





# Let's Go Places!

Over 60,000 rooms  
across 30 African countries...

Book via: [www.gatewaystream.com](http://www.gatewaystream.com)



**GATEWAY STREAM**  
The Future is Here Now!  
Download the App

## ABRIDGED REVIEWED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2022

Notes	INFLATION ADJUSTED		HISTORICAL COST	
	30.06.22 ZW\$	31.12.21 ZW\$	30.06.22 ZW\$	31.12.21 ZW\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Operating profit before working capital changes</b>	<b>1 622 037 469</b>	<b>644 187 163</b>	<b>1 051 092 187</b>	<b>294 260 342</b>
Increase in inventories	(256 424 747)	(133 615 230)	(189 028 879)	(61 034 534)
Increase in trade and other receivables	(840 565 091)	(931 070 293)	(1 609 787 952)	(425 306 617)
Increase in trade and other payables	996 454 459	455 720 751	1 756 413 723	208 170 159
<b>Cash generated from operations</b>	<b>1 521 502 090</b>	<b>35 222 391</b>	<b>1 008 689 079</b>	<b>16 089 350</b>
Finance income	-	(83 084)	-	(37 952)
Investment Income	-	277 401 108	-	126 714 951
Income tax paid	(138 726 085)	(34 332 277)	(85 497 504)	(15 682 752)
Finance costs	(40 772 707)	(82 634 657)	(25 128 401)	(37 746 953)
<b>Net cash generated from operations</b>	<b>1 342 003 298</b>	<b>195 573 481</b>	<b>898 063 174</b>	<b>89 336 644</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(425 614 461)	(200 530 831)	(262 308 088)	(91 601 128)
Development of intangible assets	(14 534 516)	(23 786 867)	(14 587 452)	(10 865 680)
Proceeds from the disposal of non-current assets	-	530 395	-	242 281
Proceeds from the sales of other financial assets	-	524 902 243	-	239 771 797
Lease principal repayment	(518 655 024)	(174 863 045)	(319 649 401)	(79 876 258)
<b>Net cash (utilised in)/ generated investing activities</b>	<b>(958 804 001)</b>	<b>126 251 895</b>	<b>(596 544 941)</b>	<b>57 671 012</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividend	(237 166 449)	-	(150 000 000)	-
Repayment of borrowings	(1 769 092)	(8 570 860)	(1 769 092)	(7 142 383)
<b>Net cash outflows from financing activities</b>	<b>(238 935 541)</b>	<b>(8 570 860)</b>	<b>(151 769 092)</b>	<b>(7 142 383)</b>
<b>Net effects of inflation</b>	<b>(205 104 346)</b>	<b>70 467 018</b>	-	-
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(60 840 590)</b>	<b>383 721 534</b>	<b>149 749 141</b>	<b>139 865 273</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR</b>	<b>387 678 775</b>	<b>3 957 241</b>	<b>177 089 044</b>	<b>37 223 771</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR</b>	<b>326 838 185</b>	<b>387 678 775</b>	<b>326 838 185</b>	<b>177 089 044</b>

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

	INFLATION ADJUSTED				
	Share capital ZW\$	Share premium ZW\$	Revaluation reserve ZW\$	Retained Earnings ZW\$	Total equity ZW\$
<b>Balance at 1 January 2021</b>	<b>36 624 570</b>	<b>1 357 188 858</b>	-	<b>10 044 400 366</b>	<b>11 438 213 794</b>
Total comprehensive income for the period	-	-	-	431 763 300	431 763 300
<b>Balance at 31 December 2021</b>	<b>36 624 570</b>	<b>1 357 188 858</b>	-	<b>10 476 163 666</b>	<b>11 869 977 094</b>
Dividend	-	-	-	(149 999 997)	(149 999 997)
Total comprehensive income	-	-	-	1 265 689 136	1 265 689 136
<b>Balance at 30 June 2022</b>	<b>36 624 570</b>	<b>1 357 188 858</b>	-	<b>11 591 852 805</b>	<b>12 985 666 233</b>
	HISTORICAL COST				
	Share capital ZW\$	Share premium ZW\$	Revaluation reserve ZW\$	Retained Earnings ZW\$	Total equity ZW\$
<b>Balance at 1 January 2021</b>	<b>249 550</b>	<b>10 227 505</b>	<b>3 171 641 965</b>	<b>232 433 316</b>	<b>3 414 552 336</b>
Total comprehensive income for the period	-	-	-	197 226 557	197 226 557
<b>Balance at 31 December 2021</b>	<b>249 550</b>	<b>10 227 505</b>	<b>3 171 641 965</b>	<b>429 659 873</b>	<b>3 611 778 893</b>
Dividend	-	-	-	(150 000 000)	(150 000 000)
Total comprehensive income	-	-	-	717 080 529	717 080 529
<b>Balance at 30 June 2022</b>	<b>249 550</b>	<b>10 227 505</b>	<b>3 171 641 965</b>	<b>996 740 402</b>	<b>4 178 859 422</b>

### NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

#### 1. General information

Rainbow Tourism Group Limited is a company incorporated and domiciled in Zimbabwe. The Group is in e-commerce and tourism services. Its registration number is 4880/91. The Group is listed on the Zimbabwe Stock Exchange (ZSE).

#### General information, basis of preparation and statement of compliance with IFRS

The abridged interim consolidated financial statements are for the six months ended 30 June 2022 and are presented in Zimbabwean Dollars (ZWS), which is the functional currency of the parent company. They have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2021.

The abridged interim consolidated financial statements were approved for issue by the Board of Directors on 27 September 2022.

#### 2. New Accounting standards

There are no accounting pronouncements which have become effective from 1 January 2022 that have a significant impact on the interim consolidated financial statements.

#### 3. Significant consolidated accounting policies

The abridged interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2021.

#### 4. Estimates and judgements

When preparing the Interim consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the abridged interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2021. The only exceptions are the estimate of income tax liabilities which is determined in the Interim Financial Statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

#### 5. Significant events and transactions

Management believes that the Group is well positioned to cope with a downturn in the economy. Factors contributing to the Group's strong position are:

- no significant new orders. In addition, the Group has several long-term contracts with a number of its existing customers
- the Group does not expect to need additional working capital borrowing facilities in the next 12 months.
- the Group's major customers have not experienced financial difficulties. Credit quality of trade receivables as at 30 June 2022 is considered to be good.

Overall, the Group has sufficient capital and liquidity to service its operating activities and debt. The Group's objectives and policies for managing capital, credit risk and liquidity risk are described in its annual financial statements.

#### 6. Property and equipment

	INFLATION ADJUSTED		HISTORICAL COST	
	30.06.22 ZW\$	31.12.21 ZW\$	30.06.22 ZW\$	31.12.21 ZW\$
Opening carrying amount	12 941 674 273	13 174 742 421	3 661 578 813	3744 082 866
Additions to property and equipment	425 614 461	258 766 746	262 308 088	91 601 128
Depreciation charge	(177 094 675)	(481 577 042)	(109 144 237)	(170 473 992)
Carrying amounts of disposed assets	-	(10 257 853)	-	(3 631 187)
<b>Closing carrying amount</b>	<b>13 190 194 059</b>	<b>12 941 674 272</b>	<b>3 814 742 664</b>	<b>3 661 578 815</b>

#### 7. Intangible asset

Opening carrying amount	62 106 418	34 422 486	19 592 269	9 782 403
Additions	14 534 516	30 666 532	8 947 687	10 865 680
Amortization charge	(2 055 764)	(2 982 600)	(1 266 977)	(1 055 814)
<b>Closing carrying amount</b>	<b>74 585 170</b>	<b>62 106 418</b>	<b>27 272 979</b>	<b>19 592 269</b>

#### 8. Deferred tax reconciliation INFLATION ADJUSTED

	1 January 2022	Recognition in profit or loss account	Recognition in other comprehensive income	30 June 2022
Non-current liabilities	(713 523 097)	(33 749 506)	-	(747 272 603)
Assessed loss	7 774 031	518 400	-	8 292 431
Current liabilities	(73 705 668)	-	-	(73 705 668)
	(779 454 734)	(33 231 106)	-	(812 685 840)

#### HISTORICAL COST

	1 January 2022	Recognition in profit or loss account	Recognition in other comprehensive income	30 June 2022
Non-current liabilities	(325 932 528)	(20 799 971)	-	(346 732 499)
Assessed loss	3 551 125	319 492	-	3 870 617
Current liabilities	(33 668 251)	-	-	(33 668 251)
	(356 049 654)	(20 480 479)	-	(376 530 133)

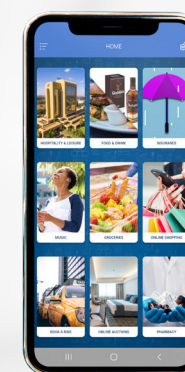
All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.



## Your One-Stop-Shop with the widest product range!

#### PRODUCT RANGE

- Hospitality & Leisure
- Food & Drink
- Insurance
- Music
- Groceries
- Online Shopping
- Book-A-Ride
- Online Auctions
- Pharmacy



**GATEWAY STREAM**  
The Future is Here Now!  
Download the App

Follow us: [f](https://www.facebook.com/gatewaystream) [i](https://www.instagram.com/gatewaystream) [in](https://www.linkedin.com/company/gatewaystream) @gatewaystream

[www.gatewaystream.com](http://www.gatewaystream.com)





Tel/Fax: +263 242 703876/7/8  
Cell: +263 772 573 266/7/8/9  
[bdo@bdo.co.zw](mailto:bdo@bdo.co.zw)  
[www.bdo.co.zw](http://www.bdo.co.zw)

Kudenga House  
3 Baines Avenue  
P.O. Box 334  
Harare  
Zimbabwe

## INDEPENDENT AUDITORS' REVIEW REPORT

### TO THE MEMBERS OF RAINBOW TOURISM GROUP LIMITED

#### Report on the Financial Statements

We have reviewed the accompanying financial statements of **RAINBOW TOURISM GROUP LIMITED**, which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information. The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Adverse Conclusion

Our review indicates that, because of the non-compliance with International Accounting Standard (IAS) 21: The Effects of Changes in Foreign Exchange Rates and International Financial Reporting Standard (IFRS) 13: Fair Value Measurement, this interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2022, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards.

#### Basis for Adverse Conclusion

- (i) **Non-compliance with International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates**

#### Fair statement of opening balances

The Group applied the RBZ interbank auction exchange rates to translate foreign currency denominated transactions and balances to the Zimbabwe Dollar (ZWL). IAS 21 defines the spot rate as the exchange rate available for immediate delivery. The interbank auction exchange rate did not meet the definition of a spot exchange rate as per IAS 21.

The opinion by the predecessor auditor on the prior year financial statements was modified in respect of this matter. The misstatements have not been corrected in the interim financial statements for the half-year ended 30 June 2022. Had the Group applied the spot rate as defined in IAS 21, several elements of the inflation adjusted financial statements would have been materially different from the reported amounts.

**(ii) Non-compliance with International Financial Reporting Standard (IFRS) 13, Fair Value Measurement**

The Group engaged an external valuer to value the property, plant and equipment. To arrive at the values, the valuer simply converted the US\$ values to ZWL using Reserve Bank of Zimbabwe auction exchange rate. This does not give a reasonable indication of the fair value as defined by International Financial Reporting Standard 13, "Fair Value Measurement", (IFRS 13). IFRS 13 paragraph 2 defines fair value as 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 (exit price).

The application of a conversion rate from US\$ values to calculate ZWL property values does not accurately reflect the property market dynamics as the risks associated with currency trading do not reflect the risks associated with property trading. Where a conversion rate is used to translate the valuation inputs or outputs, adjustments will be necessary to factor in the risks and considerations by market participants related to currency trading which are not the same with those of property trading.

In addition, the relationship between the US\$ fair market value and the ZWL fair market value will not have a relationship influenced by the exchange rate only since inputs such as interest and discount rates will be significantly different depending on the currency used. This difference in rates will lead to a material misstatement of the property values.



.....  
**BDO Zimbabwe Chartered Accountants**

**Per: Martin Makaya CA (Z)**  
**Partner**  
**Registered Public Auditor (PAAB Certificate No: 0407)**  
**21 September 2022**

Kudenga House  
3 Baines Avenue  
P.O. Box 334  
Harare