BORDER TIMBERS LIMITED (UNDER FINAL JUDICIAL MANAGEMENT)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Border Timbers Limited (Under Judicial Management)
Financial statements
For the year ended 30 June 2020

Contents	**Page number**

Border Timbers Limited (Under Judicial Management)
Company Financial Highlights
For the year ended 30 June 2020

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Statement of Profit or Loss and other Comprehensive Income				
Revenue	821 900 694	556 748 371	288 187 697	38 418 978
Net finance cost	(12 405 008)	(33 694 235)	(4 384 748)	(2 024 520)
(Loss) / profit before income tax	(287 144 521)	2 194 252 675	1 982 581 089	270 852 707
Total comprehensive (loss)/income for the year	(60 378 163)	2 634 111 393	1 513 281 597	350 155 197
Statement of Financial Position				
Equity attributable to owners of the parent	3 346 531 735	3 406 909 898	1 919 511 052	406 702 898
Cash and cash equivalents	9 613 366	29 914 600	9 613 366	3 572 926
Borrowings	376 123 500	488 099 567	376 123 500	58 297 413
Statement of Cash Flows				
Net (decrease)/ increase in cash and cash equivalents	(20 301 234)	27 683 165	6 040 439	1 341 492
Ordinary Share Performance				
Basic (loss)/ earnings per share (cents)	(1.41)	35.35	35.24	4.62
Market price per share at 30 June (ZW$) *	0.20	0.20	0.20	0.20
Shares in issue (number)	42 942 487	42 942 487	42 942 487	42 942 487
Other				
(Loss)/profit before income tax on total assets	(6.33%)	44.24%	65.98%	46.30%
Total comprehensive (loss)/profit for the year return on Shareholders' equity	(1.80%)	77.32%	78.84%	86.09%
Net asset value per Share (ZW$)	77.93	79.34	44.70	9.47
Debt to Equity	11.24%	14.33%	19.59%	14.33%
Current ratio	3.56	2.62	2.15	2.34
Equity: total assets	73.77%	68.70%	63.88%	69.52%
Interest cover	(17 79)	66.56	425.47	133.16
Number of employees	611	589	611	589
Annual employment cost per employee (ZW$)	151 305	121 430	67 945	9 008

*Shares are currently not trading on the Zimbabwe Stock Exchange as a result of voluntary suspension.

Border Timbers Limited (Under Judicial Management)
Statutory Information
For the year ended 30 June 2020

Directors

E Hwenga	Chairman	Appointed as Chairman of the board on 26 March 2014.
E Kuhn*	Director	Appointed 1 January 2013
HBAJ von Pezold	Director	Appointed 29 December 1993 (Resigned 04 September 2019)
T Hoegh	Director	Appointed 15 November 2018 (Resigned 12 January 2022)
C Ravizza	Director	Appointed 15 November 2018
RWJ Strong	Director	Appointed 26 March 2014
L Karimanzira *	Director	Appointed 1 June 2017

**Executive*

The Board was divested of its powers on 29 January 2015 when the Company was placed under Provisional Judicial Management.

Judicial Manager	P L Bailey
Secretary	M.B. Narotam
Independent Auditor	Deloitte & Touche (Zimbabwe)
Attorneys	Henning Lock Donagher and Winter Honey & Blackenberg Maunga Maanda and Associates Wintertons legal Practitioners Baker & McKenzie LLP Kantor & Immerman Legal Practitioners Fairbridges Wertheim Becker Tandiri Law Chambers
Registered Office	4-12 Paisley Road, Sotherton Harare Zimbabwe
Bankers	Ecobank Zimbabwe Limited Stanbic Bank Limited Nedbank Zimbabwe Limited ZB Bank Limited CBZ Bank Limited
Postal Address	P.O. Box ST 629 Sotherton Harare

Border Timbers Limited (Under Judicial Management)
Final Judicial Manager's Responsibility
For the year ended 30 June 2020

The Final Judicial Manager is required by the Companies and other Business Entities Act of Zimbabwe (Chapter 24:31) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit and cash flows for the year. In preparing the accompanying inflation adjusted financial statements, generally accepted accounting practices have been followed. Appropriate accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The inflation adjusted financial statements are prepared with the objective of complying fully with International Financial Reporting Standards (IFRS). Complying with IFRSs achieves consistency with the financial reporting framework adopted by the Company since its inception. Using a globally recognised reporting framework also facilitates understandability and comparability with similar businesses and allows consistency in the interpretation of the financial statements.

Whilst full compliance with IFRSs has been possible in previous reporting periods, only partial compliance has been achieved in 2020 and the comparative period. This is because the Company has not complied fully with IAS 21: 'The Effects of Changes in Foreign Exchange Rates' owing to the conflict between IAS 21 and local statutory requirements and also the requirements of International Financial Reporting Standard 13 "Fair Value Measurements.

The Public Accountants and Auditors Board (PAAB) through its circular 01/19 issued in October 2019 communicated that the factors and conditions to apply the International Accounting Standard (IAS) 29: 'Financial Reporting in Hyperinflationary Economies' had been met. Accordingly, the Company applied the requirements of IAS 29 with effect from 1 July 2019.

The Final Judicial Manager has satisfied himself that the Company is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he is satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Final Judicial Manager recognises and acknowledges his responsibility for the Company's systems of internal financial control. The Company maintains internal controls and systems that are designed to safeguard the assets of the Company ,prevent and detect errors and fraud and ensure the completeness and accuracy of the Company's records.

Preparer of Financial Statements
The financial statements were prepared by the Company's finance department under the supervision of the Finance Director, Lysius Karimanzira (ACCA) Membership No. 0847709.

Approval of Financial Statements
The Final Judicial Manager approved the material contents of the inflation adjusted financial statements for the financial year ended 30 June 2020 together with the financial statements for the financial years ending 30 June 2018 to 30 June 2019 during his tenure as Final Judicial Manager. The Company exited judicial management on 9 March 2022 prior to the finalisation of the audit opinion. The inflation adjusted financial statements for the year ended 30 June 2020, which appear on pages 12 to 67, have been signed by the former Final Judicial Manager in acknowledgment of his responsibility for the same during his tenure and has issued the inflation adjusted financial statements after his tenure under the authority of the Board of Directors.

PETER L BAILEY	**LYSIUS KARIMANZIRA**
FORMER FINAL JUDICIAL MANAGER	**FINANCE DIRECTOR**
11 April 2022	**11 April 2022**

Border Timbers Limited (Under Judicial Management)
Final Judicial Managers' Report
For the year ended 30 June 2020

The activities and results of Border Timbers Limited (''the Company'') are summarised in the Operational and Financial Reviews. In addition, the following statutory information is provided.

Authorised and issued share capital.
Details of the authorised and issued share capital at 30th June 2020 are included in note 11 to the Company's financial statements.

Reserves
The movements in the reserves of the Company are shown in the statement of changes in equity. The results of the Company are shown in the statement of profit or loss and other comprehensive income.

Borrowing facilities
Article 86 of the Company's Articles of Association provides that the Company may from time to time, at the discretion of the Directors and FJM (under judicial management), borrow, raise or source borrowings up to half the value of the shareholders equity as reflected in the Statement of Financial Position of the Annual Report. This limit may only be exceeded with the sanction of an ordinary resolution of the Company.

Directors
The following are the members of the Board of Directors which was suspended due to the Company being placed under judicial management and therefore did not serve during the year:

E Hwenga	Chairman	Appointed as Chairman of the board on 26 March 2014.
E Kuhn	Director	Appointed 1 January 2013
HBAJ von Pezold	Director	Appointed 29 December 1993 (Resigned 04 September 2019)
T Hoegh	Director	Appointed 15 November 2018 (Resigned 12 January 2022)
C Ravizza	Director	Appointed 15 November 2018
RWJ Strong	Director	Appointed 26 March 2014
L Karimanzira	Director	Appointed 1 June 2017
G Youngs	Director	Appointed 12 January 2022
B Ncube	Director	Appointed 12 January 2022
S Hammond	Director	Appointed 12 January 2022

Directors' emoluments for salaried Directors paid during the year was ZW$26 754 951 (2019: ZW$3 969 489).

Going concern
The Final Judicial Manager has satisfied himself that the Company is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he is satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements. However, we draw your attention to note 29 relating to the going concern status of the Company regarding the awarding of the Border Award.

Independent Auditor
The Final Judicial Manager is responsible for the approval of the Auditor's remuneration for the past audit and the appointment of Messrs Deloitte & Touche Chartered Accountants (Zimbabwe) as independent auditor of the financial statements of Company for the ensuing year.

PETER L BAILEY
FORMER FINAL JUDICIAL MANAGER

11 April 2022

Deloitte.

PO Box 267
Harare
Zimbabwe

Deloitte & Touche
Registered Auditors
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
Harare
Zimbabwe

Tel: +263 (0) 8677 000261
+263 (0) 8644 041005
Fax: +263 (0) 4 852130
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
BORDER TIMBERS LIMITED (Under Final Judicial Management)

We have audited the inflation adjusted financial statements of Border Timbers Limited (the "Company"), set out on pages 12 to 67, which comprise the inflation adjusted statement of financial position as at 30 June 2020, and the inflation adjusted statement of profit or loss and other comprehensive income, inflation adjusted statement of changes in equity and inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the inflation adjusted financial statements present fairly, the inflation adjusted financial position of the Company as at 30 June 2020, and its inflation adjusted financial performance and its inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

1. Non-compliance with IAS 21 "The Effects of Changes in Foreign Exchange Rates"

(i) Impact of the incorrect date of application of IAS 21 on the comparative financial information

For the financial year ended 30 June 2019, the Company did not comply with IAS 21 as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19") from 22 February 2019.Prior to 20 February 2019, the transacting and functional currency of the Zimbabwean economy was the United States Dollar ("USD"). On 20 February 2019, a currency called the Real Time Gross Settlement ("RTGS") Dollar was legislated through SI 33/19 with an effective date of 22 February 2019. SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to this effective date. The rate of 1:1 was consistent with the rate mandated by the Reserve Bank of Zimbabwe ("RBZ") at the time it issued the bond notes and coins into the basket of multi currencies. The below events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by IAS 21:

• The Company transacted using a combination of USD, electronic cash, bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the RTGS system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, and RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.

• In October 2018, banks were instructed by the RBZ to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g., United States Dollar, British Pound, and South African Rand).Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled. As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity.

For the period up to 22 February 2019, the Company maintained its functional currency as the USD, with transactions and balances reflected using an exchange rate of 1:1 in compliance with SI 33/19. From 22 February 2019, balances and transactions were retranslated at the legislated inaugural exchange rate of 1:2.5 between the USDs and the RTGS dollar in compliance with the requirements of SI 33/19. Whilst the timing of this conversion was in line with the dictates of SI 33/19, it constituted a departure from the requirements of IAS 21, and therefore the 2019 financial statements were not prepared in conformity with IFRS. Had the Company applied the requirements of IAS 21, the 30 June 2019 comparative inflation adjusted financial statements would have been materially impacted. The financial effects of this departure on the inflation adjusted financial statements have not been determined.

Our opinion on the current year's inflation adjusted financial statements is modified because of the possible effects of the matter on the comparability of the current year's inflation adjusted financial statements with that of the prior year.

MAKING AN IMPACT THAT MATTERS since 1845

Basis for Qualified Opinion (continued)

2. Valuation of property, plant and equipment - Non-compliance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" and International Financial Reporting Standard 13 "Fair Value Measurements"

The valuation of property, plant and equipment as at 30 June 2020, was determined by applying the inflation index to ZW$ values determined as at 30 June 2019. However, International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") requires non-monetary assets restated from the date of revaluation to, thereafter, be compare to their recoverable amount.

The Company's property, plant and equipment, were revalued as at 30 June 2019. These assets were valued by independent professional valuers, using historical United States Dollar (USD) denominated inputs and converted into ZW$ at the applicable closing exchange rates as at 30 June 2019. As no ZW$ valuations were performed for the year ended 30 June 2020, the ZW$ recoverable amount could not be accurately determined in the current period and that of prior year.

Consequently, we were unable to obtain sufficient evidence to support the appropriateness of the valuation in ZW$ of property, plant and equipment. We are also unable to determine whether any adjustments to the current period depreciation expense, deferred taxation, retained earnings and revaluation adjustments in the statement of profit or loss and other comprehensive income would be necessary to correctly account for these amounts. Our opinion on the current period financial statements is therefore modified.

Material uncertainty related to going concern

We draw attention to Note 29 in the financial statements, which indicates that the Company was given an award by the ICSID Arbitration Tribunal in the matter of expropriated land by the Government of Zimbabwe(the "Government"). The Government should restitute the land, failing which a compensation should be paid. Failing restitution of the land, the Company will have to implement a new business model for which, at this stage, there is uncertainty around this business model and the success and sustainability of that business model beyond the 12 months after date of approval of these financial statements for issue. These events or conditions, along with other matters as set forth in Note 29, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
BORDER TIMBERS LIMITED (Under Final Judicial Management)

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">1. Valuation of biological assets – Standing timber</td></tr>
<tr><td>The Company is required to value its standing timber at fair value in accordance with IAS 41 “Agriculture” (“IAS 41”).

As disclosed in Note 6 of these financial statements, the fair value of the standing timber amounted to ZW$2.69 billion (2019: ZW$3.04 billion). The value of standing timber is based on the following inputs;

• estimated growth rates;
• stand density or tree per hectare;
• diameter class distribution;
• diameter height relationships; and
• estimated market price per cube meter
• estimated volumes based in archived enumeration data

Accordingly, the valuation of standing timber is a key audit matter due to the significance of the balance to the financial statements, combined with the multiple judgements associated with determining estimates used to compute the fair value.</td><td>To test the fair value of the standing timber we performed audit procedures that included but were not limited to the following:

• Assessed the Company's selection of the valuation methodologies, evaluating the methods and significant assumptions used by the Company;

• Evaluated whether the valuation criteria used by management comply with the requirements of IAS 41;

• Tested the design and implementation of monitoring controls and relevant controls with respect to the process of determining fair values for the biological assets;

• Evaluated the completeness and accuracy of the underlying key data inputs underpinning the fair value of standing timber to assess the reasonability of the significant assumptions and estimates made by management;

• Involved our valuation specialists to assist with our evaluation of the methodologies used by the Company and significant assumptions included in the valuation;

• Compared the significant assumptions to market and economic trends, to the historical results and compared the overall fair value of the standing timber;

• Performed sensitivity analyses on the valuation of standing timber to evaluate the extent of impact on the fair value of the estimated timber volumes;

• Assessed the reliability of management’s forecasts used in the valuation of standing timber through a comparison of the actual results in the current year against previous forecasts made; and

• Reviewed the financial statement disclosures for appropriateness and adequacy.

We concluded that the assumptions made by management were reasonable.</td></tr>
</table>

Other Information

The Final Judicial Manager is responsible for the other information. The other information comprises, company financial highlights, final judicial manager’s report, final judicial manager’s responsibility statement, historical information and analysis of shareholders for the year ended 30 June 2020 but does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the inflation adjusted 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, the Company did not comply with the requirements of IAS 21, IAS 29 and IFRS 13. We have determined that the other information is misstated for that reason

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
BORDER TIMBERS LIMITED (Under Final Judicial Management

Responsibilities of the Final Judicial Manager for the Inflation adjusted Financial Statements

The Final Judicial Manager is responsible for the preparation and fair presentation of the inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of Companies and other Business Entities Act of Zimbabwe (Chapter 24:31) and for such internal control as the Final Judicial Manager determines is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Inflation adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted 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 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 financial statements , whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of the Final Judicial Manager's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
BORDER TIMBERS LIMITED (Under Final Judicial Management

From the matters communicated with the Final Judicial Manager, we determine those matters that were of most significance in the audit of the inflation adjusted 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.

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

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Charity Mtwazi
Partner
PAAB Practice Certificate Number 0585

15 April 2022

Border Timbers Limited (Under Final Judicial Management)
Statement of Financial Position
As At 30 June 2020

		INFLATION ADJUSTED			*HISTORICAL
		2020	**2019**	**2020**	**2019**
	Notes	**ZW$**	**ZW$**	**ZW$**	**ZW$**
ASSETS					
Non-current assets					
Property, plant, and equipment	5	1 478 070 979	1 672 722 769	185 068 322	199 091 257
Biological assets	6	2 453 161 893	2 761 315 752	2 453 161 893	329 804 769
		3 931 232 872	4 434 038 521	2 638 230 215	528 896 026
Current assets					
Biological assets	6	234 119 215	277 881 336	234 119 215	33 189 464
Inventories	7	282 713 048	142 354 653	44 351 489	10 370 884
Trade and other receivables	9	78 349 675	75 214 042	78 349 675	8 986 146
Cash and cash equivalents	10	9 613 366	29 914 600	9 613 366	3 572 927
		604 795 304	525 364 631	366 433 745	56 119 421
TOTAL ASSETS		**4 536 028 176**	**4 959 403 152**	**3 004 663 960**	**585 015 447**
EQUITY					
Equity attributable to the owners of the parent					
Share capital	11	9 688 096	9 688 096	429 425	429 425
Non distributable reserve	12	-	-	90 455 727	90 455 727
Revaluation reserve		-	-	138 782 607	152 118 994
Retained earnings		3 336 843 639	3 397 221 802	1 689 843 293	163 698 752
Total equity		3 346 531 735	3 406 909 898	1 919 511 052	406 702 898
LIABILITIES					
Non-current liabilities					
Long term borrowings	13	346 672 890	462 579 459	346 672 890	55 249 354
Deferred tax	14	672 774 122	899 540 480	568 430 590	99 131 098
		1 019 447 012	1 352 119 939	915 103 480	154 380 452
Current liabilities					
Trade and other payables	15	140 598 819	174 853 207	140 598 818	20 884 038
Short term borrowings	13	29 450 610	25 520 108	29 450 610	3 048 059
		170 049 429	200 373 315	170 049 428	23 932 097
Total liabilities		1 189 496 441	1 552 493 254	1 085 152 908	178 312 549
TOTAL EQUITY AND LIABILITIES		**4 536 028 176**	**4 959 403 152**	**3 004 663 960**	**585 015 447**

*The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not considered the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic information.

PETER L BAILEY
FORMER FINAL JUDICIAL MANAGER

11 April 2022

LYSIUS KARIMANZIRA
FINANCE DIRECTOR

11 April 2022

Border Timbers Limited (Under Final Judicial Management)
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

		INFLATION ADJUSTED		*HISTORICAL	
		2020	**2019**	**2020**	**2019**
	Notes	**ZW$**	**ZW$**	**ZW$**	**ZW$**
Revenue		821 900 694	556 748 371	288 187 697	38 418 978
Cost of sales		(510 692 120)	(290 195 575)	(186 785 484)	(19 113 622)
Gross profit		**311 208 574**	**266 552 796**	**101 402 213**	**19 305 356**
Other income	17.2	38 346 456	1 518 890	11 843 954	110 766
Selling and distribution expenses		(135 884 069)	(55 239 866)	(48 386 466)	(4 268 572)
Administration expenses		(289 791 390)	(419 877 523)	(245 057 965)	(26 977 694)
Other expenses	17.1	(417 415 474)	(216 540 892)	(227 716 215)	(32 082 773)
Fair value (loss)/ gain due to biological assets transformation	6	(102 895 520)	2 651 533 505	2 394 880 316	316 790 144
Monetary gain		321 691 908	-	-	-
Finance income	20	406 136	218 265	297 934	17 593
Finance costs	20	(12 811 144)	(33 912 500)	(4 682 682)	(2 042 113)
(Loss) / profit before income tax		(287 144 521)	2 194 252 675	1 982 581 089	270 852 707
Income tax credit / (expense)	21	226 766 358	(676 202 492)	(469 299 492)	72 447 915
(Loss)/ profit for the year		**(60 378 163)**	**1 518 050 183**	**1 513 281 597**	**198 404 792**
Other comprehensive income for the year, net of tax					
Items that will not be reclassified to profit or loss.					
Gain on revaluation of property, plant, and equipment		-	903 845 193	-	167 441 085
Effect on deferred tax		-	(223 430 532)	-	(15 690 680)
Other comprehensive income for the year		-	680 414 661	-	151 750 405
Total comprehensive (loss)/ income for the year		**(60 378 163)**	**2 634 111 392**	**1 513 281 597**	**350 155 197**
Total comprehensive (loss)/ income attributable to:					
-Owners of the parent		(60 378 163)	1 953 696 731	1 513 281 597	350 155 197
-Non-controlling interests		-	-	-	-
		(60 378 163)	**2 634 111 392**	**1 513 281 597**	**350 155 197**
(Loss)/ profit per share attributable to the owners of the parent during the year (cents per share)					
Basic (loss)/earnings per share		(1.41)	35.35	35.24	4.62
Diluted (loss) / earnings per share		(1.41)	35.35	35.24	4.62

*The historical amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not considered the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic information.

Border Timbers Limited (Under Final Judicial Management)
Statement of Changes in Equity
For the year ended 30 June 2020

INFLATION ADJUSTED	**Share capital ZW$**	**Non distributable reserves ZW$**	**Revaluation reserves ZW$**	**(Accumulated loss)/ Retained earnings ZW$**	**Total ZW$**
Year ended 30 June 2019					
Balance as at 1 July 2018	**9 688 096**	**2 040 737 598**	**8 315 608**	**(921 588 171)**	**1 137 153 131**
Profit for the year	-	-	-	1 518 050 183	1 518 050 183
Revaluation gain			680 414 661	-	680 414 661
Elimination of reserve	-	(2 040 737 598)	(688 730 269)	2 729 467 867	-
Impact of inflation adjustments on opening balances	-	-	-	71 291 923	71 291 923
Balance as at 30 June 2019	**9 688 096**	**-**	**-**	**3 397 221 802**	**3 406 909 898**
Year ended 30 June 2020					
Balance as at 1 July 2019	**9 688 096**	**-**	**-**	**3 397 221 802**	**3 406 909 898**
Total comprehensive loss for the year	-	-	-	(60 378 163)	(60 378 163)
Balance as at 30 June 2020	**9 688 096**	**-**	**-**	**3 336 843 639**	**3 346 531 735**

Border Timbers Limited (Under Final Judicial Management)
Statement of Changes in Equity
For the year ended 30 June 2020

HISTORICAL**	**Share capital ZW$**	**Non distributable reserves ZW$**	**Revaluation reserves ZW$**	**Retained Earnings ZW$**	**Total ZW$**
Year ended 30 June 2019					
Balance as at 1 July 2018	429 425	90 455 727	368 589	(34 706 04)	**56 547 701**
Loss for the year	-	-	-	198 404 792	198 404 792
Other comprehensive income net of tax	-	-	151 750 405	-	151 750 405
Balance as at 30 June 2019	**429 425**	**90 455 727**	**152 118 994**	**163 698 752**	**406 702 898**
Year ended 30 June 2020					
Balance as at 1 July 2019	**429 425**	**90 455 727**	**152 118 994**	**163 698 752**	**406 702 898**
Total comprehensive income for the year	-	-	-	1 513 281 597	1 513 281 597
Transfer to retained earnings	-	-	(13 336 387) *	13 336 387*	-
Balance as at 30 June 2020	**429 425**	**90 455 727**	**138 782 607**	**1 689 843 293**	**1 919 511 052**

* Being elimination of revaluation for disposed Paulington Property.

**The historical amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not considered the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic information.

Border Timbers Limited (Under Final Judicial Management)
Statement of Cash Flows
For the year ended 30 June 2020

		INFLATION ADJUSTED		*HISTORICAL	
		2020	2019	2020	2019
	Notes	ZW$	ZW$	ZW$	ZW$
Cash flow from operating activities					
(Loss)/ profit before income tax		(287 144 521)	2 194 252 675	1 982 581 089	270 852 707
Adjustment for:					
- Depreciation	5	46 766 042	29 397 560	5 377 490	951 867
- Fair value gain due to biological transformation of biological assets	6	102 896 520	(2 651 533 505)	(2 394 880 316)	(316 790 144)
- Plantation redemption	6	207 191 475	55 959 318	75 450 404	6 738 303
- Fire loss	6	124 580 454	74 919 408	29 364 810	8 948 190
- Loss /(profit) on disposal of property, plant and equipment		10 388 844	(1 310 203)	5 840 143	(82 466)
- Allowance for credit losses	9	35 797 648	118 261 143	162 543 280	14 124 820
- Finance income	20	(406 136)	(218 265)	(297 934)	(17 593)
- Finance costs	20	12 811 144	33 912 500	4 682 682	2 042 113
- Monetary gain		(321 691 908)	-	-	-
- Other non-cash items**		228 122 969	454 428 594	312 280 554	32 082 773
		159 312 531	308 069 225	182 942 202	18 850 570
Changes in working capital					-
- Increase in inventories		(140 358 395)	(52 039 433)	(33 980 604)	(6 215 462)
- Increase in trade and other receivables		(42 874 063)	(135 563 242)	(232 380 252)	(16 191 340)
- (Decrease)/ increase in trade and other payables		(34 254 389)	12 704 401	119 714 780	12 704 401
Net cash (used in)/generated from operating activities		(58 174 316)	133 170 951	36 296 126	9 148 169
Cash flows from investing activities					
Purchases of property, plant, and equipment	5	(19 652 155)	(2 565 926)	(11 361 555)	(1 453 229)
Expenditure on biological assets	6	(82 752 470)	(65 763 668)	(34 221 773)	(4 455 164)
Proceeds from sale of property, plant, and equipment		157 149 060	2 284 116	14 166 857	477 168
Interest received	20	406 136	218 265	297 934	17 593
Net cash generated from/(used in) investing activities		55 150 571	(65 827 213)	(31 118 537)	(5 413 632)
Cash flows from financing activities					
Repayments of borrowings		(18 371 139)	(14 771 791)	(6 016 162)	(1 764 306)
Interest paid	20	(11 097 648)	(24 888 782)	(4 133 625)	(628 739)
Proceeds from DEG Grants		1 906 269	-	727 608	-
Proceeds from related party loans		10 285 029	-	10 285 029	-
Net cash (used in)/generated from financing activities		(17 277 489)	(39 660 573)	862 850	(2 393 045)
Net (decrease)/increase in cash and cash equivalents		(20 301 234)	27 683 165	6 040 439	1 341 492
Cash and cash equivalents at the beginning of the year		29 914 600	2 231 435	3 572 927	2 231 435
Cash and cash equivalents at the end of the year	10	**9 613 366**	**29 914 600**	**9 613 366**	**3 572 927**

*The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not considered the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic information.

**Other non-cash items mainly relate to exchange gains/losses and impact of hyperinflation.

1 CORPORATE INFORMATION

Border Timbers Limited ("the Company"), under Final Judicial Management, is a limited liability public company incorporated and domiciled in Zimbabwe whose shares are publicly traded. The ultimate holding parent of the company is Rift Valley Corporation Limited, a company incorporated in Jersey, Channel Islands. Border Timbers Limited grows and mills timber from managed plantations for production of poles and other timber products.

The inflation adjusted financial statements of Border Timbers Limited (Under Final Judicial Management) for the year ended 30 June 2020 were prepared during the period of final judicial management and signed for issue on 11 April 2022 by Mr. Peter L Bailey, the former Final Judicial Manager ("FJM") under the authority of the Board of Directors.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these inflation adjusted 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 Statement of compliance

The inflation adjusted financial statements of Border Timbers Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations applicable to companies reporting under IFRS and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

2.1.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except for property, plant and equipment, biological assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.3 Going concern.

The FJM has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its inflation adjusted financial statements (refer to note 29).

2.1.4 Application of new and revised International Financial Reporting Standards (IFRSs)

a) New standards, amendments, and interpretations effective for the first time for 30 June 2020 year ends and are relevant to the Company

The following amendments to IFRSs became mandatorily effective in the current year and are relevant to the Company. Some these amendments to IFRSs generally may require full retrospective application (i.e., comparative amounts must be restated), with some amendments requiring prospective application.

Standard / interpretation	Content	Applicable for financial years beginning on/ after
IFRS 16	Leases	1 January 2019
IFRS 9 (amendment)	Financial instruments	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1.4 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)
a) New standards, amendments, and interpretations effective for the first time for 30 June 2020 year ends and are relevant to the Company

IFRS 16, 'Leases,' effective 1 January 2019 - IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e., the customer (''lessee'') and the supplier (''lessor''). IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and the financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low value assets. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related interpretations. The Company have adopted this standard and the disclosure of the impact of the standard has been made in note 8. In the current year, the company has initially applied IFRS 16, effective the beginning of the company's financial year, 01 July 2019. The company has applied IFRS 16 using the modified retrospective approach, without the restatement of the comparative information.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This contrasts with the focus on "risks and rewards" in IAS 17 and IFRIC 4.

The company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts. In preparation for the first-time application of IFRS 16, the company carried out an implementation project to identify and assess whether there were contracts in place that would fall in the scope of the new standard. This assessment showed that the new definition of IFRS 16 will not have any impact on the scope of the contracts that were already in place at the time the new standard was initially adopted.

● Impact on Lessee Accounting for former operating leases
IFRS 16 changes how the company accounts for leases previously classified as operating leases under IAS 17, which were off the statement of financial position.

- Recognises the right-of-use and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments.

- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss.

- Separates the total amount of cash paid into a principal portion (presented within financial activities) and interest (presented within operating activities) in the statement of cash flows.

Initial direct costs are recognised as part of the initial measurement of the right-of-use assets whereas under IAS 17 they resulted in the recognition of a lease prepayment, amortised as a rental expense generally on a straight-line basis over the period of the lease. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

● Impact on Lessee Accounting for former finance leases
IFRS 16 did not change how the company accounts for leases previously classified as finance leases under IAS 17, in which the company is the lessor. The company has a single contract which was classified as a finance lease and it has continued to account for it the same way as it was accounted for under IAS 17.

Amendment to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities. The narrow-scope amendment covers two issues. The amendments allow companies to measure prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss and how to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

2.1.4 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)
a) New standards, amendments, and interpretations effective for the first time for 30 June 2020 year ends and are relevant to the Company (continued)

IFRIC 23, 'Uncertainty over income tax treatments 'provides a framework to consider, recognise and measure the accounting impact of tax uncertainties.
The interpretation provides specific guidance in several areas where previously IAS 12 was silent. The interpretation requires the Company to:

- determine whether uncertain tax positions are assessed separately or as a group; and

- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

  - if yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - if no, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

During the year, the company had no uncertain tax position pertaining to the payment of taxes, however due to the inconsistencies that exist in the countries' tax legislation the company expects to encounter uncertain tax positions from time to time.

b) New standards, amendments, and interpretations effective for the first time that are not relevant to the Company

The following new standards, amendments, and interpretations effective for accounting periods beginning on or after 1 January 2019 and not relevant to the Company:

Standard / interpretation	Content	Applicable for financial years beginning on/ after
IAS 19(amendment)	Plan amendment, curtailment, or settlement	1 January 2019
IAS 28(amendment)	Investment in associate and joint ventures	1 January 2019

Amendment to IAS 19 - The amendment to IAS 19 'Employee benefits' clarify the accounting for defined benefit plan amendments, curtailments, and settlements. They confirm that entities must calculate the current service cost and net interest for the remainder of the reporting period after plan amendment, curtailment, or settlement by using the updated assumptions from the date of the change. The entity should then recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement and then separately recognise any changes in the asset ceiling through other comprehensive income.

Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures. The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

2.1.4 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)
c) New standards, amendments and interpretations issued but not effective for the financial period beginning on or after 1 January 2019 and not early adopted

The following new standards, amendments and interpretations issued but not effective for the financial period beginning on or after 1 January 2019 and not early adopted:

Standard / interpretation	Content	Applicable for financial years beginning on/ after
IAS 1 and IAS 8 (amendments)	Definition of material amendments	1 January 2020
IFRS 3 (amendment)	Definition of a business	1 January 2020
Conceptual framework	Revised conceptual framework for financial reporting	1 January 2020

Amendment to IAS 1 and IAS 8 - The International Accounting Standards Board (" the IASB") has made amendments to IAS 1 'Presentation of financial statements and IAS 8 'Accounting policies, changes in accounting estimates and errors' which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for financial reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. The amendments clarify that the reference to obscuring information addresses situations in which the effect is like omitting or misstating that information, and that an entity assesses materiality in the context of financial statements as a whole. The meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'as existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Amendment to IFRS 3 - The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income and it excludes returns in the form of lower costs and other economic benefits. The amendment will likely result in more acquisitions being accounted for as

Revised Conceptual Framework for financial reporting - The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting.
- reinstating prudence as a component of neutrality.
- defining a reporting entity, which may be a legal entity, or a portion of an entity.
- revising the definitions of an asset and a liability.
- removing the probability threshold for recognition and adding guidance on derecognition.
- adding guidance on different measurement basis, and.
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

2.1.4 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

d) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2019 and not relevant to the Company

The following new standards, amendments and interpretations have been issued but are not yet effective and are not relevant to the Company:

Standard/ interpretation	Content	Applicable for financial years beginning on/ after
IFRS 10 and IAS 28 (amendment)	Sale or contribution of assets between an investor and its associate or joint venture	Postponed
IFRS 17 (new)	Insurance contracts	1 January 2021

Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture effective date postponed (initially to 1 January 2016). The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated financial statements and IAS 28 'Investments in associates and joint ventures. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associated or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures.

The IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

IFRS 17,'Insurance contracts' - IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

Annual improvement arising from the 2015 - 2017 reporting cycle.
Annual improvements arising from the 2015-2017 reporting cycle impact the following standards:

Standard / interpretation	Content	Applicable for financial years beginning on/ after
IFRS 3	Business combination	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IAS 12	Income taxes	1 January 2019
IAS 23	Borrowing costs	1 January 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

2.1.4 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)
d) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2019 and not relevant to the Company

IFRS 3 Business - The amendments clarify that when the company obtains control of a business that is a joint operation, the company applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements - The amendments clarify that when party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the company does not re-measure its PHI in the joint operation.

IAS 12 Income Taxes - The amendments clarify that the company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income, or equity according to where the company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

There are no other new standards, amendments or interpretations that are not yet effective that are expected to have a material impact on the Company.

2.1.5 Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)

The company adopted IAS 29 Financial reporting in hyperinflationary economies standard in compliance with the guidance provided by the Public Accountants and Auditors Board through its pronouncement 01/2019. The financial statements and the corresponding amounts for the previous periods have been restated for the changes in the general prices indexes that reflects the general purchasing power of the Zimbabwean Dollar (ZW$). Professional judgement has been applied and appropriate adjustments were made to the historical financial statements in preparing the financial statements which are IAS 29 compliant.

IAS 29 Restatement Methodology
Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit at the statement of financial position date. Non-monetary assets and liabilities that are carried at amounts current at the balance sheet date that is at fair value are not restated. Non-monetary assets and liabilities that are not carried at amounts current at the statement of financial position date and the components of the shareholders equity are restated by applying the relevant inflation restatement factor. Non-monetary assets and liabilities that are carried at amounts current at the balance sheet date that is at fair value are not restated.

Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities.

Cashflow items are expressed in terms of the measuring unit current at the reporting date.

All items in the statement of profit and loss are restated by applying the relevant monthly inflation restatement factors with the exception of depreciation, fair value adjustments of biological assets and movement in deferred tax. The effect of inflation on the net monetary position of the company is included in the statement of profit or loss as the monetary loss adjustment.

Opening balances have been restated by applying the relevant inflation conversion factors. The Company applied IAS 29 from 1 October 2018. For the comparative year, non-monetary assets, liabilities, and all items in the statement of profit or loss were restated from 01 October 2018 whilst monetary assets and liabilities were restated from 01 July 2019. The historical financial statements have been provided as supplementary information and as a result the auditors have not expressed an opinion on them.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.5 Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)

Sources of Price indices
Indices used in the restatement methodology were obtained from the Zimbabwe Statistical Office for the period from October 2018 to June 2020.

	Indices	Conversion Factor
CPI as at 30 June 2020	1 445	1.00
CPI as at 30 June 2019	173	8.37
CPI at 01 October 2018	75	19.38

Average CPI for the 12 Months to	
30 June 2020	640
30 June 2019	106

2.2 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 Final Judicial Manager, who makes all operational and strategic decisions. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and in which it may incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. An operating segment's operating results are reviewed regularly by the operating decision makers to make decisions about resources to be allocated to the segment and to assess its performance where salient financial information is available.

2.3 Foreign Currency Translation

(a) Functional and presentation currency

Functional and presentation currency items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in the Zimbabwean dollar ("ZW$"), which is the Company's 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 or valuation where items are re-measured. Foreign exchange gains and 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 profit or loss and other comprehensive income. Foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within 'other operating expenses.

2.4 Property, plant, and equipment

Land and buildings comprise land, factories, offices, and residential buildings.

Property, plant, and equipment reflect fair values of the previous revaluation exercise except for capital work in progress, based on periodic valuations by independent professional valuers less subsequent accumulated depreciation and impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from it carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. Cost includes expenditure that is directly attributable to the acquisition of the items.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant, and equipment (continued)

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation reserve through other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of property plant and equipment is recognised in profit or loss to the extent it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of property plant and equipment.

Capital work in progress comprises assets pending installation and not yet ready for intended use. Assets are transferred from capital work in progress to the relevant classes at the date they are available for the intended use. Capital work-in-progress is carried at cost.

Depreciation on other assets is accumulated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

Buildings and improvements	-	4 - 30 years.
Plant and machinery	-	5 - 33 years.
Motor vehicles and tractors	-	5 - 10 years; and,
Furniture, fittings, and equipment	-	4 - 15 years.

Freehold Land and capital work-in-progress are not depreciated.

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

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposals or when no future economic benefits are expected to arise from continued use of the asset.

Any gain or loss arising on the disposals or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.5 Biological assets

Financial value of plantations is estimated at fair value. In measuring fair value of the plantation, assumptions are made which relate to the market prices, age and yields of standing timber. Trees are generally felled at the optimum age i.e., age when ready for intended use. At the time the tree is felled it is taken out of biological assets and accounted for under inventory. Fair value for standing timber is determined based on market prices. Changes in the carrying value of the biological asset are taken directly to the statement of profit or loss and other comprehensive income in accordance with IAS 41, 'Agriculture'.

Biological assets do not include land. Transfers to inventory are recognized after calculating volume at harvesting. The cost of land preparation, planting, weeding and other silvicultural activities including allocation of indirect overheads attributable to the plantation development are capitalised as part of biological assets.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash-generating units'). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

a) If fair value is evidenced by a quoted price in an active market for an identical asset or liability 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).

b) 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 will be 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.

Financial assets and financial liabilities
The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified at FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 by the Company. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described in more detail on the next page.

Measurement
Financial assets at fair value through other comprehensive income (FCTOCI)

Selected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss)/ income.

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at fair value through profit or loss (FVTPL)
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the credit risk of that liability will be recognized in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued))

2.8 Impairment of financial assets at amortized cost

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables and lease receivables in certain circumstances.

Write-off
Financial assets are written off when the Company has no reasonable expectations of recovering the financial asset. This is the case when the 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.

2.9 Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of comprehensive. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within the accumulated other comprehensive (loss)/ income.

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive income.

2.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the following basis: -

a) Raw materials are valued at cost on a weighted average basis.

b) Finished goods and work-in-progress are valued at cost using weighted average cost method. Cost includes raw materials, direct labour, other direct costs, and related production overheads (based on current operating capacity). It excludes borrowing costs; and,

c) Consumables are valued at weighted average cost.

The values of obsolete and slow-moving stocks are reduced, where necessary, to estimated net realisable values.

Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs of completion and estimated selling expenses.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for goods and services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for credit losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Cash and cash equivalents

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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.13 Share capital

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

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the asset is substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs are derecognised when the condition specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.15 Current and deferred Income tax

The income tax expense for the year comprises current income and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income, 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 charge is calculated based on the tax laws enacted or substantively enacted at the statement of financial position date. 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 based on amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Current and deferred Income tax (continued)

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is 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 statement of financial position date 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 to the extent that it is probable that future taxable profit will be available against which the temporary differences 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.

2.16 Employee benefits

Pension obligations
The Company provides for pensions on retirement for all employees by means of a defined contribution pension fund, Border Timbers Limited Pension Fund, which is administered by a Board of Trustees. Currently the fund is on paid up status.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company 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 and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company and all its employees contribute to the National Social Security Pension Fund in terms of the National Social Security Act (Chapter 17:04) of which the contributions are determined by the systematic recognition of legislated Security Act (Chapter 17:04) of which the contributions are determined by the systematic recognition of legislated contributions.

Short terms benefits
The cost of short-term employee benefits is recognised in the period in which the service is rendered. The expected cost of leave pay is recognised as an expense as the employees render services that increase their entitlement.

Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the entity recognises 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.

2.17 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. 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued))

2.18 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise employee termination liabilities. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When some or all the economic benefits required to settle the present obligation, it carrying amount is the present value of those cash flows (when the effects of the time value of money is removed). Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

The company recognises revenue from the following major sources:

- Sale of Lumber.
- Sale of Poles.
- Sale of logs.
- Rendering of services – transport.

Sale of Lumber
Revenue is recognised at a point in time for local and export sales of timber products. For local timber sales, revenue is recognised when the goods leave the premises at the stand-alone selling prices. When the customer collects the goods at the premises, BTL no longer directs the use of the goods and the client accepts responsibility. For export timber sales the company recognises the revenue for goods when the original shipping documents, for clearance at destination port, are released. Due to the nature of the exportation of Lumber, and the timing difference between the expected date of receipt of payment and the actual payment receipt date this could result in the recognition of contract liabilities.

Sale of Poles
Revenue is recognised at a point in time for sale of Poles. The sale of Poles to customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods. Payment of the transaction price is due immediately at the point the customer purchases the goods, or within 30 days for account holding customers. A receivable is recognised for account holding customers. No financing element is recognised as the payment terms are within 30 days.

Sale of logs
Revenue is recognised at a point in time for sale of logs. The sale of logs to customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods. Payment of the transaction price is due immediately at the point the customer purchases the goods, or within 30 days for account holding customers. A receivable is recognised for account holding customers. No financing element is recognised as the payment terms are within 30 days.

Rendering of services – transport
Revenue derived from transport services to external customers where BTL acts as a principal is recognised in the accounting period in which the services are rendered at the gross amount. When BTL acts in the capacity of an agent, the transport provider ensures the freight and BTL can no longer direct the use of the goods and the customer has the present obligation to pay for goods. The revenue recognised when BTL acts as an agent is recognised at the net amount.

2.20 Other income

Other income is recognised when it is received or when the right to receive is established. It comprises sundry income from burnt logs to third parties, freight recoveries from export sales and export incentives.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Leases

The Company as lessor
The Company assesses whether a contract is or contains a lease, at inception of the contract. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. "Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and "arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee
"The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.
Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

"The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Leases of property, plant, and equipment where the Company has transferred substantially all the risks and rewards of ownership are classified as finance leases. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Each lease receipt is allocated between the receivable and finance income. The corresponding rental receivable, including finance income, are included in receivables. The interest element of the finance income is credited to the statement of profit or loss and other comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease receivable for each period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Earnings per share

a) Basic earnings per share
Basic earnings per share is calculated by dividing:

- -the profit attributable to owners of the Company.

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider.

- the after-income tax effect of interest and other finance costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.23 Dividends

Provision is made for any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting date but not distributed at the reporting date.

Dividends declared after the reporting date but before the financial statements are issued are not recognised in the financial statements but are disclosed in the notes to the financial statements.

3 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.

Critical accounting estimates and assumptions
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Useful lives and values of property, plant, and equipment
Management determines the estimated useful lives and related depreciation charges for its property, plant depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

b) Expected credit losses (ECL) on trade and other receivables
For trade receivables, the Company applies the simplified approach as permitted by IFRS 9 which requires expected lifetime losses to be recognized from initial recognition of receivables. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company considered the year-on-year inflation rate, Gross Domestic Product growth rate and average market default rates as forward-looking factors for the purpose of calculating ECL. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. The Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

c) Valuation of biological assets
Border Timbers Limited uses a forest database and modelling system called Microforest (MF) to estimate the current standing volume in its plantations which is converted to fair value based on market price. MF is a commercially available system used by most forestry organizations in southern, eastern, and central Africa and some countries in Asia.

Standing trees inventories serve the purpose of estimating the volume of a standing trees at a specific point in time. Inventory results are used to replace the estimated growth of the stand (mean annual increment – MAI) from growth models with real time growth parameters at the specific point in time. Growing stock inventories help to evaluate the quality of growth model to help make more accurate subsequent product volume projections. Current volume estimation is based on archived enumeration data stored in Microforest:

Past inventories (enumerations) are used for calibrations of growth models which are carried out on growing stands (compartments) to estimate the real growth parameters at the point in time. The major stand parameters collected are the following:

- Stand density or trees per hectare (TPH) and the variation thereof over the stand,
- Diameter (DBH) class distribution and the variation thereof over the stand,
- Diameter: height relationships for the diameter classes in the stand.
- Inventories carried out are representative samples of the growing stock or stands, which serve as a reflection of the actual stand parameters.

Direct estimates, based on Site Index (dominant height at 20 years of age for pine sawlog, 10 for poles and 18 years for eucalyptus sawlog working cycles) are used in compartments where inventory data is not available. Site Index (SI) value stored in MF can be refined after an enumeration is processed and can be used as the basis of estimating compartment volumes.

Microforest (MF) utilises the most recent enumeration results from each compartment for model calibration, ensuring an accurate prediction of yields (volume) that are sensitive to variations in survival, site quality and treatments (pruning and thinning).

The Mean Annual Increment and stand yield are the reflection of age, species, site potential and silvicultural operations carried out. All harvested compartments are captured and removed from standing area in MF.

All newly planted compartments are uploaded in the MF system.

All database changes are affected in MF system.

On the last day of the financial year, an advanced processing is run in MF where the current volume of each compartment is calculated. MF has the capacity to calculate current volume at any point in time based on current enumeration data and SI producing a current volume report (CUR). This report issued as a source of total standing compartment volume used for plantation valuation.

The impact and extent of following factors are also assessed.

Compartment stocking levels,
Baboon damage,
Impact of land invasions,
Impact of pests and diseases.

e) Splitting of biological asset into current and non-current
Amount classified as current biological asset is the estimated value of planned harvested area based on the ensuing year Annual Plan of Operation "APO". Value of planned harvesting area is arrived at by multiplying the planned harvesting area as per the APO by the closing hectarage values as per the biological asset model. An Annual Plan of Operation is prepared on an annual basis by the Planning Department in consultation with the Forestry Management Department. Strategic guidance is provided by the FJM, Forestry Platform Head, Managing Director and Finance Director.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

f) IFRIC 23: Uncertainty over income tax treatments
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: - Whether tax treatments should be considered collectively - Assumptions for taxation authorities' examinations - The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates - The effect of changes in facts and circumstances. (Applicable to annual reporting periods beginning on or after 1 January 2019). There are many transactions and calculations for which ultimate tax determination is uncertain.

The Company 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 current income tax and deferred tax liabilities in the period in which such determination is made. The company determines its tax position consistently with the treatment used or planned to be used and where it becomes probable that the tax authority may not accept the uncertain tax position used or to be used, the company uses the most likely amount or the expected value method to arrive at the liability to be recognised for additional taxes that will be due.

g) Valuation of United States Dollar denominated assets and liabilities
The Company applied the interbank/auction rate of exchange between the Zimbabwe Dollar (ZW$) and United States Dollar (US$) for the year ended 30 June 2021 in translating foreign currency transactions and balances.

International Accounting Standard 21 (IAS 21) defines the spot exchange rate as the exchange rate for immediate delivery. The Company has therefore applied the official auction exchange rate in its determination of the spot rate pursuant to complying with IAS 21 for the year ended 30 June 2020. The circumstances in which a currency is subject to a lack of exchangeability results in an entity being unable to exchange that currency for another currency. Management have concluded that there is no lack nor a temporary lack of exchangeability of foreign currency in terms of IAS 21, which would trigger the need to determine a spot exchange rate through estimation.

The source of foreign currency for the Company is solely local and export sale proceeds which are liquidated on the official auction market. The Company has not accessed any foreign currency on the auction market during the year as all the foreign currency requirements were met by the sale proceeds

4 SEGMENT INFORMATION

	INFLATION ADJUSTED			HISTORICAL		
	Forestry ZW$	Manufacturing ZW$	Total ZW$	Forestry ZW$	Manufacturing ZW$	Total ZW$
Year ended 30 June 2020						
Statement of profit or loss and other comprehensive income						
Total segment revenue	628 810 813	193 089 881	821 900 694	228 828 271	59 359 426	288 187 697
Revenue from external customers	628 810 813	193 089 881	821 900 694	228 828 271	59 359 426	288 187 697
Interest expense	(12 811 144)	-	(12 811 144)	(4 682 682)	-	(4 682 682)
Interest income	406 136	-	406 136	297 934	-	297 934
Monetary Gain	321 691 908	-	321 691 908	-	-	-
(Loss) / profit before income tax	(401 369 003)	114 224 482	(287 144 521)	1 956 809 920	25 771 169	1 982 581 089
Statement of financial position						
Total assets	4 495 872 051	40 156 124	4 536 028 175	2 995 686 429	8 977 531	3 004 663 960
Total liabilities	1 179 305 390	10 191 051	1 189 496 441	1 074 961 857	10 191 051	1 085 152 908
Other Information						
Capital expenditure on property, plant, and equipment	19 652 155	-	19 652 155	11 361 556	-	11 361 556
Capital expenditure on biological assets	82 752 470	-	82 752 470	34 221 773	-	34 221 773
Depreciation	-	30 300 534	30 300 534	-	1 932 926	1 932 926
Employee numbers	589	22	611	589	22	611

4 SEGMENT INFORMATION (continued)

	INFLATION ADJUSTED			HISTORICAL		
	Forestry ZW$	**Manufacturing ZW$**	**Total ZW$**	**Forestry ZW$**	**Manufacturing ZW$**	**Total ZW$**
Year ended 30 June 2019						
Statement of profit or loss and other comprehensive income						
Total segment revenue	467 812 132	88 936 239	556 748 371	32 104 767	6 314 211	38 418 978
Revenue from external customers	467 812 132	88 936 239	556 748 371	32 104 767	6 314 211	38 418 978
Operating loss before interest and tax	2 203 042 784	24 904 126	2 227 946 910	269 877 304	2 975 403	272 877 227
Interest expense	(33 912 500)	-	(33 912 500)	(2 042 113)	-	(2 042 113)
Interest income	218 265	-	218 265	17 593	-	17 593
Profit before income tax	2 169 348 549	24 904 126	2 194 252 675	267 852 784	2 975 403	270 852 707
Statement of financial position						
Total assets	4 939 168 757	20 234 395	4 959 403 152	582 025 568	2 989 879	585 015 447
Total liabilities	1 552 491 291	1 963	1 552 493 254	178 312 314	235	178 312 549
Other Information						
Capital expenditure on property, plant, and equipment	19 652 155	-	19 652 155	1 453 228	-	1 453 229
Capital expenditure on biological assets	65 763 668	-	65 763 668	4 455 164	-	4 455 164
Depreciation	19 416 095	9 981 465	29 397 560	628 676	323 191	951 867
Employee numbers	589	-	589	589		589

The segmentation of the Company's operations has been done in a manner consistent with the internal reporting provided to the Final Judicial Manager. The Final Judicial Manager is responsible for allocating resources and assessing the performance of the operating segments.

Forestry: growing and milling of hardwood and softwood timber; and,
Manufacturing: treatment and supply of pole product to the agricultural and electrification industry.

The Final Judicial Manager assesses the performance of the operating segments based on a measure of profit before interest and tax.

All operating segments operate in Zimbabwe and segment sales presents sales to third parties and inter-segment sales.

4 SEGMENT INFORMATION (continued)

The Company is domiciled in Zimbabwe. Revenue from external customers from other countries is broken down as follows:

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
Country	**ZW$**	**ZW$**	**ZW$**	**ZW$**
Botswana	156 837 063	98 914 781	55 210 175	7 083 637
South Africa	36 565 088	9 267 291	10 613 035	864 136
Zambia	-	750 886	-	34 509
Other	246 022 906	61 417 724	75 476 452	4 939 601
Total Revenue from external customers	**439 425 057**	**170 350 682**	**141 299 662**	**12 921 883**

There are no non-current assets and financial instruments held outside Zimbabwe.

5 PROPERTY, PLANT AND EQUIPMENT

INFLATION ADJUSTED

	Land and buildings ZW$	Motor vehicles and tractors ZW$	Furniture and fittings ZW$	Plant and machinery ZW$	Capital work-in progress ZW$	Total ZW$
Year ended 30 June 2019						
Opening net book amount	**663 430 504**	**17 262 896**	**2 591 015**	**44 978 448**	**9 625 140**	**737 888 003**
Additions	-	213 563	215 287	2 137 076	-	2 565 926
Revaluation	836 348 135	11 453 805	5 455 011	79 985 802	-	933 242 753
Disposals	(973 913)	-	-	-	-	(973 913)
Depreciation charge	(19 362 864)	(3 181 270)	(488 759)	(6 364 667)	-	(29 397 560)
Impairment charge depreciation elimination on revaluation	19 362 864	3 181 270	488 759	6 364 667	-	29 397 560
Closing net book amount	**1 498 804 726**	**28 930 264**	**8 261 313**	**127 101 326**	**9 625 140**	**1 672 722 769**
As at 30 June 2019						
Cost or valuation	1 498 804 726	28 930 264	8 261 313	127 101 326	9 625 140	1 672 722 769
Accumulated depreciation	-	-	-	-	-	
Net book amount	**1 498 804 726**	**28 930 264**	**8 261 313**	**127 101 326**	**9 625 140**	**1 672 722 769**
Year ended 30 June 2020						
Opening net book amount	**1 498 804 726**	**28 930 264**	**8 261 313**	**127 101 326**	**9 625 140**	**1 672 722 769**
Additions	-	-	803 777	3 574 469	15 273 910	19 652 155
Disposals	(167 537 904)	-	-	-	-	(167 537 904)
Depreciation charge	(27 836 098)	(3 906 417)	(1 827 743)	(13 195 784)	-	(46 766 042)
Closing net book amount	**1 303 430 724**	**25 023 847**	**7 237 347**	**117 480 011**	**24 899 050**	**1 478 070 979**
As at 30 June 2020						
Cost or valuation	1 331 266 822	28 930 264	9 065 090	130 675 795	24 899 050	1 524 837 021
Accumulated depreciation	(27 836 098)	(3 906 417)	(1 827 743)	(13 195 784)	-	(46 766 042)
Net book amount	**1 303 430 724**	**25 023 847**	**7 237 347**	**117 480 011**	**24 899 050**	**1 478 070 979**

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	HISTORICAL					
	Land and buildings ZW$	Motor vehicles and tractors ZW$	Furniture and fittings ZW$	Plant and machinery ZW$	Capital work-in progress ZW$	Total ZW$
Year ended 30 June 2019						
Opening net book amount	**28 799 454**	**668 837**	**101 965**	**1 793 933**	**179 323**	**31 543 512**
Additions	54 600	31 091	84 565	1 007 334	275 639	1 453 229
Revaluation	151 156 340	2 861 374	822 218	12 601 153	-	167 441 085
Disposals	(394 702)	-	-	-	-	(394 702)
Depreciation charge	(602 138)	(105 942)	(22 037)	(221 750)	-	(951 867)
Closing net book amount	**179 013 554**	**3 455 360**	**986 711**	**15 180 670**	**454 962**	**199 091 257**
As at 30 June 2019						
Cost or valuation	**179 013 554**	**3 455 360**	**986 711**	**15 180 670**	**454 962**	**199 091 257**
Accumulated depreciation	-	-	-	-	-	-
Net book amount	**179 013 554**	**3 455 360**	**986 711**	**15 180 670**	**454 962**	**199 091 257**
Year ended 30 June 2020						
Opening net book amount	**179 013 554**	**3 455 360**	**986 711**	**15 180 670**	**454 962**	**199 091 257**
Additions	-	-	228 493	946 253	10 186 809	11 361 555
Disposals	(20 007 000)	-	-	-	-	(20 007 000)
Depreciation charge	(2 962 068)	(466 573)	(247 775)	(1 701 074)	-	(5 377 490)
Closing net book amount	**156 044 486**	**2 988 787**	**967 429**	**14 425 849**	**10 641 771**	**185 068 322**
As at 30 June 2020						
Cost or valuation	159 006 554	3 455 360	1 215 204	16 126 923	10 641 771	190 445 812
Accumulated depreciation	(2 962 068)	(466 573)	(247 775)	(1 701 074)	-	(5 377 490)
Net book amount	**156 044 486**	**2 988 787**	**967 429**	**14 425 849**	**10 641 771**	**185 068 322**

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation of property, plant, and equipment
In line with Company policy, property, plant, and equipment items are revalued periodically. A valuation was performed on 30 June 2019 by Messrs TK Hollands, independent valuers not related to the Company. Messrs TK Hollands are members of the Real Estate institute of Zimbabwe and have appropriate qualifications and experience in the fair value measurements. These values were determined by first estimating the gross replacement cost and considering condition of every asset and its useful life.

Depreciation recognised in the Statement of profit or loss and other comprehensive income.
Inflation adjusted depreciation expense of ZW$30 717 394(2019: ZW$19 309 233) has been charged in 'cost of sales' and ZW$16 048 648 (2019: ZW$10 088 327) has been charged in 'administrative expenses and no depreciation has been charged to selling and distribution expenses.

If property, plant, and equipment were stated on the historical cost basis, the amounts would be as follows:

Fair values of property, plant, and equipment (excluding capital work in progress)
The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels 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). The hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible (level 3).

	Fair value measurements as at 30 June 2019 using		
	Quoted prices in active markets for identical assets (level 1) ZW$	Significant other observable inputs (level 2) ZW$	Significant unobservable inputs (level 3) ZW$
Recurring fair value measurements			
Property, plant, and equipment			
-Land, roads, and bridges	-	-	147 041 156
-Buildings	-	-	31 972 398
-Motor vehicles	-	-	3 455 360
-Furniture and Fittings	-	-	986 711
-Plant and Machinery	-	-	15 180 670
Total	**-**		**198 636 295**

*Fair value of Property, plant and Equipment was based on the valuation done on 30 June 2019 by independent valuers (Hollands). The next valuation will be done on 2022 in line with the Company policy.

There were no transfers between levels 1 and 2 during the year."

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value measurements using significant unobservable inputs (level 3)

	Land and buildings ZW$	**Motor vehicles and tractors ZW$**	**Furniture and fittings ZW$**	**Plant and machinery ZW$**	**Total ZW$**
Opening balance 1 July 2019	1 498 804 726	28 930 264	8 261 313	127 101 326	1 663 097 629
Additions	-	-	803 777	3 574 469	4 378 246
Disposals	(167 537 903)	-	-	-	(167 537 903)
Revaluation	-	-	-	-	-
Depreciation recognised in the statement of profit or loss and other comprehensive income	(27 836 098)	(3 906 417)	(1 827 743)	(13 195 784)	(46 766 042)
Closing balance at 30 June 2020	**1 303 430 725**	**25 023 847**	**7 237 347**	**117 480 011**	**1 453 171 930**

6 BIOLOGICAL ASSETS

	INFLATION ADJUSTED		*HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
As at 1 July	3 039 197 087	452 778 641	362 994 233	57 435 418
Expenditure for the year (see note 18)	82 752 470	65 763 668	34 221 773	4 455 164
Fair value gain due to biological transformation	(102 896 520)	2 651 533 505	2 394 880 316	316 790 144
	3 019 053 037	3 170 075 814	2 792 096 322	378 680 726
Deduct:	(331 771 929)	(130 878 726)	(104 815 214)	(15 686 493)
Fire Loss	(124 580 454)	(74 919 408)	(29 364 810)	(8 948 190)
Transfers of harvested timber to inventory	(207 191 475)	(55 959 318)	(75 450 404)	(6 738 303)
As at 30 June	**2 687 281 108**	**3 039 197 087**	**2 687 281 108**	**362 994 233**
Classification on the statement of financial position				
Classified as non-current asset	2 453 161 893	2 761 315 752	2 453 161 893	329 804 769
Classified as current asset*	234 119 215	277 881 336	234 119 215	33 189 464
As at 30 June	**2 687 281 108**	**3 039 197 088**	**2 687 281 108**	**362 994 233**

** Being biological assets to be harvest and sold in the next 12 months after the reporting date.*

Comprising of standing timber at fair value less costs to sell	**2020 Hectares**	**2020 ZW$**	**2019 Hectares**	**2019 ZW$**
Age				
1- 6 years	4 508	114 126 995	5 379	22 567 452
7-12 years	4 373	744 958 780	4 016	79 540 961
13-18 years	2 483	677 508 035	2 878	93 898 476
19-25 years	2 198	1 150 687 298	2 701	166 987 344
	13 562	**2 687 281 108**	**14 974**	**362 994 233**
Age				
1- 6 years	4 508	114 126 995	5 379	188 889 577
7-12 years	4 373	744 958 780	4 016	665 757 845
13-18 years	2 483	677 508 035	2 878	786 930 242
19-25 years	2 198	1 150 687 298	2 701	1 397 619 423
	13 562	**2 687 281 108**	**14 974**	**3 039 197 087**

Valuation of plantations

Treatment of Different Age Groups and Regimes

All plantings below 4 years (age threshold) for pine and eucalyptus are stated at development cost and approximates fair value. The age threshold used for quantifying immature timber is dependent on the rotation period of the specific timber genus. Softwood ("pine") less than 4 years and hardwood ("eucalyptus") less than 4 years are classified as immature timber. All changes in fair value are recognised in the period in which they arise. All trees from 4 years up to 25 years are valued based on volume/m3 standing regardless of species and working cycle, whilst over 25 years trees are classified as overaged hence they are excluded from the Biological asset valuation.

Price Used for Valuation

Tree timber volume for young trees (pine less than 4 years and eucalyptus less than 4 years) cannot be calculated by current volume calculation models, therefore development costs are used. All silviculture costs for the particular year are capitalised. Mature trees are valuated at market value of standing timber.

6 BIOLOGICAL ASSETS (continued)

Valuating Young Trees
Young trees are valued at maintenance cost (silviculture plus a proportion of general estate). A proportion of general estate cost to be capitalised is derived from the following formular:

General Estate Proportion to be capitalized.

The total silviculture cost and a portion of general estate incurred during the financial year is divided by the total standing area to get maintenance cost per hectare. The cost per hectare is converted to hectare years (Age x Area of each age group) for the compartments less than 4 years. The value assigned to each compartment is a product of hectare year and maintenance cost (cost/ha) which is assumed to be the same for all age groups.

Determination of the Price of Standing Timber
Border Timbers Limited uses the market prices per cubic meter of standing timber. The price of standing timber is based on stumpage value of the most active and stable timber products market.

Volume and Area Movement during the Financial Year
The closing balance is the value of the bio-asset which is determined by volume per age class and the stumpage value for stands aged 4 years and above, and a proportion of silviculture and general estate based on cost per hectare (hectare year x maintenance cost/ha) for stands less than 4 years. However, the movements which lead to the closing balance must be traced so that change resulting from growth of trees must be distinguished. The movement is caused by one or a combination of these activities (Planting, Clear-felling, Salvage, Adjustments due Change Notes and Maintenance). The maintenance cost incurred during the financial year (silviculture cost and a proportion of general estate) is apportioned according to each age group proportionally. The volume of standing timber as at 30 June 2020 amounts to 2 321 293 m3 (2019: 2 508 476 m3).

The following table represents the Company's biological assets that are measured at fair value at 30 June 2020.

INFLATION ADJUSTED

	Fair value measurements as at 30 June 2020 using.		
	Quoted prices in active markets for identical assets (level 1) ZW$	**Significant other observable inputs (level 2) ZW$**	**Significant unobservable inputs (level 3) ZW$**
Age			
1- 6 years	-	-	114 126 995
7-12 years	-	-	744 958 780
13-18 years	-	-	677 508 035
19-25 years	-	-	1 150 687 298
Total	**-**	**-**	**2 687 281 108**

The following table represents the company's biological assets that are measured at fair value at 30 June 2019	**Quoted prices in active markets for identical assets (level 1) ZW$**	**Significant other observable inputs (level 2) ZW$**	**Significant. unobservable inputs (level 3) ZW$**
Age			
1- 6 years	-	-	188 889 577
7-12 years	-	-	665 757 845
13-18 years	-	-	786 930 242
19-25 years	-	-	1 397 619 423
Total	**-**	**-**	**3 039 197 087**

6 BIOLOGICAL ASSETS (continued)

HISTORICAL

The following table represents the company's biological assets that are measured at fair value at 30 June 2019

	Fair value measurements as at 30 June 2019 using		
	Quoted prices in active markets for identical assets (level 1) ZW$	**Significant other observable inputs (level 2) ZW$**	**Significant. unobservable inputs (level 3) ZW$**
Age			
1- 6 years	-	-	22 567 452
7-12 years	-	-	79 540 961
13-18 years	-	-	93 898 476
19-25 years	-	-	166 987 344
Total	**-**	**-**	**362 994 233**

The following table represents the company's biological assets that are measured at fair value as at 30 June 2020.

INFLATION ADJUSTED AND HISTORICAL

Description	Fair value as at 30 June 2020 ZW$	Unobservable input	Unobservable inputs	Relationship of unobservable inputs to fair value
Pine (1- 3 years)	3 049 766	Cost per hectare	ZW$237.81-ZW$341.65	The higher the cost per hectare the higher the fair value
Pine (4-25 years)	1 825 662 829	Mean annual increment	(11-13) m3/ha/year	The higher the price per cubic metre and mean annual increment the higher the fair value
		Price per cubic meter	ZW$178.79	
Euc (1- 3 years)	1 765 580	Cost per hectare	ZW$201.10 -ZW$349.03	The higher the cost per hectare the higher the fair value
Euc (3- 25 years)	856 802 933	Mean annual increment	(18-20) m3/ha/year	The higher the price per cubic metre and mean annual increment the higher the fair value
		Price per cubic meter	ZW$178.79	
Total	**2 687 281 108**			

6 BIOLOGICAL ASSETS (continued)

The following table represents the company's biological assets that are measured at fair value as at 30 June 2019;

INFLATION ADJUSTED

Description	Fair value as at 30 June 2019 ZW$	Unobservable input	Unobservable inputs	Relationship of unobservable inputs to fair value
Pine (1- 3years)	25 534 400	Cost per hectare	ZW$1 991.00-ZW$2860.49	The higher the cost per hectare the higher the fair value
Pine (4 -25 years)	1 951 926 237	Mean annual increment Price per cubic meter	(11-13)m3/ha/year ZW$1 496.93	The higher the price per cubic metre and mean annual increment the higher the fair value
Euc (1- 3 years)	14 782 454	Cost per hectare	ZW$1 683.73 -ZW$2 922.28	The higher the cost per hectare the higher the fair value
Euc (4 25 years)	1 046 953 996	Mean annual increment	(18-20)m3/ha/year	The higher the price per cubic metre and mean annual increment the higher the fair value
		Price per cubic meter	ZW$1 496.93	

Total	**3 039 197 087**

6 BIOLOGICAL ASSETS (continued)

The following table represents the company's biological assets that are measured at fair value as at 30 June 2019;

HISTORICAL

Description	Fair value as at 30 June 2019 ZW$	Unobservable input	Unobservable inputs	Relationship of unobservable inputs to fair value
Pine (1- 3years)	3 049 766	Cost per hectare	ZW$237.81-ZW$341.65	The higher the cost per hectare the higher the fair value
Pine (4 -25 years)	233 133 274	Mean annual increment Price per cubic meter	(11-13)m3/ha/year ZW$178.79	The higher the price per cubic metre and mean annual increment the higher the fair value
Euc (1- 3 years)	1 765 580	Cost per hectare	ZW$201.10 -ZW$349.03	The higher the cost per hectare the higher the fair value
Euc (4 25 years)	125 045 613	Mean annual increment	(18-20)m3/ha/year	The higher the price per cubic metre and mean annual increment the higher the fair value
		Price per cubic meter	ZW$178.79	
Total	**362 994 233**			

7 INVENTORIES

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Raw materials	32 475 955	17 869 587	6 442 025	1 632 905
Work in progress	40 156 125	20 234 395	4 459 857	1 530 981
Finished goods	114 199 413	41 816 083	22 736 416	2 984 676
Consumables	95 881 555	62 434 588	10 713 191	4 222 322
	282 713 048	**142 354 653**	**44 351 489**	**10 370 884**

The cost of inventories recognised as an expense and included in the 'cost of sales' amounted to ZW$406 245 331 (2019: ZW$166 175 450).

Inventories write down was ZW$9 574 801 (2019 ZW$2 653 335). Inventory write-down was included in `cost of sales` in the statement of profit or loss and other comprehensive income. The Company has not accounted for any provision for obsolete stock as a result of inventory write downs during the year.

No inventory was pledged as security during the year, (2019: ZW$ nil).

8 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets are carried at amortised cost.

	INFLATION ADJUSTED		HISTORICAL	
Financial assets	**2020**	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Assets per statement of financial position				
Trade and other receivables				
(excluding prepayments and VAT receivable)	78 285 972	41 247 236	78 285 972	4 926 469
Cash and cash equivalents	9 613 366	29 914 600	9 613 366	3 572 927
	87 899 338	**71 161 836**	**87 899 338**	**8 499 396**
Other financial liabilities at amortised cost				
Liabilities per statement of financial position				
Trade and other payables (excluding statutory liabilities)	139 843 543	173 353 737	139 843 543	20 704 944
Borrowings (current and non-current)	376 123 499	488 099 567	376 123 499	58 297 413
	515 967 042	**661 453 304**	**515 967 042**	**79 002 357**

9 TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Trade receivables from external parties	242 946 646	195 718 963	242 946 646	23 376 192
Less: allowance for expected credit losses	(179 734 777)	(143 937 129)	(179 734 777)	(17 191 497)
Trade receivables - net	63 211 869	51 781 834	63 211 869	6 184 695
Prepayments	63 703	406 426	63 703	48 543
Loans to employees	4 595 748	1 628 851	4 595 748	194 545
Net investment in finance leases receivable (see note 9.1)	2 917 711	5 139 172	2 917 711	616 576
Other receivables	7 560 644	16 257 759	7 560 644	1 941 787
	15 137 806	19 491 426	15 137 806	2 328 008
	78 349 675	**75 214 042**	**78 349 675**	**8 986 146**

Loans to employees relate mainly to motor vehicle loan scheme and are payable over a period ranging between 3-5 years and carry standard rate of interest at 8 % p.a (2018:6 %). The loans are neither past due nor impaired and are secured.

Trade receivables do not bear interest and are normally settled on 30-day terms for local sales and 90 days for export sales. Movement in the allowance for impairment of trade and other receivables was as follows:

ALLOWANCE FOR CREDIT LOSS	INFLATION ADJUSTED			HISTORICAL
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
As at 1 July	143 937 129	9 929 597	17 191 497	1 185 967
Restatement of opening balance (IFRS 9)	-	15 746 389	-	1 880 710
	143 937 129	25 675 986	17 191 497	3 066 677
Increase in allowance for credit losses on trade receivables	35 797 648	118 261 143	162 543 280	14 124 820
As at 30 June	**179 734 777**	**143 937 129**	**179 734 777**	**17 191 497**

9 TRADE AND OTHER RECEIVABLES (continued)

The analysis of net trade receivables is as follows:

INFLATION ADJUSTED

	Total	Neither past due nor impaired	Past due but not impaired		
		0-30 days	31-60 days	61-90 days	>90 days
	ZW$	ZW$	ZW$	ZW$	ZW$
As at 30 June 2020					
Expected credit loss rate		17.12%	34.25%	68.50%	100.00%
Trade receivables from external parties	78 349 675	43 660 842	13 199 754	21 489 079	-
	78 349 675	**43 660 842**	**13 199 754**	**21 489 079**	**-**
As at 30 June 2019					
Expected credit loss rate		14.10%	28.19%	56.39%	100.00%
Trade receivables from external parties	71 273 260	52 268 549	19 945 648	2 999 845	-
	71 273 260	**52 268 549**	**19 945 648**	**2 999 845**	**-**

HISTORICAL

	Total	Neither past due nor impaired	Past due but not impaired		
		0-30 days	31-60 days	61-90 days	>90 days
	ZW$	ZW$	ZW$	ZW$	ZW$
As at 30 June 2020					
Expected credit loss rate		17.12%	34.25%	68.50%	100.00%
Trade receivables from external parties	78 349 675	43 660 842	13 199 754	21 489 079	-
	78 349 675	**43 660 842**	**13 199 754**	**21 489 079**	**-**
As at 30 June 2019					
Expected credit loss rate		14.10%	28.19%	56.39%	100.00%
Trade receivables from external parties	8 986 146	6 245 593	2 382 259	358 294	14 467 390
	8 986 146	**6 245 593**	**2 382 259**	**358 294**	**-**

9 TRADE AND OTHER RECEIVABLES (continued)

Past due and impaired
The amount of the provision is ZW$ 179 734 777(2019: ZW$143 937 129). The individually impaired receivables mainly relate to customers facing liquidity challenges and amounts in dispute.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The Company does not hold any collateral as security.

The carrying amount of trade and other receivables approximates their fair value as at year end because of short term tenor.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2020 ZW$	2019 ZW$
United States of America Dollar ("US$")	63 168 941	5 977 206
South African Rand (ZAR)	2 747 161	592 708
Botswana Pula (BWP)	10 773 982	2 416 232
Zimbabwean ZW$	1 659 591	-
Trade receivables	**78 349 675**	**8 986 146**
Counterparties without external credit rating		
Company 1	-	3 703 955
Company 2	16 323 356	4 677 570
Company 3	62 026 319	604 621
	78 349 675	**8 986 146**

Counterparties without external credit rating
Company 1 - New customers/related parties (less than 6 months)
Company 2 - Existing customers/related parties (more than 6 months - with no defaults in the past)
Company 3 - Existing customers/related parties (more than 6 months - with some defaults in the past)

9.1 Finance lease receivable

The Company leases out manufacturing equipment under a finance lease. The contract includes an option to purchase the equipment at the end of its useful life at a price less than the expected residual value.

	INFLATION ADJUSTED		HISTORICAL	
	2020	2019	2020	2019
Non-current receivables	ZW$	ZW$	ZW$	ZW$
Finance lease-gross receivable	2 033 921	3 969 112	2 033 921	476 784
Unearned finance income	(221 011)	(1 163 664)	(221 011)	(139 028)
	1 812 910	**2 805 448**	**1 812 910**	**337 756**
Current receivables				
Finance lease-gross receivable	1 355 227	2 660 447	1 355 227	317 855
Unearned finance income	(250 427)	(326 723)	(250 427)	(39 035)
	1 104 800	**2 333 724**	**1 104 800**	**278 820**
Gross receivables from finance leases:				
-No later than one year	1 355 227	2 660 447	1 355 227	317 855
-Later than one year and no later than 5 years	2 033 921	3 990 682	2 033 921	476 784
	3 389 148	6 651 129	3 389 148	794 639
Unearned future finance income on finance leases	(471 437)	(1 511 957)	(471 437)	(178 063)
Net investment in finance leases	**2 917 711**	**5 139 172**	**2 917 711**	**616 576**

9 TRADE AND OTHER RECEIVABLES (continued)

	INFLATION ADJUSTED		HISTORICAL	
	2020	2019	2020	2019
	ZW$	ZW$	ZW$	ZW$
The net investment in finance leases may be analysed as follows:				
-No later than one year	1 104 801	2 805 448	1 104 801	278 820
-Later than one year and no later than 5 years	1 812 910	2 333 724	1 812 910	337 756
	2 917 711	**5 139 172**	**2 917 711**	**143 133**

10 CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED		HISTORICAL	
	2020	2019	2020	2019
	ZW$	ZW$	ZW$	ZW$
Cash and bank balances (excluding bank overdrafts)	9 613 366	29 914 600	9 613 366	3 572 927
Cash and cash equivalents include the following for the purpose of the statement of cash flows:				
Cash and bank balances	9 613 366	29 914 600	9 613 366	3 572 927
Cash on hand and at bank are denominated in the following currencies.				
United States of America dollar ("US$")	5 378 081	28 251 785	5 378 082	497 662
South African Rand ("ZAR")	1 379 935	184 995	1 379 935	257 264
Botswana Pula ("BWP")	1 378 368	1 477 820	1 378 368	458 352
Zimbabwean ZW$	1 476 982	-	1 476 982	2 359 649
	9 613 366	**29 914 600**	**9 613 366**	**3 572 927**

11 SHARE CAPITAL

	INFLATION ADJUSTED		HISTORICAL	
	2020	2019	2020	2019
Non-current receivables	ZW$	ZW$	ZW$	ZW$
Authorised				
Number of ordinary shares	43 000 000	43 000 000	43 000 000	43 000 000

All ordinary shares rank equally with regards to the company's residual assets. Ordinary shares have a nominal value of US$0.01 after re-denomination of share capital.

Holders of these are entitled to dividends as declared from time to time and one vote per share at general meetings of the Company.

	Number Ordinary of shares	INFLATION ADJUSTED Total Value ZW$	HISTORICAL Total Value ZW$
Issued and fully paid			
Year ended 30 June 2019.			
At the beginning of the year	42 942 487	9 688 096	429 425
At the end of the year	42 942 487	9 688 096	429 425
Year ended 30 June 2020.			
At the beginning of the year	42 942 487	9 688 096	429 425
At the end of the year	42 942 487	9 688 096	429 425

The unissued shares are under the control of the Final Judicial Manager who may issue them on such terms and conditions as he see fit subject to the limitation of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements. The period of this authority is unlimited.

12 OTHER RESERVES

12.1 Non-distributable reserve

	INFLATION ADJUSTED 2020 ZW$	INFLATION ADJUSTED 2019 ZW$	HISTORICAL 2020 ZW$	HISTORICAL 2019 ZW$
Balance as at 30 June	-	-	90 455 727	90 455 727

The non-distributable reserve arose as a result of the net effect of restatement in the ZW$ of assets and liabilities previously denominated in United States dollars in 2019. In applying IAS 29, the Non-distributable reserve was then eliminated together with the revaluation reserve.

12.2 Revaluation reserve

	INFLATION ADJUSTED 2020 ZW$	INFLATION ADJUSTED 2019 ZW$	HISTORICAL 2020 ZW$	HISTORICAL 2019 ZW$
Balance as at 30 June	-	-	138 782 608	152 118 995

The revaluation relates to revaluation of property, plant, and equipment in terms of the Company's policies.

13 BORROWINGS

	INFLATION ADJUSTED 2020 ZW$	INFLATION ADJUSTED 2019 ZW$	HISTORICAL 2020 ZW$	HISTORICAL 2019 ZW$
Non-current borrowings				
Bank borrowings				
Deutsche Investitions - und Entwicklungsgesellschaft GmbH ("DEG")	271 970 526	285 113 961	271 970 526	34 053 311
Zimbabwe Asset Management Corporation (Private) Limited ("ZAMCO")	-	46 769 532	-	5 586 038
Total non-current bank borrowings	**271 970 526**	**331 883 493**	**271 970 526**	**39 639 349**
Related party loans				
Rift Valley Services Zimbabwe (Private) Limited	57 640 994	81 619 989	57 640 994	9 748 491
Rift Valley Corporation Limited	6 226 192	45 893 861	6 226 192	5 481 450
Forrester Estates (Private) Limited	550 149	3 182 115	550 149	380 064
Northern Tobacco (Private) Limited	10 285 029	-	10 285 029	-
	346 672 890	**462 579 459**	**346 672 890**	**55 249 354**
Current borrowings				
Bank borrowings				
ZB Bank	7 124 939	-	7 124 939	-
Zimbabwe Asset Management Company (Private) Limited ("ZAMCO")	-	3 601 246	-	430 124
Deutsche Investitions – und Entwicklungsgesellschaft GmbH ("DEG")	22 325 671	21 918 862	22 325 671	2 617 935
Total current borrowings	**29 450 610**	**25 520 108**	**29 450 610**	**3 048 059**
Total borrowings	**376 123 500**	**488 099 567**	**376 123 500**	**58 297 413**

- The DEG loan bears interest of Libor plus 2.5%. DEG amended the loan agreement and released the assets previously attached as security and required the Company to provide surety in the amount of not less than USD3 100 000 (ZW$175 143 180) in favour of DEG from a bank that DEG designates as acceptable. The loan matures in 2022 financial year.

13 BORROWINGS (continued)

- The related party loans are unsecured with interest rates of 9.74% per annum for Rift Valley Services Zimbabwe (Private) Limited loan and 20% for Forrester Estates (Private) Limited loan. The loans are payable on demand after the Company has settled all amounts due to DEG.

- The other current bank loans have maturity periods ranging from 30 to 90 days and bear interest rates ranging from 11% to 22%. The loans are unsecured.

The carrying amounts and fair value of the non-current borrowings as at 30 June:

	Carrying amount		Fair value	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
Non-current borrowings	346 672 890	462 579 459	346 672 890	55 249 354

Borrowing powers
The Articles of Association provide that the Company may from time to time, at the discretion of the directors and the FJM (during judicial management), borrow, raise or source borrowings up to half the value of the shareholders equity as reflected in the Statement of Financial Position of the Company. This limit may only be exceeded with the sanction of an ordinary resolution of the Company.

	2020 ZW$	2019 ZW$
Shareholders' equity	1 907 348 837	394 067 241
Maximum borrowing limit;		-
50% of shareholders' equity	953 674 418	197 033 620
Borrowings as at year end	(376 123 500)	(58 297 413)
Unutilised borrowing capacity	**577 550 919**	**138 736 208**

14 DEFERRED TAX

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

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
Deferred tax assets				
- Deferred tax assets to be recovered after more than 12 months	(146 565 347)	(93 560 706)	(100 796 129)	(14 891 978)
- Deferred tax assets to be recovered within 12 months	-	-	-	-
	(146 565 347)	(93 560 706)	(100 796 129)	(14 891 978)
Deferred tax liabilities				
- Deferred tax liabilities to be recovered after more than 12 months	819 339 469	993 101 186	669 226 719	114 023 076
Deferred tax liabilities (net)	**672 774 122**	**899 540 480**	**568 430 590**	**99 131 098**

14 DEFERRED TAX (continued)

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
The gross movement on the deferred tax account is as follows:				
At 1 July	899 540 480	96 060 447	99 131 098	11 476 756
Restatement of opening balance (IFRS 9 transition)		(4 053 449)	-	(484 283)
Credit to statement of profit or loss	(226 766 358)	676 202 492	469 299 492	72 447 915
Credit through other comprehensive income	-	131 330 990	-	15 690 680
At 30 June	**672 774 122**	**899 540 480**	**568 430 590**	**99 131 098**
The deferred tax account comprises the following:				
Accelerated depreciation for tax purposes	102 543 282	174 986 998	11 959 656	20 393 248
Biological assets	664 295 890	782 593 250	664 295 890	93 471 015
Unrealised exchange loss / (gains)	(100 616 983)	(50 582 047)	(54 847 765)	6 074 319
Assessed tax losses	(7 873 863)	(4 217 795)	(7 873 863)	(4 217 795)
Other temporary differences	(44 497 181)	(129 232 793)	(45 103 328)	(4 441 051)
Inventories	58 922 977	33 985 820	-	-
	672 774 122	**807 533 482**	**568 430 590**	**99 131 098**
The deferred tax (credit)/charge to the statement of profit or loss and other comprehensive income comprises of the following:				
Accelerated depreciation for tax purposes	(72 443 716)	174 986 998	3 773 824	15 468 355
Biological assets	(118 297 360)	782 593 250	571 133 683	79 165 652
Prepayments	-	-	-	(976)
Unrealised exchange gains	(50 034 936)	(50 582 047)	(60 922 084)	6 048 410
Assessed tax losses	(3 656 068)	(4 217 746)	(3 964 864)	3 339 067
Other temporary differences	(7 271 435)	(254 862 166)	(40 721 067)	(3 785 093)
Inventories	24 937 157	33 985 820		
	(226 766 358)	**644 678 314**	**469 299 492**	**88 138 595**

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Projected financial results to 2021 have been used to estimate future taxable profits.

The Company recognised deferred tax assets of ZW$53 022 392 (2019: ZW$8 336 462) in respect of tax assessed losses amounting to ZW$31 852 196 (2019: ZW$ 15 180 578). The assessed losses expire between 30 June 2019 and 30 June 2024.

15 TRADE AND OTHER PAYABLES

	INFLATION ADJUSTED		HISTORICAL	
	2020	2019	2020	2019
	ZW$	ZW$	ZW$	ZW$
Trade payables	111 564 817	117 044 083	111 564 817	13 979 458
Accruals	27 646 551	51 016 714	27 646 551	6 093 311
Payable to related parties (see note 16)	632 176	5 292 940	632 176	632 176
Statutory liabilities	755 275	1 499 470	755 275	179 093
	140 598 818	**174 853 207**	**140 598 818**	**20 884 038**

Trade payables are unsecured, non-interest bearing and are generally settled within 30 days. Other payables are unsecured, non- interest bearing and have an average term of 60 days. Statutory liabilities comprise statutory levies amounting to ZW$755 275 (2019: ZW$179 093), and employee pensions US$1 427 200 (2017:US$1 730 503).

Analysis of trade and other creditors currency exposure

	INFLATION ADJUSTED		HISTORICAL	
	2020	2019	2020	2019
	ZW$	ZW$	ZW$	ZW$
Creditors class				
Trade creditors				
United States of America Dollar ("US$")	58 846 875	117 044 083	58 846 875	13 979 458
Zimbabwean Dollar ("ZW$")	52 717 942		52 717 942	-
	111 564 817	**117 044 083**	**111 564 817**	**13 979 458**
Other creditors				
United States of America Dollar ("US$")	-	56 309 654		6 725 487
Zimbabwean Dollar ("ZW$")	28 278 726	-	28 278 726	-
	28 278 726	**56 309 654**	**28 278 726**	**6 725 487**
Analysis of total trade and other creditors per currency				
United States of America Dollar ("US$")	65 320 488	173 353 737	65 320 488	20 704 945
Zimbabwean Dollar ("ZW$")	74 523 055	-	74 523 055	-
Total trade and other creditors excluding statutory liabilities	139 843 543	173 353 737	139 843 543	20 704 945
Statutory liabilities	755 275	1 499 470	755 275	179 093
Total trade and other creditors	**140 598 818**	**174 853 207**	**140 598 818**	**20 884 038**

16 RELATED PARTY DISCLOSURES

The Company's immediate parent is Franconian Zimbabwe (Private) Limited which owns 65% of the Company's shares. The ultimate parent is Rift Valley Corporation Limited. The Company trades with various fellow subsidiary companies. In addition, the Company participates in financial transactions involving the holding company and fellow subsidiaries.

	INFLATION ADJUSTED		HISTORICAL	
	2020	2019	2020	2019
Name	ZW$	ZW$	ZW$	ZW$
a) Transactions				
Asset Acquisition				
Fellow subsidiary				
Northern Tobacco (Private) Limited	8 240 091	-	6 569 924	-

16 RELATED PARTY DISCLOSURES (continued)

Name	INFLATION ADJUSTED 2020 ZW$	INFLATION ADJUSTED 2019 ZW$	HISTORICAL 2020 ZW$	HISTORICAL 2019 ZW$
b) Interest charged				
Parent				
- Rift Valley Holdings (Private) Limited	1 563 548	8 234 052	501 009	501 009
Common shareholding				
- Forrester Estates (Private) Limited	149 948	789 666	48 048	48 048
	1 713 496	**9 023 718**	**549 057**	**549 057**

The interest has been accrued but not yet paid. The related party loan is unsecured and has an interest rate of 9.74% and 20% per annum, respectively.

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sale. The receivables are unsecured in nature and bear no interest. The allowance for impairment against related party receivables amounted to nil (2019: 0).

Payables to related parties arising from sales/purchase of goods/services

	INFLATION ADJUSTED 2020 ZW$	INFLATION ADJUSTED 2019 ZW$	HISTORICAL 2020 ZW$	HISTORICAL 2019 ZW$
- Rift Valley Services Zimbabwe (Private) Limited	632 176	14 262 285	632 176	632 176

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

c) Loans from related parties

	INFLATION ADJUSTED 2020 ZW$	INFLATION ADJUSTED 2019 ZW$	HISTORICAL 2020 ZW$	HISTORICAL 2019 ZW$
- Rift Valley Services (Private) Limited	57 640 994	81 619 989	57 640 994	9 748 491
- Rift Valley Holdings (Private) Limited	6 226 192	45 893 861	6 226 192	5 481 450
- Forrester Estates (Private) Limited	550 149	3 182 115	550 149	380 064
- Northern Tobacco (Private) Limited	10 285 029	-	10 285 029	-
	74 702 364	**130 695 965**	**74 702 364**	**15 610 005**

The shareholder's loans attract interest of 9.74%, 9.74% and 20% per annum, respectively. The loan is payable on demand after the Company has settled all amounts due to DEG.

d) Guarantees from related parties.

	INFLATION ADJUSTED 2020 ZW$	INFLATION ADJUSTED 2019 ZW$	HISTORICAL 2020 ZW$	HISTORICAL 2019 ZW$
- Rift Valley Corporation	175 143 180	171 873 931	175 143 180	20 528 200

The guarantee is in respect of the German Development Bank loans ("DEG").

16 RELATED PARTY DISCLOSURES (continued)

e) Key management compensation

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
- Short term employee benefits	26 754 951	3 969 489	8 573 110	474 106
- Final Judicial Managers fees	10 817 902	8 246 703	4 092 243	581 488
- Loans to key management personnel	4 466 909	72 898	4 466 909	36 515

17 OTHER OPERATING INCOME AND EXPENSES

17.1 Other operating expenses

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Loss on disposal of property, plant and equipment	10 388 844	-	5 840 143	-
Exchange losses	407 026 630	216 540 892	221 876 072	32 082 773
	417 415 474	**216 540 892**	**227 716 215**	**32 082 773**

17.2 Other operating income

Sundry income	38 346 456	208 487	11 843 954	28 300
Profit on disposal of property, plant and equipment	-	1 310 203	-	82 466
	38 346 456	**1 518 890**	**11 843 954**	**110 766**

18 EXPENSES BY NATURE

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Auditors' remuneration	2 998 115	2 695 052	1 358 338	251 234
Bank charges	5 712 634	9 453 429	2 530 387	597 309
Consultancy	14 625 347	1 750 602	9 596 105	485 581
Depreciation charge (note 5)	46 766 042	29 397 560	5 377 490	951 867
Electricity	17 734 905	9 220 690	7 287 494	566 754
Employee benefit expense (see note 19)	92 447 100	71 521 988	41 514 482	5 305 420
Foreign and local travel	2 601 017	1 983 338	952 431	136 030
Fuels and oils	24 041 882	10 526 988	7 601 629	842 676
Haulage	134 428 318	54 341 414	47 684 901	4 208 000
Inventory write down (see note 7)	9 574 801	2 653 335	4 385 896	152 280
Allowance for credit losses (note 9)	35 797 648	118 261 143	162 543 280	14 124 820
Insurance	4 168 980	1 905 046	2 546 504	118 799
Judicial managers fees (see note 16)	10 817 902	8 246 703	4 092 243	581 488
Other expenses	12 419 273	5 246 029	5 141 047	344 460
Fire loss (see note 6)	124 580 454	74 919 408	29 364 810	8 948 190
Printing and stationery	913 050	902 410	434 004	66 260
Protective clothing	1 408 953	2 119 484	557 777	167 129
Raw material and consumables used	81 011 159	59 667 950	36 643 913	1 970 410
Repairs and maintenance - motor vehicles	2 437 536	1 989 328	953 540	148 879
Repairs and maintenance - plant/ buildings	36 585 944	23 639 562	11 636 040	1 888 690
Repairs and maintenance- office equipment	450 453	15 201	241 758	51 597
Sub-contracted services	348 412 275	333 466 470	127 799 220	12 440 582
Security	502 410	662 470	242 946	41 050
Subscriptions	3 906 932	2 388 439	1 698 725	170 653
Telephone costs	1 040 859	1 098 412	470 246	68 971
Utilities	3 736 060	3 003 981	1 796 482	185 925
	1 019 120 049	831 076 432	514 451 688	54 815 052
Capitalisation of forestry costs (see note 6)	(82 752 470)	(65 763 668)	(34 221 773)	(4 455 164)
Total cost of sales, administrative selling and distribution expenses	**936 367 579**	**765 312 764**	**480 229 915**	**50 359 888**

The cost of land preparation, planting, weeding and other silvicultural activities including an allocation of indirect overheads related to the plantation are capitalised as part of biological assets.

19 EMPLOYEE BENEFIT EXPENSES

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Wages and salaries	58 489 231	62 753 565	29 945 922	4 515 413
Pension fund contribution (see note 23.2)	2 059 766	-	811 314	-
Social security costs (see note 23.2)	542 302	729,320	207 759	46 903
Staff welfare costs	4 600 850	4 069 614	1 976 377	268 998
	65 692 149	67 552 499	32 941 372	4 831 314
Directors' remuneration:				
- Short term employee benefits	26 754 951	3 969 489	8 573 110	474 106
	92 447 100	**71 521 988**	**41 514 482**	**5 305 420**

	2020	**2019**	**2020**	**2019**
	Number of employees	**Number of employees**	**Number of employees**	**Number of employees**
Manning levels at 30 June				
-Permanent	371	404	371	404
-Contract workers	240	185	240	185
Total	**611**	**589**	**611**	**589**

20 FINANCE INCOME AND COSTS

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Finance costs				
Interest charged:				
-Bank borrowings	11 097 648	24 888 782	4 133 625	1 493 056
-Related party borrowings	1 713 496	9 023 718	549 057	549 057
	12 811 144	**33 912 500**	**4 682 682**	**2 042 113**

Interest paid for the purpose of the statement of cashflows

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
-Finance costs	12 811 144	33 912 500	4 682 682	2 042 113
-Accrued interest	(1 713 496)	(9 023 718)	(549 057)	(1 413 374)
-Interest paid	11 097 648	24 888 782	4 133 625	628 739
Finance income				
Short-term bank deposits	406 136	218 265	297 934	17 593

21 INCOME TAX EXPENSE

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Deferred tax (credit)/ expense	(226 766 358)	676 202 492	469 299 492	72 447 915

The tax on the Company`s loss before income tax differs from the theoretical amount that would arise using the tax rate applicable to the profits of the entity as follows:

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
(Loss)/ profit before income tax	(287 144 521))	2 194 252 675	1 982 581 089	270 852 707
- Taxation calculated at domestic tax rate 24.72% (2019: 25.75%)	(70 982 126)	565 020 064	490 094 045	69 744 572
- Non-deductible/(taxable) expenses	(155 784 232)	(324 464 120)	(20 794 553)	2 703 343
Tax (credit)/ expense	**(226 766 358)**	**676 202 492**	**469 299 492**	**72 447 915**

The income tax rate applicable to the Company's taxable income for the year ended 30 June 2020 is 24.72% (2019:25.75%).

22 EARNINGS PER SHARE

a) Basic
Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	INFLATION ADJUSTED		HISTORICAL	
	2020	**2019**	**2020**	**2019**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Weighted average number of ordinary shares	42 942 487	42 942 487	42 942 487	42 942 487
Loss/ (profit) attributable to equity holders from continuing operations (ZW$)	(60 378 163)	1 518 050 183	1 513 281 596	198 404 792
Basic (loss)/earnings per share (cents)	(1.41)	35.35	35.24	4.62
Diluted (loss)/earnings per share (cents)	(1.41)	35.35	35.24	4.62

There were no dilutive ordinary shares outstanding during the year (2019: Nil).

23 PENSION FUNDS

The Company and all its employees contribute to one or more of the following independently administered pension funds.

23.1 The Border Timbers Pension Fund

The fund is a defined contribution scheme and is not subject to actuarial valuation. Employer/employee contributions are 10% and 5% respectively.

In 2016 the employer applied for placement of Border Timbers Limited Pension Fund under paid-up status to the Commissioner of Insurance.

The pension fund was placed under paid-up status with effect from 1 May 2016.

23 PENSION FUNDS (continued)

23.2 National Social Security Authority Scheme ("NSSA")

This is a defined benefit scheme promulgated under the National Social Security Act (Chapter 17:04). Employer/employee contributions under the scheme are limited to specific contributions as legislated from time to time. These are presently a maximum of 3% of pensionable emoluments up to a maximum of US$700.00 per month for each employee.

Contributions recognized in the statement of profit or loss and other comprehensive income:

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
Border Timbers Limited Pension Fund	2 059 766	-	811 314	-
National Social Security Fund	542 302	729 320	207 759	46 903
	2 602 068	**729 320**	**1 019 073**	**46 903**

24 FINANCIAL RISK MANAGEMENT

24.1 Financial risk factors

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

Risk management is carried out by the Company`s Finance Department under policies approved by the Final Judicial Manager ("FJM"). The Company`s Finance Department identifies, evaluates, and hedges financial risks in close co-operation with the Company's operating divisions. The FJM 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 non-derivative financial instruments, and investment of excess liquidity.

The Company's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets comprise trade and other receivables and cash and short-term deposits that arise directly from its operations.

The Company's senior management oversees the management of risks. The Company's senior management is supported by the Final Judicial Manager that advises on financial risks and the appropriate financial risk governance framework for the Company. The Final Judicial Manager meets regularly with executive management to analyse the Company's risk-taking activities and ensures that they are governed by appropriate policies. The policies for each of these risks are summarized below.

Management Meetings
The Final Judicial Manager and executive management meet regularly to consider and adopt effective strategies to manage the following risks:

- exposure to exchange rate fluctuations.
- borrowing facilities in the form of loans, bank overdrafts and acceptance credits which are negotiated with approved and registered financial institutions and third parties, at acceptable interest rates.
- investment of surplus funds in the form of treasury bills, bank acceptances and money at call which are placed with approved registered financial institutions and building societies at favourable rates on a short-term basis.
- allowance for impairment is regularly adjusted. Where appropriate, credit guarantee insurance is purchased; and,
- insurance of Company assets apart from plantations, which are not insurable.

24 FINANCIAL RISK MANAGEMENT (continued)

24.2 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. The Company's market risks arise from open positions in foreign currencies and interest-bearing assets and liabilities, to the extent that these are exposed to the general and specific market movements.

(i) Price risk
The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk and currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments traded in the market. The Company has no significant exposure to price risks on commodity or equity securities (2019: US$ nil) because as at 30 June 2018 it had neither commodity contracts nor equity security investments.

(ii) Interest rate risk management
The Company's interest rate risk would arise from borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

(iii) Foreign currency exposure management
The Company has transactional currency exposures. Such exposure arises from the sales or purchases or borrowings in currencies other than the Company's functional currency. Management monitors exposure to exchange rate fluctuations on an ongoing basis.

(iii) Foreign currency exposure management (continued)
The Company has transactional currency exposures. Such exposures arise from the sales or purchases or borrowings in currencies other than the Company's functional currency. Management monitors the exposures to exchange rate fluctuations on an ongoing basis. The Company's significant foreign currency exposure arises from trade and other receivables and trade and other payables denominated in the South African Rand ("ZAR") and Botswana Pula ("BWP").

The following analysis details the Company's sensitivity to a 5% increase and decrease in US $ against the relevant foreign currencies 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

Effect of 5% strengthening or weakening of foreign currency.

	2020 ZW$ Strengthening	**2019 ZW$ Strengthening**	**2020 ZW$ Weakening**	**2019 ZW$ Weakening**
Loss before income tax				
United States Dollar("US$")	(2 426 668)	-	2 426 668	-
South African rand ("ZAR")	398 227	23 974	(398 227)	(19 090)
Botswana Pula ("BWP")	1 563 247	23 899	(1 563 247)	(20 992)
	(465 194)	**47 873**	**465 194**	**(40 082)**
Current assets				
United States Dollar("US$")	515 676	-	(515 676)	-
South African rand ("ZAR")	398 227	26 475	(398 227)	(22 154)
Botswana Pula ("BWP")	1 563 247	23 899	(1 563 247)	(20 992)
	2 477 150	**50 374**	**(2 477 150)**	**(43 146)**
Current liabilities				
United States Dollar("US$")	(2 942 344)	-	2 942 344	-
South African rand ("ZAR")	-	(2 502)	-	3 064
	(2 942 344)	**(2 502)**	**2 942 344**	**3 064**

24 FINANCIAL RISK MANAGEMENT (continued)

24.2 Market risk (continued)

iv) Cashflow interest rate risk

The Company's main interest rate risk exposure arises from long term borrowings with variable interest rates which exposes the Company to cashflow interest rate risk. All the Company' s off-shore borrowings generally have variable interest rates, and all local borrowings have a fixed interest rate. The Company's policy is to keep at least 65% borrowings as a fixed rate and non-re-pricing.

During the year, the Company's variable interest rate borrowings were designated in US$.

	2020 ZW$	**% of total borrowings**	**2019 ZW$**	**% of total borrowings**
Variable interest rate borrowings	294 296 197	80%	36 671 246	28%
Fixed and non-re-pricing interest rate borrowings	81 827 302	20%	21 626 167	72%
Total borrowings	**376 123 499**	**100%**	**58 297 413**	**100%**

Cashflow Interest rate sensitivity

Profit or loss is sensitive to lower or higher interest expense arising from changes in the interest on variable interest rate borrowings.

The Sensitivity analyses below have been determined based on the exposure to interest for both derivates and non-derivative instruments at the end of the reporting period. An 80% basis point increase and 90% basis point for decrease is used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	INFLATION ADJUSTED Impact on Profit/ Loss before tax		**HISTORICAL Impact on Profit/ Loss before tax**	
	2020 ZW$	**2019 ZW$**	**2020 ZW$**	**2019 ZW$**
Interest rates- increase by 80 basis points (80bps) *.	(44 156)	(44 156)	(44 156)	(44 156)
Interest rates- decrease by 90 basis points (90 bps) *.	50 281	50 281	50 281	50 281

**Holding all other variables constant.*

24.3 Credit risk management

Credit risk is the risk that one party to financial instrument will cause a financial loss to the other party by failing to discharge a contract. The Company's Finance Department is responsible for managing and analysing the credit risk for each of the new and existing clients before standard payment and delivery terms and conditions are offered. Credit risk arises from credit exposures to customers, including outstanding receivables and committed transactions as well as cash and cash equivalents. None of the Company's trade receivables represent a high concentration of credit risk because the Company transact with a variety of customers.

24 FINANCIAL RISK MANAGEMENT (continued)

24.3 Credit risk management (continued)

Cash and cash equivalents
The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument. Only reputable financial institutions are used for investing and cash handling purposes.

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
Counterparties with external credit rating				
A+	-	-	-	-
A	-	3 400 294	-	485 417
A-	-	-	-	-
AA-	4 955 607	9 185 836	4 955 607	1 017 839
BB+	2 709 849	3 067 926	2 709 849	366 427
BB-	-	-	-	-
BBB-	788 654	9 683 864	788 654	1 156 617
BBB+	-	-		
Other unrated cash and cash equivalents	1 159 256	4 576 680	1 159 256	546 627
	9 613 366	**29 914 600**	**9 613 366**	**3 572 927**

Trade receivables
The Company trades only with recognised creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to impairment is not significant. The maximum exposure is the carrying amount of trade receivables. Customer credit risk is managed by established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

24.4 Liquidity risk management

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., accounts receivables, other financial assets) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility using bank overdrafts and bank loans.

Cash flow forecasting is performed by Company`s Finance Department. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

INFLATION ADJUSTED At 30 June 2020	Less than 3 months ZW$	Between 3 months and 1 year ZW$	Between 1 and 2 years ZW$	Between 2 and 5 years ZW$	Over 5 years ZW$	Total ZW$
Borrowings	-	29 450 610	-	346 672 890	-	376 123 499
Trade and other payables excluding statutory liabilities	122 911 116	16 932 427	-	-	-	139 843 543
	122 911 116	**46 383 037**	**-**	**346 672 890**	**-**	**515 967 042**

24 FINANCIAL RISK MANAGEMENT (continued)

24.4 Liquidity risk management (continued)

INFLATION ADJUSTED **At 30 June 2019**	**Less than 3 months** **ZW$**	**Between 3 months and 1 year** **ZW$**	**Between 1 and 2 years** **ZW$**	**Between 2 and 5 years** **ZW$**	**Over 5 years** **ZW$**	**Total** **ZW$**
Borrowings	-	25 520 108	-	462 579 459	-	488 099 567
Trade and other payables excluding statutory liabilities	41 609 069	131 744 668	-	-	-	173 353 737
	41 609 069	**157 264 776**	**-**	**462 579 459**	**-**	**661 453 304**

HISTORICAL **At 30 June 2020**	**Less than 3 months** **ZW$**	**Between 3 months and 1 year** **ZW$**	**Between 1 and 2 years** **ZW$**	**Between 2 and 5 years** **ZW$**	**Over 5 years** **ZW$**	**Total** **ZW$**
Borrowings	-	29 450 610	-	346 672 890	-	376 123 500
Trade and other payables excluding statutory liabilities	122 911 116	16 932 427	-	-	-	139 843 543
	122 911 116	**46 383 037**	**-**	**346 672 890**	**-**	**515 967 042**
At 30 June 2019						
Borrowings	-	3 048 059	-	55 249 354	-	58 297 413
Trade and other payables excluding statutory liabilities	4 969 685	15 735 260	-	-	-	20 704 945
	4 969 685	**18 783 319**	**-**	**55 249 354**	**-**	**79 002 358**

The Company manages its liquidity position through refinancing short-term borrowings with much longer-term funding. Where this is not achieved, the Company negotiates with its financiers for the rollover of the short-term facilities until the Company has sufficient cash flows to fund the repayments.

As at 30 June 2020 the Company had no undrawn uncommitted borrowing facilities (30 June 2019:US$nil).

24.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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. The objective of the Company's capital management is also to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and adjusts it, considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 30 June 2020.

The Company monitors its capital ratio using a gearing ratio which is net debt divided by total capital plus net debt. The Company includes within its net debts, interest bearing loans and borrowings, less cash, and cash equivalents; capital includes equity attributable to the equity holders of the parent.

24 FINANCIAL RISK MANAGEMENT (continued)

24.5 Capital risk management (continued)

	INFLATION ADJUSTED		HISTORICAL	
	2020	2019	2020	2019
	ZW$	ZW$	ZW$	ZW$
The gearing ratios as at 30 June were as follows:				
Interest bearing loans and borrowings	376 123 500	488 099 567	376 123 500	58 297 413
Less cash and cash equivalents	(9 613 366)	(29 914 600)	(9 613 366)	(3 572 926)
Net debt	366 510 134	458 184 967	366 510 134	54 724 487
Total capital	3 407 110 779	3 491 296 125	1 907 348 838	394 067 241
Gearing ratio	11%	13%	19%	14%

The Company's strategy is to maintain the gearing ratio below 50%.

25 RISK MANAGEMENT – AGRICULTURAL ACTIVITIES

The Company is exposed to risk arising from plantation fires, environmental and climatic changes, commodity prices and financing risks.

As a leading member of the Timber Producers Federation ("TPF"), the Company complies with the TPF Fire Policy, and actively participates in TPF District Fire Committees. District Fire Committees include Traditional Leaders and Local Authorities, Zimbabwe Republic Police ("ZRP"), Environmental Management Agency ("EMA"), Forestry Commission and landowners within each District.

The risk to the Company's plantation area from uncontrolled fires is increased because of the presence of illegal settlers on four of the company's five estates. Each estate annually produces a Fire Plan identifying risk levels for each compartment and responses to mitigate such risk as far as is practical, and identifying fire-control teams, equipment and infrastructure, fire responses and callout procedures. Fire awareness campaigns are carried out by the District Fire Committees. Teams are trained Basic; Fire-fighter and Fire Boss level and refresher drills are carried out weekly during the Fire Season. All estates are covered day and night throughout the year by manned Fire Towers and a radio network. Standby teams including specialised, dedicated Fire Tenders are always on duty during the Fire Season and procedures are in place to rapidly augment first-call teams with local back-up, then with additional units from other estates, should the need arise.

All major fires are investigated with a view to improving response and effectiveness. Fires of unknown origin or resulting from illegal activities are reported to ZRP.

Over and above the fire risks, the Company is exposed to risks arising from climatic changes, disease, and other natural risks such as flooding and storms and human-induced losses arising from strikes, civil commotion, and malicious damage. Management is in constant liaison with the community and local authorities to manage the exposure.

26 ASSET INSURANCE

Assets are insured on a reinstatement basis. The sums insured are subject to regular review by the Company and its brokers. Plantations are not insured as cover is not available.

27 LAND DESIGNATION

During previous financial years, the Zimbabwe Government de-listed all land previously listed for compulsory acquisition. In the early 2000's the Company was subject to the Government of Zimbabwe's (GoZ) Land Reform process whereby the Company's land was expropriated contrary to the bilateral investment treaties that GoZ had ratified. Such action resulted in the company instituting action against the GoZ at the International Centre for Settlement of Investment Disputes (ICSID Arbitration).

In 2010, the Company and its associated companies, Hangani Development Co. (Private) Limited and Timber Products International (Private) Limited (collectively, “the Border Claimants”) filed a request for Arbitration with the International Centre for the Settlement of Investment Disputes ("ICSID") against the Government under the investment treaty between Switzerland and Zimbabwe (“the Border Arbitration”). Claims were also brought against the Government in separate arbitral proceedings by the Company's (then) majority shareholder, the von Pezold Family (“the VP Claimants”) under the same bilateral investment treaty as well as under a bilateral treaty between Germany and Zimbabwe ("the VP Arbitration" and, together with the Border Arbitration, "the Arbitrations").

In July 2015, the Arbitral Tribunal issued two separate awards in favour of the Border Claimants and VP Claimants, with identical relief (with certain exceptions relating to moral damages, interests, and costs) for the expropriation of the properties that were owned (directly or indirectly) by the Company (“the Border Award" and "the VP Award”, and together "the Final Awards"). That relief was compensation in the sum of US$124,041,223 (failing restitution of the expropriated land within a certain period of time,) and pre and post award interest relating to that compensation ("the Border Compensation"), with a prohibition on double recovery in respect of this relief).

In October 2015, the Government instituted annulment proceedings seeking to set aside the Final Awards. The arbitration proceedings concluded in November 2018 after the ICSID ad hoc Committee dismissed the Government’s annulment application in its entirety ("the Annulment Decision").

With certain exceptions relating to moral damages, interest and costs, the Final Awards granted the Border Claimants and the VP Claimants identical relief in respect of the compensation and pre and post award interest relating to that compensation for the expropriation of the properties that were owned (directly or indirectly) by the Company in the form of restitution of land or, compensation (if such restitution was not made within 90 days).

This award is only enforceable in Zimbabwe once it has been registered with the High Court of Zimbabwe. The registration was lodged subsequent to year end on 21 January 2022 and the effect of the registration is from this date for all intents and purposes this award is now a judgment or order from the High Court of Zimbabwe and therefore the Government of Zimbabwe “GoZ” has 90days from the date of registration with the High Court to effect restitution in full. The GoZ has to restitute in kind by restoring vacant possession of the land to Border Timbers. If no restitution of land takes place within the 90 days , the Goz must within a further 120 days after expiration of the 90 days’ pay compensation in lieu of restitution.

For the duration of the ICSID Arbitration, GoZ has respected the principle that to the extent that the Company continued to occupy and operate its forestry business on the land.

Subject to full payment of the Border Award, the Company has the right to continue operating its business on, and occupying, the land. The full terms of the Border Award are in the public domain and readily available for anyone to access.

The terms of settlement of the Arbitration Award were finalised subsequent to year end whereby the claimants to the award agreed to split the award of US$124million on a ratio of 57.5% to Border Claimants and 42.5% to VP Claimants. Therefore, the Company will be compensated either through restitution of land or cash amounting to US$83million which also includes moral damages and arbitration costs.

The view therefore is that the Company will continue to occupy the unaffected parts and run and operate its business in the ordinary course until the Arbitration Award has been settled in full.

28 CONTINGENT LIABILITY- ARBITRATION AWARD

The Company has a contingent liability for legal fees amounting to US$10 million in connection with the ICSID Arbitrations which are expected to be settled once and to the extent that proceeds from the Border Compensation are received.

29 GOING CONCERN

Border Timbers Limited was placed under Provisional Judicial Management on the 29th of January 2015 after Management and Directors decided to apply for Provisional Judicial Management to enable the Company to negotiate with its lenders repayment terms of loans that had become due. The Company was subsequently placed under Final Judicial Management (FJM) on the 2nd of May 2016 by the High Court of Zimbabwe. The FJM intends to take the Company out of Judicial Management at the earliest possible time, now that all prejudicial creditors were paid except for Deutsche Investitions- und Entwicklungsgesellschaft GmbH (DEG) a German Development Bank and other related parties.

The Company has amounts owing to related parties of ZW$15.6 million which do not have defined payment terms.

As at date of approval of these financial statements for issue, the Company has an outstanding foreign debt of US$4million with DEG which is due in full in April 2022. Management is in the process of discussing a restructuring of the loan with DEG.

As detailed in note 27 the Company's land was expropriated by the Government of Zimbabwe in 2005 and in 2010, the Company and its associated companies, filed a request for Arbitration with the International Centre for the Settlement of Investment Disputes ("ICSID") against the Government. In July 2015, the Arbitral Tribunal issued two separate awards in favour of the Company for the expropriation of the properties that were owned (directly or indirectly) by the Company and compensation in the sum of US$83million (failing restitution of the expropriated land by the Government within 90 days from 21 January 2022). The Company continues to engage with the Government of Zimbabwe on this matter. Failing restitution of land, the Company will have to implement a new business model for which at this stage there is uncertainty around the final business model and the success and sustainability of that business beyond the 12 months after date of approval of these financial statements for issue.

The outbreak of Covid-19 (coronavirus) which was declared by the World Health Organisation (WHO) a pandemic in March 2020 had far reaching implications on the global economy. The Government declared the pandemic a national disaster in March 2020 and implemented emergency measures to curb the spread of the virus. The implications of the pandemic on the broader economic scale continue to unravel and as a result, the FJM is unable to reasonably quantify the full impact of COVID on the business as it is still an evolving phenomenon.

The above facts indicate that there may be a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

In preparing the financial statements, the FJM has assessed the ability of the Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate based on the following:

- In the event that the DEG does not agree to the reschedule the payment terms of the loan, Rift Valley Corporation Limited (RVC) has agreed to refinance the Company on a loan agreement facility. This will be payable on the second anniversary of the loan repayment.

- The Company has also obtained representations on amounts owing to related parties as at year end, the related parties have agreed that they ;

  - will not make demand for amounts owed by BTL in the next 12 months from the date of approval of the statutory accounts of BTL; and

  - will not vary the terms of the Rift Valley Services (Private) Limited (RVSPL) Loan Agreement to the detriment of BTL.

- Rift Valley Corporation has also agreed to continue to give BTL full financial support for the next 12 months from the date of approval of the statutory accounts of BTL. This was agreed using a letter of support. The Company has already secured a US$0.688 million loan with RVC which is now awaiting Reserve Bank of Zimbabwe approval.

- The Company has an undrawn ZW$40million overdraft facility available with local banking institutions with an option of renewal at the time of expiry.

- The Arbitration Award which has been granted to the Company by the Arbitration court has been registered in Singapore, United Kingdom, United States of America and Zimbabwe, and it is legally binding to all parties and as such a settlement is inevitable. The FJM has reviewed the Company's budgets and cash flow forecasts liquidity for a period of 12 months from the date of approval of these financial statements. The budgets and cashflows reviewed take into account both possibilities of either restitution of land by the Government of Zimbabwe or compensation in the sum of US$83million.

29. GOING CONCERN (continued)

- The Company has not observed any material impact on the business as a result of the COVID-19 pandemic. The goods and services provided by the Company are recognised as essential services and therefore during COVID 19 lockdown, the business will be allowed to continue to operate throughout any set restrictions

The going concern assessment has been extended for the 12-month period commencing from the date of approval of these financial statements for issue and incorporated all available information on the operating environment and future risks and uncertainties on which sensitivity analysis were also made.

In light of this review and the current financial position, the FJM is satisfied that regardless of the outcome the Company will either continue in operation for the foreseeable future should the land restitution take place, or alternatively without the land the Company will have adequate resources to settle any obligations that as they fall due while investigating and implementing a new business model.

Furthermore, the FJM believes that under the current economic environment, a continuous assessment of the ability of the Company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

30 EVENTS AFTER REPORTING DATE

30.1 Effect from 1 January 2021 corporate income tax rate was reduced from 25% to 24% to bring the rate in line with the rate reduction provided for other companies from 2020.

30.2 As indicated in Note 29, the Final Awards expressly prohibited double recovery between the Border Claimants and the VP Claimants as to the Border Compensation. This resulted in the Border Claimants and the VP Claimants needing to agree on the split and apportionment of the Border Compensation. Rift Valley Corporation (the Company's majority shareholder ("RVC"), on behalf of the Border Claimants, and Hangani); and (2) the VP Claimants reached a settlement deed ("the Settlement Deed") as to how the conflicting rights under the Final Awards in regard to the Border Compensation are to be dealt with. The terms of the Settlement Deed are, among others, that the Border Award of US$124 million will be split on a ratio of 57.5% to the Border Claimants and 42.5% to the VP Claimants. The Settlement Deed is subject to and conditional upon:

(i) approval of the shareholders of the Company at a General Meeting. In this regard, the Company convened an Extraordinary General Meeting on Wednesday 12 January 2022. The shareholders of the Company voted and approved the Settlement Deed with the requisite majority of all shareholders entitled to vote at that meeting and appointed more directors to the Board in anticipation of the Company's exit from judicial management; and

(ii) leave of the Court being granted to the Final Judicial Manager approving the Settlement Deed. In this regard, leave of the High Court of Zimbabwe was sought by way of a Court Application and granted without opposition on 09 March 2022.

(iii) the expiry of the period of 28 calendar days commencing on the date of the granting of the leave of the Court requested in (ii) above ("the Period") without any appeal against the grant of that leave having been lodged within the Period or if such an appeal is lodged within the Period, the final dismissal of all such appeals.

30.3 A Court Application for the registration of the Border Award as an order of the High Court of Zimbabwe was filed in November 2021. The registration allows for the recognition and enforcement of the ICSID Award as an order of the High Court of Zimbabwe but does not affect the obligations of the Government which arose on the date of the Final Awards. This registration of the Border Award by the High Court of Zimbabwe was granted without opposition on 9 March 2022.

30.4 With the approval of the Settlement Deed which enabled the finalisation of the financial statements of the Company, the FJM applied to the High Court of Zimbabwe for and was an order for the cancellation of the judicial management order and the resumption of the management of the Company by its board of directors on 9 March 2022.

30.5 The Russia-Ukrainian war which broke out in February 2022, has affected the global economy due to supply disruption and price increases. This is expected to impact global growth which has an impact on consumer spending and the outlook of the Company. As the war is continuing, its full impact on the global landscape and the Company's operations remains highly uncertain.

The FJM continue to monitor the events and adapt the business model to the extent possible in order to minimise the impact on business.

ANALYSIS OF SHAREHOLDERS

DIRECTORS SHARE HOLDING

None of the sitting directors hold any shares in their individual capacities.

Shareholder distribution	Number of shareholders	% of total	Issued. shares	% of total
Analysis of shareholders as at 30 June 2020				
1-5000	566	86	472 154	1
5001 - 10000	30	5	211 002	0
10001 - 25000	18	3	286 951	1
25001 - 50000	13	2	445 699	1
50001 - 100000	16	2	1 161 348	3
100001 - 200000	3	0	452 704	1
200001 - 500000	6	1	1 467 905	3
500001 - 1000000	1	0	903 142	2
1000001 and above	4	1	37 541 582	87
TOTAL	**657**	**100**	**42 942 487**	**100**

ANALYSIS BY INDUSTRY

INDUSTRY				
OTHER CORPORATES	49	7	28 496 793	66
INVESTMENTS/TRUST/PROPS	41	6	8 682 223	20
RESIDENT INDIVIDUAL & TRUSTS	20	3	524 873	1
STANDARD COMPANY	414	63	2 788 836	6
EXTERNAL COMPANIES	18	3	343 606	1
BANKS & NOMINEES	62	9	526 312	1
NON-RESIDENT INDIVIDUALS	5	1	284 648	1
PENSION FUNDS	46	7	1 256 973	3
EXTERNAL BANKS & NOMS	1	-	36 420	-
FCDA - RESIDENT INDIVIDUAL	1	-	1 803	-
TOTAL	**657**	**100**	**42 942 487**	**100**

ANALYSIS OF SHAREHOLDERS (continued)

TOP 10 SHAREHOLDERS

Shareholder		**Issued shares**	**% total**
FRANCONIAN ZIMBABWE INVESTMENTS (PRIVATE) LIMITED		27 926 805	65
LIMPOPO LIMITED		4 294 248	10
ZAMBEZI LIMITED		4 294 248	10
FRANCONIAN ZIMBABWE		1 026 281	2
BORDER TIMBERS LIMITED PENSION FUND		903 142	2
KUHLMANN WILHELM HENRY ALFFRED HANS-ALBERT	373 394	1	
SAXONIAN ESTATE LIMITED		223 239	1
NATIONAL SOCIAL SECURITY AUTHORITY		219 455	1
RADIA PRAKASH		218 248	1
TONLY INVESTMENTS (PRIVATE) LIMITED		218 196	1
		39 697 256	**92**
Other shareholders		3 245 231	8
Total		**42 942 487**	**100**

Share Price information	**ZW$**	**cents**
30 June 2020		**20**
30 June 2019		**20**

Non-public shareholders are defined in the Zimbabwe Stock Exchange Listing Requirements, which requires disclosure of public and non-public shareholders, as follows.

- The directors of the company.
- An associate director of the company or any subsidiaries.
- The Trustees of any employee share scheme or pension fund established for the benefit of any director or employees of the Company and its subsidiaries.
- Any person who, by virtue of any agreement, has the right to nominate a person to the board of the Company; and
- Any person who, is interested in more than 10% or more of the securities of the Company of the relevant class unless exempted by the committee.