switches in restaurant	Installed dimmer switches in restaurant
Reduction in energy usage	Installed dimmer switches in restaurant rooms	Installed dimmer switches in conference rooms	Installed dimmer switches in conference rooms
Reduction in energy usage	Completely switched to light emitting diode (LED) lighting.	Completely switched to LED lighting	Completely switched to LED lighting
Reduction in energy usage	Installed timer and thermostat control for geysers, air conditioners and refrigeration equipment	Installed timer and thermostat control for geysers, air conditioners and refrigeration equipment	Installed timer and thermostat control for geysers, air conditioners and refrigeration equipment
Reduction of carbon emissions and energy use	Working to convert to direct current (DC) inverter air-cons	Installed DC inverter type air-conditioners	Installed DC inverter type air-conditioners
Reduction in energy usage		Solar geysers for Canteen & changing rooms	
Reduction of land filling waste	Installed water bottling plant with re-usable glass bottles	Water bottling plant acquisition in progress	Water bottling plant acquisition in progress
Reduction of land filling waste	Separation of waste at source	Separation of waste at source	Separation of waste at source

Sustainability report (continued)

COMMUNITY

Social responsibility

The Company seeks to achieve sustainable goals by working closely with community organisations, development agencies, government, and its associates, as well as fellow hoteliers to foster a spirit of cooperation through the implementation of initiatives that benefit and sustain our local communities. We view our community responsibility as not only an opportunity to build resilience in communities but also to strengthen partnerships with local stakeholders.

In collaboration with the local community, each of our hotels is involved in the monthly national clean-up campaigns on the first Friday of each month. This provides strengthened engagement of our staff, partners, and the communities we operate in with a tangible experience of shared sustainable initiatives whose results can be seen and shared by all.

Charity casino

In our commitment to alleviate poverty and help the less privileged in society, our Charity Casino operates through the Lotteries and Gaming Board under the Ministry of Home Affairs, with the clear mandate to raise funds on behalf of charitable organisations by running gaming events on behalf of specific beneficiaries. In 2021, the Casino raised funds amounting to USD24107.33, which will be paid out to 9 charities.

Responsible procurement

The Company understands that purchasing and sourcing decisions not only affect our organisational outcomes but also sets the tone for business in our communities. We believe in the “thinking strategically, acting responsibly” mantra.

ASL recognises the importance of sustainable and long-lasting procurement systems that enhance our communities. In recognition of this, the Company achieved the internationally acclaimed Chartered Institute of Procurement and Supply (CIPS) Corporate ethics certification in sustainable and ethical procurement in 2021. The certification means that ASL’s procurement processes take a wider view, which incorporates the net benefits for both the buyer organisation and the wider world.

Circular procurement process strategy

When sourcing, we consider the use, lifespan, and end-of-life use of a product. Circular procurement guidelines define the scope, identify and link existing processes as well as facilitate the planning and prioritisation of improvement measures. Priority is placed on selecting suppliers with whom the Company can establish a long-term strategic business relationship. In the spirit of empowerment and economic inclusivity, procurement will be handled in an open, competitive, and non-discriminatory manner and will include Small to Medium scale Enterprises (SMEs) and established companies. ASL, therefore, engages in business with organisations of all types and sizes, private or public, small, and medium-sized enterprises. The Company thrives on making decisions and finding solutions that benefit all levels of partnerships be they technical, organisational, or financial.

All our suppliers are partners and are engaged in all our procurement design processes; hence we achieve a holistic sense of community.

Below are some of the strategies being implemented to ensure that a sustainable-circular procurement process is achieved:

STRATEGY	STRATEGY DESCRIPTION	STRATEGY IMPLEMENTED
Procurement efficiency	Reduced impact through reduced use	Implemented water filling stations to eliminate plastic waste and to adhere to the ISO 6001 of a green environment. Use of automated systems to reduce all waste associated with printing and transporting paper documents.
Process design	Design the impact out” of the process	Our kitchens use alternative power, which helps conserve fuel and electricity. Introduction of innovative heating methods, which require less electricity.
Behaviour change	Implement programmes to shift practices and attitudes	Continuous training for staff to equip them with skills for better engagement with parties in the procurement process.
Supplier engagement and accountability	Engage and hold accountable suppliers with regard to a specific impact	We require our suppliers of food products to have the Ministry of Health certificate and to adhere to all health and cleanliness regulations. We also ensure and encourage our suppliers not to engage in criminal or any fraudulent activities, corruption, modern-day slavery, human trafficking and wider issues such as child labour. Through partnerships, we have an insight into their operation, which allows us to impact their processes.
Green substitution	We select products with better environmental impact	Products should not only be safe to consume but safer for the environment. Therefore, a conscious decision is made when procuring a product. Factors to consider include how it was manufactured (inputs and the process itself) and its after-use function.
Supplier engagement	We partner suppliers with a better sustainability record	By selecting suppliers who adhere to ethical processes we promote sustainability. ASL supports ethical SMEs as a way of empowering society and promoting a circular economy.
Centralised purchasing	Collective purchasing power	Deliberate decisions to collectively procure repetitive purchases reduce our carbon footprint. Our collective power allows us to have a better platform to push the green agenda when negotiating with suppliers.



Sustainability report (continued)

The impact of Covid-19 on the Company's hotels

The tourism industry in Zimbabwe has always been a major contributor to the economy, particularly due to its ability to generate foreign currency and create jobs. The advent of Covid-19 impacted negatively on tourist arrivals, which declined significantly due to global lockdowns. The Company also recognises that the impact of the pandemic has not only delayed our sustainability momentum but has compelled us to re-energise our commitment and focus on adapting to a more resilient, diverse, and inclusive culture.

We are committed to the recovery of the tourism industry in Zimbabwe and continue to implement safety measures that enhance visitors' confidence in safe travel.

TEAM

Sustainable human resources practices.

ASL's vision to reframe its operations towards long-term sustainability, effective resource management and nurturing communities requires a concerted and consistent sustainability focus by all our staff. We recognise the key role our team plays in helping us develop, implement sustainability initiatives, and engage with communities and other stakeholders. It is only by empowering our team and helping to develop their human capital that we will have the human resources to build a sustainable future for ourselves, not only for customer satisfaction but also for the Company's productivity and meeting key performance. The Company invests in initiatives targeting employee health, development, and retention to enable continuity of the business. Despite the challenging environment, we managed to carry out staff development for seven trainee Deputy General Managers, and thirteen management trainees, who were appointed to substantive positions in July 2021.

Employee wellbeing, health and safety

To allow safe and scalable staff training, online training was conducted for all employees in the operations and support departments. These sessions served as a refresher exercise and ensured that our human capital was adequately equipped with knowledge of the latest trends in their fields. This was but one example of the special emphasis placed on employee well-being throughout the year, particularly concerning Covid-19 protocols. Employees were able to focus on providing a seamless service to guests in a safe environment. Furthermore, the Company's management, to increase productivity and ensure employee retention, conducted employee engagement.

As the Covid-19 pandemic continues to be a global phenomenon, we have been vigilant in complying with the World Health Organisation (WHO) and Government protocols and guidelines. For the safety of our guests, employees, and their immediate families, a vaccination drive was conducted, as well as dissemination of pertinent information for awareness. Wellness programmes, in collaboration with our medical aid service provider, were done in most of the units with a focus on physical fitness, eye, and dental care. With the impact of Covid-19 on employees, well-being programmes will further include mental health awareness for employees, to enable them to find a more fulfilling work-life balance, and at the same time, fulfilling the needs of the business.

Employee career development

The Company has a talent development framework for all mission-critical roles. High potential and high performers are developed and these contribute to the overall business performance. Leadership development is tied up to the competency models of people, strategic, business, and functional leadership. Management is pleased to have created a viable leadership pipeline for succession and business continuity through the development of employees through essential management development programmes in all departments.

External stakeholder partnerships

Stakeholder relationships are the bedrock upon which ASL is built. The Company relies on not just our internal team, but also our partners and other stakeholders. We continue to foster and strengthen relationships with a wide range of partners that affect our viability, sustainability and service delivery. The Company continues to partner with major universities which provide us access to graduate trainees. In 2021, the Company made a presentation during a nationwide online conference themed "Youth Entrepreneurship in the tourism industry: Emerge, Challenge and Innovate". Our relationship with the Chinhoyi University of Technology continues to deepen, with ASL providing a well-received career guidance talk at the university. The Company expects to finalise a memorandum of understanding with the university soon.

Employee succession

Management proactively ensures that identified manpower gaps within the group are quickly filled to minimise business disruptions. Additionally, the Company continues to focus on developing internal human resources, through development programmes for housekeepers, and chefs, for example. Such initiatives have enabled personal growth for our employees and provided a clear career progression path for our staff.

Non-discriminatory equality

We celebrate and harness diversity in the workplace as a resource that offers us a range of unique insights. As such, we seek to offer equal opportunities to the most diverse candidates of exceptional experience and merit. We do not discriminate based on creed, colour, race, religion, or ethnicity, and this impartiality is captured within our code of conduct and code of ethics.

The Company remains committed to increasing its overall female staff to at least 40 percent of the total workforce. The group appointed Graduate Development Programme trainees in July 2021, of whom fifty percent of the appointed employees were women. Deliberate decisions will continue to be made to recruit and/or promote deserving female employees to enable the achievement of our 40 percent benchmark.

The following are some of the initiatives:

- Provision of more opportunities for including more women in internal skills development training programmes, such as graduate, management, supervisory, and Deputy General Manager development;

Sustainability report (continued)

- Encouragement of more women to go for opportunities they desire through our coaching and mentorship programmes; and
- Promotion of deserving women to management and supervisory positions.

The Company prides itself as a champion of global accessibility standards, providing physically challenged guests and employees freedom of movement within all our hotels, with state-of-the-art equipment and facilities.



Employee retentions

ASL is committed to implementing multifaceted retention strategies to keep employees motivated and focused, so they elect to remain employed and fully productive for the benefit of the group.

These strategies are based on continuous review of compensation and rewards, employee engagement through various platforms, implementation of wellness programmes, mentorship programmes, training and development opportunities, and growth opportunities within the group.

Training and development

ASL continued to invest in and support human capital development despite the challenges relating to Covid-19. Staff development programmes were carried out both on-site and through virtual training. These training modules ensured that the Company's human capital is resourced and adequately equipped with knowledge and trends in their fields, compliance issues regarding franchise requirements, as well as necessary skills refresher training after lockdowns.

Awards and recognition

In recognition of its outstanding performance in various fields, the Company was a recipient of the following awards in 2021:

Date	Award
1 May 2021	Corporate Social Responsibility (CSR) Network Zimbabwe: Excellence in Community – Children Support- awarded to Caribbea Bay Hotel. CSR Network Zimbabwe Mashonaland West Environmental Champion of the year- awarded to Caribbean Bay hotel.
1 September 2021	2 nd Runner Up Award in the Tourism and Hospitality Sector at Zimbabwe International Trade Fair (ZITF)-awarded to African Sun Hotels and Resorts.
1 September 2021	Exceptional Southern Region Customer Experience of the Year 2021- awarded to Holiday Inn Bulawayo.
1 September 2021	CSR Network Zimbabwe- Excellence in Community Empowerment and Social Impact- awarded to African Sun Hotels.
1 October 2021	2 nd Runner up in the Hospitality Sector- Contact Centre Association of Zimbabwe(CCAZ) Service Excellence Award – awarded to Elephant Hills Resort and Conference Centre.
1 November 2021	Excellence in Community Empowerment and Social Impact- corporate award to African Sun Limited.
1 December 2021	2 nd Prize in the category of Best Stakeholder Practices & Sustainability Reporting Disclosure, Chartered Governance and Accountancy Institute Corporate Governance Award – corporate award to African Sun Limited.
1 December 2021	2 nd Prize in the Overall Best Corporate Governance Disclosures, Chartered Governance and Accountancy Institute Corporate Governance Award – corporate award to African Sun Limited.
1 December 2021	2 nd Runner up in Hotel Sector for Superbrands Awards 2021.

Summary

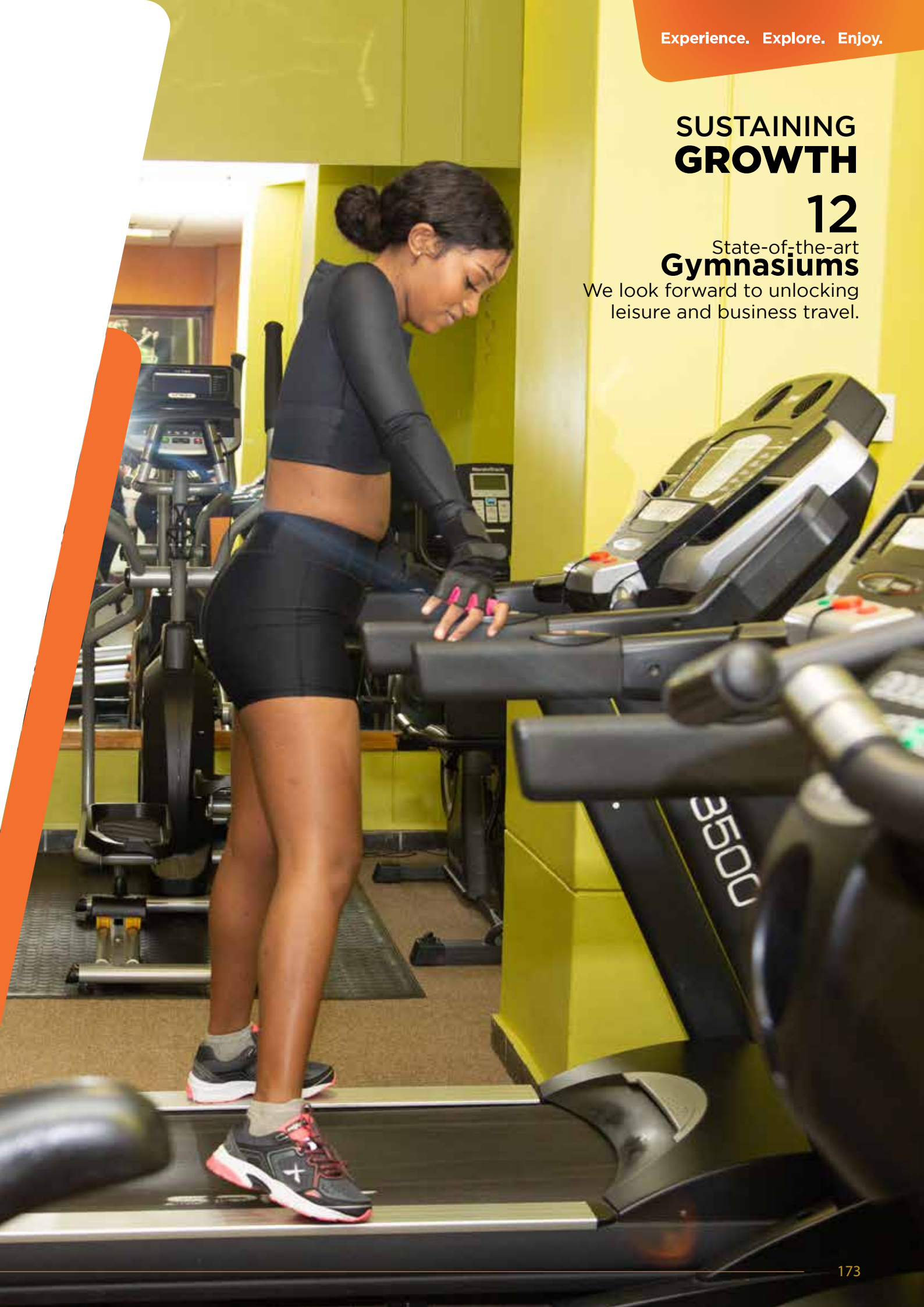
We appreciate the recognition, awards, and commendations that have been received so far in our sustainability journey. As a constantly learning organisation, we will continue to explore ways of finding a balanced compromise that allows us to respect and nurture our natural environment, and pursue economic growth and prosperity whilst respecting the true value of ubuntu in our communities.

SUSTAINING GROWTH

12

State-of-the-art Gymnasiums

We look forward to unlocking
leisure and business travel.



Corporate and hotel directory

African Sun Limited

Incorporated and domiciled in the Republic of Zimbabwe Registration number: 643/1971

Registered Office

African Sun Limited, c/o Monomotapa Harare
54 Parklane, Harare, P.O. Box CY 1211, Causeway, Harare, Zimbabwe
Tel: +263 242 338232 -6, +263 78 270 5382, +263 78 270 5379, +263 78 270 5384
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com

Transfer Secretaries

Corpserve (Private) Limited
2nd Floor, ZB Bank Centre
Cnr Kwame Nkrumah Avenue/First Street, P.O. Box 2208, Harare, Zimbabwe
Tel: +263 242 758193
Email: paradzai@corpserve.co.zw

Physical Address

African Sun Limited, Bally House, Mount Pleasant Business Park, 870 Endeavour Crescent off Norfolk Road, Harare
P.O.Box CY 1211, Causeway, Harare, Zimbabwe
Tel: + Tel: +263 242 338232 -6, +263 78 270 5382, +263 78 270 5379, +263 78 270 5384
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com

Investor Relations

Web: www.africansunhotels.com

Telephone Directory

For reservations:

Pan African Central Reservations Office, ("PACRO") Johannesburg +27 100030079,100030081-5
Email: pacro@africansunhotels.com

Harare Central Reservations Office Harare ("HACRO") +263 242 700521 or +263 782 706 785-7
Email: hacro@africansunhotels.com

Resort Hotels

Elephant Hills Resort and Conference Centre +263 8328 44793-9 or +263 867 700 4956
or +263 867 700 4956
Hwange Safari Lodge +263 772 132 147-8
The Kingdom at Victoria Falls +263 8328 44275-9 or +263 772 132 163 or +263 867 700 4955
Caribbea Bay Resort +263 261 2452-7 or +263 772 132 180-2
Great Zimbabwe Hotel +263 239 262274 or +263 772 132 153-5 or +263 867 700 7458

City and Country Hotels

Monomotapa Harare +263 242 704501-9 or +263 867 700 4651
Troutbeck Resort +263 772 437 386-8 or +263 867 702 0298
Holiday Inn Harare +263 242 795612-9 or +263 867 702 0291
Holiday Inn Bulawayo +263 292 252460-9 or +263 867 702 0294 or +263 772 132 149-150
Holiday Inn Mutare +263 020 64431 or +263 867 702 0290

The Victoria Falls Hotel Partnership

The Victoria Falls Hotel +263 8328 44751-9 or +263 772 132 176 or +263 867 700 0376

Sun Leisure

Harare Sun Casino +263 242 338232-9
Makasa Sun Casino +263 8328 44275-9 or +263 772 132 163 or +263 867 700 4955
Sun Leisure Tours - Bulawayo +263 292 252460-9 or +263 867 702 0294
Sun Leisure Tours - Victoria Falls +263 8328 44793-9 or +263 867 700 4956

Real Estate

Dawn Properties Limited +263 242 707101 -8 or +263 242 706664 - 4



Notice to members

NOTICE IS HEREBY GIVEN TO THE SHAREHOLDERS OF THE COMPANY THAT, the fiftieth Annual General Meeting (AGM) of African Sun Limited will be held in the Kariba Room at Holiday Inn Harare, Corner 5th Street and Samora Machel Avenue, Harare on Wednesday, 29 June 2022 at 1200 hours (CAT).

Voting thresholds:

To approve the ordinary resolutions, the support of more than 50% of the voting rights exercised by shareholders present in person, or represented by proxy, at the AGM is required.

To approve any special resolutions, the support of at least 75% of the voting rights exercised by shareholders represented in person or by proxy at the virtual AGM is required.

ORDINARY BUSINESS

1. Statutory Financial Statements

To receive and adopt the financial statements for the year ended 31 December 2021, together with the report of the Directors and Auditors thereon.

2. Dividend

To confirm the final dividend of ZWL0.0815947 per share (amounting to a total of ZWL116,151,461) plus an additional USD0.0003548 per share (amounting to a total of USD505,064) payable in respect of all ordinary shares of the Company for the year ended 31 December 2021.

3. Directors Resignations and Appointments

3.1 Mr. A. Makamure and Ms. N. G. Maphosa retired from the Board on 20 October 2021.

3.2 Messrs. V.W Lapham and A. E Siyavora, were appointed to the Board as non-executive directors on 8 November 2021 and retire at the end of their interim appointments.

3.3 All the non-executive directors, being Dr. E. A Fundira, , Mrs. G. Chikomo, Mr. C. Chikosi, Mr. B.I. Childs, Mr. V.W. Lapham, Mr. L. M. Mhishi, Ms. T.M. Ngwenya and Mr. A. E. Siyavora, will be subject to re-election at the Annual General Meeting. All the non-executive directors being eligible will offer themselves for re-election at the Annual General Meeting.

The profiles of Directors to be re-elected are included in the Annual Report under the Board of Directors. Unless otherwise resolved, each Director will be elected separately.

4. Independent Auditors

4.1 To approve the remuneration of the auditor, Deloitte and Touche (Zimbabwe) for the past audit.

4.2 To note the retirement of Deloitte and Touche (Zimbabwe), as independent auditors for the Company.

4.3 To approve that the directors be hereby empowered to do all things necessary regarding the selection, appointment and remuneration of a new replacement auditor, subject to these actions being ratified at the next AGM of the Company.

4.4 To approve that the selected auditor may hold office until the conclusion of the next AGM of the Company.

5. Director's Fees

To ratify the payment of directors' fees for the Chairman and non-executive directors for the year ended 31 December 2021.

Notice to members (continued)

SPECIAL BUSINESS

6. Adoption and substitution of a new Memorandum and Articles of Association of the Company

To resolve as a special resolution, the adoption and substitution of a new Memorandum and Articles of Association for the Company compliant with the requirements of the Companies and Other Business Entities Act [Chapter 24:31] and the new Zimbabwe Stock Exchange (ZSE) Listing Requirements [Statutory Instrument 134 of 2019].

Members are advised that tabulation of the changes to the Memorandum and Articles of Association will be available for inspection at the registered office and corporate head office of the Company, 14 days before the AGM.

ANY OTHER BUSINESS

To transact any other business competent to be dealt with at the AGM.

Note:

- (a) In terms of section 171 of the Companies and Other Business Entities Act (Chapter 24:31), members are entitled to appoint one or more proxies to act in the alternative, to attend, vote and speak in their place at the meeting. A proxy needs to be a member of the Company.
- (b) In terms of section 171 (8) of the Companies and Other Business Entities Act (Chapter 24:31), a director or officer of a company may not act as a proxy for a member. Accordingly, members should not appoint a director or officer of the Company.
- (c) In terms of Article 80 of the Company's Articles of Association, instruments of the proxy must be lodged at the registered office of the Company at least forty-eight hours before the time appointed for holding the meeting.

By Order of the Board



V.T. Musimbe
Company Secretary

Registered Office

African Sun Limited
Monomotapa Hotel,
54 Parklane, Harare, Zimbabwe

30 May 2022

ATTENDANCE OF THE AGM VIRTUALLY

In the interest of health and safety considerations given the Covid 19 pandemic, Shareholders who prefer to attend the meeting virtually are welcome to do so on <https://escrowagm.com/eagmZim/Login.aspx>. Members are hereby advised to use the dedicated Corpserve helpline at +263 - 242 750 711, - 772 289, or -779 145 849 for assistance with the virtual AGM processes.



AFRICAN SUN

L I M I T E D

PROXY FORM FOR THE ANNUAL GENERAL MEETING

For use at the fiftieth Annual General Meeting (AGM) of African Sun Limited shareholders which will be held in the Kariba Room at Holiday Inn Harare, Corner 5th Street and Samora Machel Avenue, Harare on Wednesday, 29 June 2022 at 1200 hours (CAT).

I/We, the undersigned

of

Being registered holder(s) of ordinary shares

Hereby appoint

or failing him,

As my proxy to act for me/us and vote for me/us on my/our behalf as indicated below at the Annual General Meeting of the Company to be held on Wednesday, 29 June 2022 at 1200 hours (CAT) and at any adjournment thereof.

PROXY

(a) In terms of the Companies and Other Business Entities Act (24:31), members are entitled to appoint one or more proxies to act in the alternative, to attend, vote and speak in their place at the meeting. A proxy needs not be a member of the Company.

(b) In terms of Article 80 of the Company's Articles of Association, instruments of the proxy must be lodged at the registered office of the Company at least forty-eight hours before the time appointed for holding the meeting.

Signed at this day of 2022

Signature of Shareholder

PLEASE NOTE

If the address on the envelope of this letter is incorrect, please fill in the correct details below and return to the Company Secretary.

Name

Address

.....

.....

STAMP

THE COMPANY SECRETARY

REGISTERED OFFICE:

AFRICAN SUN LIMITED

C/O Monomotapa Hotel,
54 Parklane, Harare, Zimbabwe.
PO Box CY 1211, Causeway,
Harare, Zimbabwe.

PHYSICAL ADDRESS:

AFRICAN SUN LIMITED

Bally House, Mount Pleasant Business Park,
Off Norfolk Road, 870 Endeavour Crescent,
Mount Pleasant,
Harare, Zimbabwe.
PO Box CY 1211, Causeway,
Harare, Zimbabwe.



AFRICAN SUN

L I M I T E D

THE COMPANY SECRETARY

African Sun Limited,
c/o Monomotapa Harare
54 Parklane, Harare,
P.O. Box CY 1211, Causeway, Harare, Zimbabwe
Tel: +263 242 338 232 - 40, +263 78 270 5382 - 4,
+263 78 270 5379, +263 242 250501-6.
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com

CORPORATE HEAD OFFICE

African Sun Limited
Bally House, Mount Pleasant Business Park,
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