BORDER TIMBERS LIMITED (UNDER FINAL JUDICIAL MANAGEMENT)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Border Timbers Limited (Under Final Judicial Management)
Financial statements
For the year ended 30 June 2021

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Border Timbers Limited (Under Final Judicial Management)
Financial Highlights
AS AT 30 JUNE 2021

	INFLATION ADJUSTED		HISTORICAL	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Statement of Profit or Loss and other comprehensive Income				
Revenue	1 480 469 218	1 698 408 583	1 236 149 192	288 187 697
Net finance cost	(25 130 396)	(25 634 207)	(20 119 740)	(4 384 748)
(Loss)/profit before income tax	(1 915 563 903)	(593 194 503)	883 717 219	1 982 581 089
Statement of Financial Position				
Equity attributable to owners of the parent	5 374 565 574	6 915 407 589	2 627 608 536	1 919 511 052
Cash and cash equivalents	28 630 560	19 865 446	28 630 560	9 613 366
Borrowings	481 003 559	777 236 696	481 003 559	376 123 500
Statement of Cash Flows				
Net increase in cash and cash equivalents	8 765 114	(41 951 280)	19 017 194	6 040 437
Ordinary Share Performance				
Basic (loss)/ earnings per share (cents)	(35.88)	(2.90)	16.47	35.24
Market price per share at 30 June (ZW$)*	0.20	0.20	0.20	0.20
Shares in issue (number)	42 942 487	42 942 487	42 942 487	429 425 487
Other				
(Loss)/ profit before income tax on total assets	(26.53%)	(6.33%)	21.02%	65.98%
Total comprehensive profit /(loss) for the year return on shareholders' equity	0.00%	0.00%	0.00%	79.34%
Net asset value per Share (ZW$)	125.16	161.04	61.19	44.70
Debt to Equity	8.95%	11.24%	18.31%	19.59%
Current ratio	1.52	3.56	1.92	2.15
Equity: total assets	74%	74%	63%	64%
Debt service coverage ratio	(2.85)	(3.51)	2.12	11.68
Borrowings/(loss)/profit before income tax depreciation and amortisation	(0.27)	(1.57)	0.54	0.19
Interest cover	(81.52)	(48.08)	44.87	453.15
Number of employees	578	611	578	611

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

Border Timbers Limited (Under Final Judicial Management)
Statutory Information
AS AT 30 JUNE 2021

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.

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 J and M Advocates
Registered Office	4-12 Paisley Road, Southerton Harare Zimbabwe
Bankers	Ecobank Zimbabwe Limited Stanbic Bank Limited ZB Bank Limited
Postal Address	P.O. Box ST 629 Southerton Harare

Border Timbers Limited (Under Final Judicial Management)
Final Judicial Manager's Responsibility
AS AT 30 JUNE 2021

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 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 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 the comparative period. This is because the Company has not complied with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" and International Financial Reporting Standard 13 "Fair Value Measurements".

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 content of the financial statements for the financial year ended 30 June 2021 together with the financial statements for the financial years ending 30 June 2018 to 30 June 2020 during his tenure as Final Judicial Manager. The Company exited judicial management on 9 March 2022 prior to the completion of the audit opinion. The financial statements for the year ended 30 June 2021, which appear on pages 11 to 68, are signed by the former Final Judicial Manager in acknowledgment of his responsibility for the same during his tenure and are issued after his tenure under the authority of the Board of Directors:

PETER L BAILEY
FORMER FINAL JUDICIAL MANAGER

11 April 2022

LYSIUS KARIMANZIRA
FINANCE DIRECTOR

11 April 2022

Border Timbers Limited (Under Final Judicial Management)
Final Judicial Manager's Report
AS AT 30 JUNE 2021

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 2021 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.

Results for the year

The results of the performance 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 the FJM, 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$85 735 293 (2020: ZW$26 754 951).

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

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Harare
Zimbabwe

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

Qualified Opinion

We have audited the inflation adjusted financial statement of Border Timbers Limited (the "Company"), set out on pages 11 to 68, which comprise the inflation adjusted statement of financial position as at 30 June 2021, and the inflation adjusted statement of profit or loss and other comprehensive income, statement of changes in equity and 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 financial position of the Company as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

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 2021 (including the comparative period 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 compared to their recoverable amount.

The Company's property, plant and equipment, were revalued as at 30 June 2019. These assets were valued as guided 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 2021, 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$3.63billion (2020: ZW$5.55billion). 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 on 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 the notice of annual general meeting, company financial highlights, final judicial manager’s report, final judicial manager’s responsibility and analysis of shareholders for the year ended 30 June 2021 but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

If, based on the work we have performed, 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 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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 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.

Report on Other Legal and Regulatory Requirements

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193(1) (a)
Because of the matters described in the Basis for Qualified Opinion section of our report, the financial statements of the Company are not properly drawn up in accordance with this Act so as to give a true and fair view of the state of the Company's affairs for financial year ended 30 June 2021.

Section 193(2)
We have no further matters to report in respect of the Section 193(2) requirements of the Act, in addition to those already covered in our report.

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 2021

	Notes	INFLATION ADJUSTED 2021 ZW$	INFLATION ADJUSTED 2020 ZW$	HISTORICAL* 2021 ZW$	HISTORICAL* 2020 ZW$
ASSETS					
Non-current assets					
Property, plant and equipment	5	2 946 464 795	3 054 345 196	199 820 414	185 068 322
Biological assets	6	3 183 863 177	5 068 478 766	3 183 863 177	2 453 161 893
		6 130 327 972	8 122 823 962	3 383 683 591	2 638 230 215
Current assets					
Biological assets	6	449 414 612	484 626 775	449 414 612	234 119 215
Inventories	7	407 891 571	584 209 586	135 770 611	44 351 489
Trade and other receivables	9	204 655 364	161 904 914	204 655 364	78 349 675
Cash and cash equivalents	10	28 630 560	19 865 446	28 630 560	9 613 366
		1 090 592 107	1 250 606 721	818 471 147	366 433 745
TOTAL ASSETS		**7 220 920 079**	**9 373 430 683**	**4 202 154 738**	**3 004 663 960**
EQUITY					
Equity attributable to the owners of the parent					
Share capital	11	20 019 870	20 019 870	429 425	429 425
Non distributable reserve	12	-	-	90 455 727	90 455 727
Revaluation reserve		-	-	138 782 607	138 782 607
Retained earnings		5 354 363 704	6 895 387 719	2 397 940 777	1 689 843 293
Total equity		5 374 383 574	6 915 407 589	2 627 608 536	1 919 511 052
LIABILITIES					
Non-current liabilities					
Long term borrowings	13	111 361 006	716 378 774	405 516 243	346 672 890
Deferred tax	14	1 015 525 469	1 390 247 357	743 535 166	568 430 590
		1 126 886 475	2 106 626 131	1 149 051 409	915 103 480
Current liabilities					
Trade and other payables	15	350 007 477	290 539 041	350 007 477	140 598 818
Short term borrowings	13	369 642 553	60 857 922	75 487 316	29 450 610
		719 650 030	351 396 963	425 494 793	170 049 428
Total liabilities		1 846 536 505	2 458 023 094	1 574 546 202	1 085 152 908
TOTAL EQUITY AND LIABILITIES		**7 220 920 079**	**9 373 430 683**	**4 202 154 738**	**3 004 663 960**

*The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account 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 2021

		INFLATION ADJUSTED		HISTORICAL*	
		2021	2020	2021	2020
	Note	ZW$	ZW$	ZW$	ZW$
Revenue		1 480 469 218	1 698 408 583	1 236 149 192	288 187 697
Cost of sales		(1 350 646 315)	(1 055 314 624)	(1 130 474 527)	(186 785 484)
Gross profit		129 822 903	643 093 959	105 674 665	101 402 213
Other income	17.2	116 407 693	79 240 651	94 002 920	11 843 954
Selling and distribution expenses		(128 950 371)	(280 796 276)	(100 261 911)	(48 386 466)
Administration expenses		(340 295 732)	(598 836 537)	(230 661 319)	(245 057 965)
Other expenses	17.1	(177 008 726)	(862 564 089)	(126 499 337)	(227 716 215)
Fair value (loss)/ gain due to biological assets transformation	6	(1 661 935 048)	(212 627 418)	1 161 581 941	2 394 880 316
Monetary gain		171 343 774	664 929 414	-	-
Finance income	20	2 260 967	839 255	2 090 145	297 934
Finance costs	20	(27 391 363)	(26 473 462)	(22 209 885)	(4 682 682)
(Loss)/ profit before income tax		(1 915 745 903)	(593 194 503)	883 717 219	1 982 581 089
Income tax expense	21	374 721 888	468 563 091	(175 619 735)	(469 299 492)
(Loss)/profit for the year		(1 541 024 015)	(124 631 412)	708 097 484	1 513 281 597
Other comprehensive income / (loss) for the year, net of tax					
Items that will not be reclassified to profit or loss					
Gain on revaluation of property, plant, and equipment		-	-	-	-
Effect on deferred tax			-		-
Total other comprehensive income for the year		-	-	-	-
Total comprehensive income		**(1 541 024 015)**	**(124 631 412)**	**708 097 484**	**1 513 281 597**
(Loss)/profit for the year attributable to:					
-Owners of the parent		(1 541 024 015)	(124 631 412)	708 097 484	1 513 281 597
-Non-controlling interests		-	-	-	-
		(1 541 024 015)	**(124 631 412)**	**708 097 484**	**1 513 281 597**
(Loss) / earnings per share attributable to the owners of the parent during the year (cents per share)					
Basic (loss)/earnings per share		(35.88)	(2.90)	16.47	35.24
Diluted (loss) / earnings per share		(35.88)	(2.90)	16.47	35.24

*The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account 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 2021

INFLATION ADJUSTED	**Share capital ZW$**	**Non Distributable reserves ZW$**	**Revaluation reserves ZW$**	**Retained earnings ZW$**	**Total ZW$**
Year ended 30 June 2020					
Balance as at 1 July 2019	**20 019 870**	-	-	**7 020 019 131**	**7 040 039 001**
Total comprehensive loss for the year	-	-	-	(124 631 412)	(124 631 412)
Balance as at 30 June 2020	**20 019 870**	**-**	**-**	**6 895 387 719**	**6 915 407 589**
Year ended 30 June 2021					
Balance as at 1 July 2020	**20 019 870**	**-**	**-**	**6 895 387 719**	**6 915 407 589**
Total comprehensive loss for the year	-	-	-	(1 541 024 015)	(1 541 024 015)
Balance as at 30 June 2021	**20 019 870**	**-**	**-**	**5 354 363 704**	**5 374 383 574**

Border Timbers Limited (Under Final Judicial Management)
Statement of Changes In Equity
For the year ended 30 June 2021

HISTORICAL*	Share capital ZW$	Non distributable reserves ZW$	Revaluation reserves ZW$	Retained earnings ZW$	Total ZW$
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
Profit for the year	-	-	-	1 513 281 597	1 513 281 597
Other comprehensive loss net of tax	-	-	(13 336 387)**	13 336 387	-
Balance as at 30 June 2020	**429 425**	**90 455 727**	**138 782 607**	**1 690 316 736**	**1 919 984 495**
Balance as at 1 July 2020	**429 425**	**90 455 727**	**138 782 607**	**1 689 843 293**	**1 919 511 052**
Total comprehensive income for the year	-	-	-	708 097 484	708 097 484
Balance as at 30 June 2021	**429 425**	**90 455 727**	**138 782 607**	**2 397 940 777**	**2 627 608 536**

*The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account 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.

** Being elimination of revaluation for disposed Paulington Property.

Border Timbers Limited (Under Final Judicial Management)
Statement of Cash Flows
For the year ended 30 June 2021

		INFLATION ADJUSTED		HISTORICAL*	
		2021	**2020**	**2021**	**2020**
		ZW$	**ZW$**	**ZW$**	**ZW$**
Cash flow from operating activities	**Note**				
(Loss) /profit before income tax		(1 915 563 903)	(593 194 503)	883 717 219	1 982 581 089
Adjustment for:					
- Depreciation	5	97 005 883	96 639 227	6 659 131	5 377 490
- Fair value gain due to biological transformation of biological assets	6	1 661 935 048	212 627 418	(1 161 581 941)	(2 394 880 316)
- Plantation redemption	6	459 214 042	428 148 781	384 895 872	75 450 404
- Plantation damage	6	246 739	257 438 050	182 196	29 364 810
- Allowance for credit losses	9	(295 213 913)	73 973 697	(103 537 533)	162 543 280
- (Profit)/loss on disposal of property, plant and equipment		(15 750 583)	21 467 924	(14 499 811)	5 840 143
- Finance income		(2 260 967)	(839 255)	(2 090 145)	(297 934)
- Finance costs		27 391 363	26 473 462	22 209 885	4 682 682
- Monetary gain		(171 343 774)	(664 929 414)	-	-
- Other non-cash items**		(18 512 664)	558 265 489	182 007 045	312 280 554
		(172 852 729)	416 070 876	197 961 918	182 942 202
Changes in working capital					
-Increase /(decrease) in inventories		176 318 015	(290 541 874)	(91 419 122)	(33 980 604)
Increase /(decrease) in trade and other receivables		252 463 463	(88 596 679)	(22 768 156)	(232 380 252)
-Increase in trade and other payables		59 468 436	70 784 644	209 408 659	119 714 780
Net cash generated from operating activities		315 397 185	107 716 967	293 183 299	36 296 126
Cash flows from investing activities					
Purchases of property, plant and equipment	5	(29 412 542)	(40 609 999)	(25 602 893)	(11 361 555)
Expenditure on biological assets	6	(201 568 077)	(171 003 025)	(169 492 808)	(34 221 773)
Proceeds from sale of property, plant and equipment		41 964 696	324 739 124	17 878 083	14 166 857
Interest received	20	2 260 967	839 255	2 090 145	297 934
Net cash used in investing activities		(186 754 956)	(113 965 355)	(175 127 473)	(31 118 537)
Cash flows from financing activities					
Repayments of borrowings		(93 148 497)	(37 962 856)	(77 377 804)	(6 016 162)
Interest paid	20	(26 728 618)	(22 932 624)	(21 660 828)	(4 133 626)
Proceeds from DEG Grant		-	3 939 191	-	727 610
Proceeds from related parties		-	21 253 397	-	10 285 028
Net cash (used in)/generated from financing activities		(119 877 115)	(35 702 892)	(99 038 632)	862 850
Net increase in cash and cash equivalents		8 765 114	(41 951 280)	19 017 194	6 040 439
Cash and cash equivalents at the beginning of the year		19 865 446	61 816 726	9 613 366	3 572 927
Cash and cash equivalents at the end of the year	10	**28 630 560**	**19 865 446**	**28 630 560**	**9 613 366**

*The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account 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 financial statements of Border Timbers Limited (Under Final Judicial Management) for the year ended 30 June 2021 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 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 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 financial statements (refer to note 29.

2.1.4 Changes in accounting policies and disclosures

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) New standards, amendments and interpretations effective for the first time for 30 June 2021 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 have to be restated), with some amendments requiring prospective application.

Standard / interpretation	Content	Applicable for financial years beginning on/ after
Amendments to IAS 1 and IAS 8 material	Definition of material	1 January 2020
Amendments to IFRS 9 and IFRS 7.	Interest Rate Benchmark Reform	1 January 2020

Amendments to IAS 1 and IAS 8 - The company has adopted the amendments to International Accounting Standards ("IAS") 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the International Accounting Standards Board ("IASB") amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term ‘material’ to ensure consistency. The change did not have any material impact on the company financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

2.1.4 Changes in accounting policies and disclosures (continued)

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 2021 year ends and are relevant to the Company

Amendments to IFRS 9 and IFRS 7. - In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship is discontinued.

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

The company does not hold any hedged instruments therefore the amendments have no impact on the reported financial statements.

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 2020 and not relevant to the Company:

Standard / interpretation	Content	Applicable for financial years beginning on/ after
Amendment to IFRS 16	Covid-19 Related Rent Concessions	1 January 2020
Conceptual Framework in IFRS Standards	Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

2.1.4 Changes in accounting policies and disclosures (continued)

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

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

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

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

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021i (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

The company elected to account for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The amendments do not have any material impact on the reported financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards' – The company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

The amendments do not have any material impact on the reported financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

2.1.4 Changes in accounting policies and disclosures (continued)

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 2021 with early application permitted

The following new standards, amendments and interpretations issued but not effective for the financial period beginning on or after 1 January 2020 but can be early adopted:

Standard / interpretation	Content	Applicable for financial years beginning on/ after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, and IAS 41 Agriculture	1 January 2022

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current - The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IAS 16 – Property, Plant and Equipment—The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

2.1.4 Changes in accounting policies and disclosures (continued)

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 2021 with early application permitted (continued)

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract - The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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

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

Annual Improvements to IFRS Standards 2018–2020 - The Annual Improvements include amendments to three Standards.:

IFRS 1 First-time Adoption of International Financial Reporting Standards; — The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

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

IFRS 9 Financial Instruments; — The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

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

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

IAS 41 Agriculture; — The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

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 '2021 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 2023

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

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

IAS 29 Restatement Methodology (continued)

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/gain adjustment.

Opening balances have been restated by applying the relevant inflation conversion factors. The company applied IAS 29 from 1 October 2018 numbers. For the comparative year, non-monetary assets, liabilities, and all items in the statement of profit or loss were restated from 1 October 2018 whilst monetary assets and liabilities were restated from 1 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.

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 2021.

	Indices	Conversion Factor
CPI as at 30 June 2021	2 986	1.00
CPI as at 30 June 2020	1 445	2.07
Average CPI for the 12 Months to		
30 June 2021	2 514	
30 June 2020	640	

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 within 'other operating expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment

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

Property, plant, and equipment are shown at fair value except 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.

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 revalued items of property plant and equipment, the 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 impairment are reviewed for possible reversal of the impairment at each reporting date.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

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 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 (loss) income.

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. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Impairment of financial assets at amortized cost (continued)

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 expected for credit losses .

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of 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 of 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 of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are 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 income and deferred 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 on the basis of 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 on the basis of amounts expected to be paid to the tax authorities.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2.18 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, taking into account the risks and uncertainties surrounding the obligation. When some or all of 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; and
- Rendering of services – transport;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Revenue recognition (continued)

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 insures 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.

2.21 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Leases (continued)

The Company as lessee (continued)

• 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 transfer's 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, is 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.

2.22 Earnings per share

a) Basic earnings per share
Basic earnings per share are 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 adjust the figures used in the determination of basic earnings per share to take into account.

- 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.

2.22 Dividends

Provision is made for the amount of 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.

c) Valuation of biological assets
Border Timbers Limited uses a forest database and modelling system called Micro forest (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 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 Micro forest:

- 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 saw log, 10 for poles and 18 years for eucalyptus saw log 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

c) Valuation of biological assets

- All newly planted compartments are uploaded in the MF system.

- All database changes are effected 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.

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 2021. 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 2021						
Statement of profit or loss and other comprehensive income						
Total segment revenue	1 286 304 316	194 164 902	1 480 469 218	1 080 457 828	155 691 364	1 236 149 192
Inter segment revenue	-	-	-	-	-	-
Revenue from external customers	**1 286 304 316**	**194 164 902**	**1 480 469 218**	**1 080 457 828**	**155 691 364**	**1 236 149 192**
Interest expense	(27 391 363)		(27 391 363)	(22 209 885)	-	(22 209 885)
Interest income	2 260 966		2 260 966	2 090 145	-	2 090 145
Monetary gain	171 343 774		190 760 798	-	-	-
(Loss) /profit before income tax	**(1 950 836 025)**	**35 090 122**	**(1 915 745 903)**	**855 391 534**	**28 325 685**	**883 717 219**
Statement of financial position						
Total assets	**7 140 960 346**	**79 959 733**	**7 220 920 079**	**4 159 290 993**	**42 863 745**	**4 202 154 738**
Total liabilities	**1 836 345 454**	**10 191 051**	**1 846 536 505**	**1 564 355 151**	**10 191 051**	**1 574 546 202**
Other Information						
Capital expenditure on, property, plant and equipment	29 412 542	-	29 412 542	25 602 893	-	25 602 893
Capital expenditure on biological assets	201 568 077	-	201 568 077	169 492 808	-	169 492 808
Employee numbers	553	25	578	553	25	578

4 SEGMENT INFORMATION (continued)

	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	1 299 399 903	399 008 680	1 698 408 583	228 828 271	59 359 426	288 187 697
Revenue from external customers	**1 299 399 903**	**399 008 680**	**1 698 408 583**	**228 828 271**	**59 359 426**	**288 187 697**
Interest expense	(26 473 462)	-	(26 473 462)	(4 682 682)	-	(4 682 682)
Interest income	839 255	-	839 255	297 934	-	297 934
Monetary Gain	664 929 414	-	693 336 946	-	-	-
Loss before income tax	**(618 098 630)**	**24 904 127**	**(593 194 503)**	**1 956 809 920**	**25 771 168**	**1 982 581 089**
Statement of financial position						
Total assets	**9 456 553 860**	**83 123 177**	**9 373 430 683**	**2 995 686 429**	**8 977 531**	**3 004 663 960**
Total liabilities	**2 436 927 618**	**21 095 476**	**2 458 023 094**	**1 074 961 857**	**10 191 051**	**1 085 152 908**
Other Information				-	-	-
Capital expenditure on,						
property, plant and equipment	9 047 381	-	9 047 381	11 361 556	-	11 361 556
Capital expenditure on biological assets	171 003 025	-	171 003 025	34 221 773	-	34 221 773
Employee numbers	589	22	611	589	22	611

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.

The Company is organized into two main operating segments, all of which operate in Zimbabwe.
- 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	
	2021	**2020**	**2021**	**2020**
Country	**ZW$**	**ZW$**	**ZW$**	**ZW$**
Botswana	433 557 310	324 094 401	364 344 526	55 210 175
South Africa	10 416 846	75 559 565	7 399 856	10 613 035
Other	183 389 942	508 391 608	138 663 385	75 476 452
Total revenue from external customers	**627 364 098**	**908 045 574**	**510 407 767**	**141 299 662**

There are no non-current assets, 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 2020						
Opening net book amount	**3 097 190 245**	**59 782 658**	**17 071 510**	**262 647 282**	**19 889 777**	**3 456 581 472**
Additions	-	-	1 660 956	7 386 425	31 562 618	40 609 999
Disposals	(346 207 048)	-	-	-	-	(346 207 048)
Depreciation charge	(57 521 630)	(8 072 377)	(3 776 922)	(27 268 298)	-	(96 639 227)
Closing net book amount	**2 693 461 567**	**51 710 281**	**14 955 544**	**242 765 409**	**51 452 395**	**3 054 345 196**
As at 30 June 2020						
Cost or valuation	**2 750 983 196**	**59 782 658**	**18 732 466**	**270 033 707**	**51 452 395**	**3 150 984 423**
Accumulated depreciation	(57 521 630)	(8 072 377)	(3 776 922)	(27 268 298)	-	(96 639 227)
Net book amount	**2 693 461 567**	**51 710 281**	**14 955 544**	**242 765 409**	**51 452 395**	**3 054 345 196**
Year ended 30 June 2021						
Opening net book amount	**2 693 461 567**	**51 710 281**	**14 955 544**	**242 765 409**	**51 452 395**	**3 054 345 196**
Additions	4 018 376	1 977 423	1 780 551	12 835 530	8 800 662	29 412 542
Transfers to/ (from) capital work-in progress	-	-	-	16 208 771	(16 208 771)	-
Impairment loss	-	(1 476 002)	(603 560)	(11 993 385)	-	(14 072 947)
Disposals	(21 172 487)	(5 041 626)	-	-	-	(26 214 113)
Depreciation charge	(57 576 017)	(8 113 574)	(4 047 994)	(27 268 298)	-	(97 005 883)
Closing net book amount	**2 618 731 439**	**39 056 502**	**12 084 541**	**232 548 027**	**44 044 286**	**2 946 464 795**
As at 30 June 2021						
Cost or valuation	**2 732 163 686**	**55 682 219**	**20 513 018**	**299 078 008**	**44 044 286**	**3 151 481 217**
Accumulated depreciation	(113 432 247)	(16 625 717)	(8 428 477)	(66 529 981)	-	(205 012 422)
Net book amount	**2 618 731 439**	**39 056 502**	**12 084 541**	**232 548 027**	**44 044 286**	**2 946 464 795**

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 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**
Year ended 30 June 2021						
Opening net book amount	**156 044 486**	**2 988 787**	**967 429**	**14 425 849**	**10 641 771**	**185 068 322**
Additions	3 713 463	1 977 423	1 438 729	11 902 173	6 571 105	25 602 893
Transfers to/ (from) capital work-in progress	-	-	-	15 128 900	(15 128 900)	-
Impairment charge	-	(85 311)	(34 885)	(693 202)	-	(813 398)
Disposals	(1 223 742)	(2 154 530)	-	-	-	(3 378 272)
Depreciation charge	(3 178 074)	(453 880)	(437 890)	(2 589 287)	-	(6 659 131)
Closing net book amount	**155 356 133**	**2 272 489**	**1 933 383**	**38 174 433**	**2 083 976**	**199 820 414**
As at 30 June 2021						
Cost or valuation	**158 534 207**	**2 726 369**	**2 371 273**	**40 763 719**	**2 083 976**	**206 479 544**
Accumulated depreciation	(3 178 074)	(453 880)	(437 890)	(2 589 286)	-	(6 659 130)
Net book amount	**155 356 133**	**2 272 489**	**1 933 383**	**38 174 433**	**2 083 976**	**199 820 414**

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.

As at 30 June 2021, FJM reviewed the carrying values of property, plant and equipment and there was no significant changes in fair value (refer to note 3b)

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	-	-	11 965 398
-Motor vehicles	-	-	3 455 360
-Furniture and Fittings	-	-	1 215 204
-Plant and Machinery	-	-	16 126 923
Total	**-**	**-**	**179 804 041**

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 2020	2 693 461 567	51 710 281	14 955 544	242 765 409	3 002 892 801
Additions	64 267 008	-	1 780 551	29 044 301	95 091 860
Disposals	(22 837 886)	(6 880 829)	(8 796 237)	-	(38 514 952)
Revaluation	-	-	-	-	-
Depreciation recognised in the statement of profit or loss And other comprehensive income	(9 642 159)	(7 077 338)	(4 047 994)	(27 268 298)	(48 035 789)
Closing balance at 30 June 2021	**2 725 248 530**	**37 752 114**	**3 891 864**	**244 541 412**	**3 011 433 920**

6 BIOLOGICAL ASSETS (continued)

	INFLATION ADJUSTED		HISTORICAL	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
As at 1 July	5 553 105 541	6 280 316 765	2 687 281 108	362 994 233
Expenditure for the year (see note 18)	201 568 077	171 003 025	169 492 808	34 221 773
Fair value gain due to biological transformation	(1 661 935 048)	(212 627 418)	1 161 581 941	2 394 880 316
	4 092 738 570	6 238 692 372	4 018 355 857	2 792 096 322
Deduct:	(459 460 781)	(685 586 831)	(385 078 068)	(104 815 214)
Destroyed by fire	(246 739)	(257 438 050)	(182 196)	(29 364 810)
Transfers of harvested timber to inventory	(459 214 042)	(428 148 781)	(384 895 872)	(75 450 404)
As at 30 June	**3 633 277 789**	**5 553 105 541**	**3 633 277 789**	**2 687 281 108**
Classification on the statement of financial position				
Classified as non-current asset	3 183 863 177	5 068 478 766	3 183 863 177	2 453 161 893
Classified as current asset*	449 414 612	484 626 775	449 414 612	234 119 215
As at 30 June	**3 633 277 789**	**5 553 105 541**	**3 633 277 789**	**2 687 281 108**

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

	2021	**2021**	**2020**	**2020**
Comprising of standing timber at fair value less costs to sell				
	Hectares	**ZW$**	**Hectares**	**ZW$**
Age				
1- 6 years	3 880	229 124 250	4 508	114 126 995
7-12 years	4 453	1 082 248 739	4 373	744 958 780
13-18 years	2 723	1 070 252 363	2 483	677 508 035
19-25 years	1 935	1 251 652 437	2 198	1 150 687 298
	12 991	**3 633 277 789**	**13 562**	**2 687 281 108**

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 and above are valued based on volume/m3 standing regardless of species and working cycle.

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 has to be traced so that change resulting from growth of trees has to 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 2021 amounts to 2 321 293 m3 (2020: 2 321 293 m3).

The following table represents the Company's biological assets that are measured at fair value at 30 June 2021.

	Fair value measurements as		**at 30 June 2021 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	-	-	229 124 250
7-12 years	-	-	1 082 248 739
13-18 years	-	-	1 070 252 363
19-25 years	-	-	1 251 652 437
Total	**-**	**-**	**3 633 277 789**

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

6 BIOLOGICAL ASSETS (continued)

The following table represents the company's biological assets that are measured at fair value as at 30 June 2021.

INFLATION ADJUSTED AND HISTORICAL

Description	Fair value as at 30 June 2021 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 (3-25 years)	2 753 033 223	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)	875 429 220	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	**3 633 277 789**			

6 BIOLOGICAL ASSETS (continued)

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

INFLATION ADJUSTED

Description	Fair value as at 30 June 2020 ZW$	Unobservable input	Unobservable inputs	Relationship of unobservable inputs to fair value
Pine (1- 3 years)	6 302 159	Cost per hectare	ZW$491.42-ZW$706	The higher the cost per hectare the higher the fair value
Pine (4-25 years)	3 772 622 879	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$369.46	
Euc (1- 3 years)	3 648 645	Cost per hectare	ZW$415.56-ZW$721.25	The higher the cost per hectare the higher the fair value
Euc (4- 25 years)	1 770 531 858	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$369.46	
Total	**5 553 105 541**			

6 BIOLOGICAL ASSETS (continued)

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

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 (4- 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**			

7 INVENTORIES

	INFLATION ADJUSTED		HISTORICAL	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Raw materials	78 573 949	67 109 616	34 528 967	6 442 025
Work in progress	65 994 692	82 980 227	26 214 795	4 459 857
Finished goods	146 496 068	235 986 250	49 813 884	22 736 416
Consumables	116 826 862	198 133 493	25 212 965	10 713 191
	407 891 571	**584 209 586**	**135 770 611**	**44 351 489**

The cost of inventories recognised as an expense and included in the 'cost of sales' amounted to ZW$239 013 431 (2020: ZW$361 918 947).

Inventory write down was ZW$29 230 406(2020 ZW$19 785 754). 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, (2020: ZW$nil).

8 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets are carried at amortised cost and classified as loans and receivables.
All financial liabilities are carried at amortised cost and classified as other financial liabilities.

	INFLATION ADJUSTED		HISTORICAL	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Assets per statement of financial position				
Trade and other receivables (excluding prepayments and VAT receivable)	204 653 764	161 773 275	204 653 764	78 285 972
Cash and cash equivalents	28 630 560	19 865 446	28 630 560	9 613 366
	233 284 324	**181 638 721**	**233 284 324**	**87 899 338**
Other financial liabilities at amortised cost				
Liabilities per statement of financial position				
Trade and other payables (excluding statutory liabilities)	347 572 471	288 978 310	347 572 471	139 843 543
Borrowings (current and non-current)	481 003 559	777 236 696	481 003 559	376 123 499
	828 576 030	**1 066 215 006**	**828 576 030**	**515 967 042**

9 TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED		HISTORICAL	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Trade receivables from external parties	188 058 438	502 034 701	188 058 438	242 946 646
Trade receivables from related parties (see note 16)	2 608 721	-	2 608 721	-
Reclassification	46 881 207	-	46 881 207	-
Less: allowance for expected credit loss	(76 197 244)	(371 411 157)	(76 197 244)	(179 734 777)
Trade receivables - net	161 351 122	130 623 544	161 351 122	63 211 869
Prepayments	1 600	131 639	1 600	63 703
Loans to employees	23 486 348	9 496 838	23 486 348	4 595 748
Net investment in finance leases receivable (see note 9.1)	2 587 154	6 029 274	2 587 154	2 917 711
Other receivables	17 229 140	15 623 619	17 229 140	7 560 644
	43 304 242	31 281 370	43 304 242	15 137 806
	204 655 364	**161 904 914**	**204 655 364**	**78 349 675**

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 (2020:8 %). 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.

ALLOWANCE FOR CREDIT LOSS

	INFLATION ADJUSTED		HISTORICAL	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Movement in the allowance for expected credit loss was as follows:				
As at 1 July	371 411 157	297 437 460	179 734 777	17 191 497
(Decrease)/increase in allowance for credit losses	(295 213 913)	73 973 697	(103 537 533)	162 543 280
As at 30 June	**76 197 244**	**371 411 157**	**76 197 244**	**179 734 777**

9 TRADE AND OTHER RECEIVABLES (continued)

The analysis of net trade receivables is as follows:

	Total ZW$	0-30 days ZW$	31-60 days ZW$	61-90 days ZW$	>90 days ZW$
As at 30 June 2021					
Expected credit loss %		**0.84%**	**3.38%**	**14%**	**65%**
Trade receivables from external parties	204 655 364	52 039 911	7 957 205	6 202 383	138 455 867
	204 655 364	**52 039 911**	**7 957 205**	**6 202 383**	**138 455 867**
As at 30 June 2020					
Expected Credit loss %		**17.12%**	**34%**	**69%**	**100%**
Trade receivables from external parties	161 904 914	90 222 516	27 276 501	44 405 895	-
	161 904 914	**90 222 516**	**27 276 501**	**44 405 895**	**-**

The expected credit loss is US$68 561 709(2020: US$179 734 777). The amounts over 90 days 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. Loans to employees, receivables from disposal of equipment to contractors, the finance lease receivable and other receivables have been deemed to have low credit risk.

The carrying amount of trade and other receivables approximates their fair value as at year end because of short term tenor. The significant decrease in the expected credit losses % is as a result of major recoveries in the current year.

9 TRADE AND OTHER RECEIVABLES (continued)

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

	2021 ZW$	2020 ZW$
United States of America Dollar ("US$")	152 470 873	63 168 941
South African Rand (ZAR)	-	2 747 161
Botswana Pula (BWP)	41 578 701	10 773 982
Zimbabwean ZW$	10 605 790	1 659 591
Trade receivables	**204 655 364**	**78 349 675**
Counterparties without external credit rating		
Company 1	-	-
Company 2	142 629 045	16 323 355
Company 3	62 026 319	62 026 319
	204 655 364	**78 349 674**

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	
	2021	2020	2021	2020
Non-current receivables	ZW$	ZW$	ZW$	ZW$
Finance lease-gross receivable	3 075 242	4 202 976	3 075 242	2 033 921
Unearned finance income	(488 088)	(456 706)	(488 088)	(221 011)
	2 587 154	**3 746 270**	**2 587 154**	**1 812 910**
Current receivables				
Finance lease-gross receivable	2 050 162	2 800 496	2 050 162	1 355 227
Unearned finance income	(362 202)	(517 492)	(362 202)	(250 427)
	1 687 960	**2 283 004**	**1 687 960**	**1 104 801**
Gross receivables from finance leases:				
-No later than one year	2 050 161	2 800 496	2 050 161	1 355 227
-Later than one year and no later than 5 years	1 025 081	1 402 480	1 025 081	2 033 921
-Later than 5 years	-	-	-	-
	3 075 242	4 202 976	3 075 242	3 389 148
Unearned future finance income on finance leases	(850 290)	(974 197)	(488 089)	(471 437)
Net investment in finance leases	**2 224 952**	**3 228 779**	**2 587 154**	**2 917 711**

9 TRADE AND OTHER RECEIVABLES (continued)

9.1 Finance lease receivable (continued)

The net investment in finance leases may be analysed as follows:

	INFLATION ADJUSTED		HISTORICAL	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
-No later than one year	1 687 960	2 283 004	1 687 960	1 104 801
-Later than one year and no later than 5 years	899 194	3 746 270	899 194	1 812 910
-Later than 5 years	-	-	-	-
	2 587 154	**6 029 274**	**2 587 154**	**2 917 711**

10 CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED		HISTORICAL	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Cash and bank balances (excluding bank overdrafts)	28 630 560	19 865 446	28 630 560	9 613 366
Cash and cash equivalents include the following for the purpose of the statement of cash flows:				
Cash and bank balances	28 630 560	19 865 446	28 630 560	9 613 366
Cash and cash equivalents per statement of cash flows	**28 630 560**	**19 865 446**	**28 630 560**	**9 613 366**
Cash on hand and at bank are denominated in the following currencies				
United States of America dollar ("US$")	17 205 845	11 113 484	17 205 845	5 378 081
South African Rand ("ZAR")	299	2 851 553	299	1 379 935
Botswana Pula ("BWP")	2 833 181	2 848 315	2 833 181	1 378 368
Zimbabwean ZW$	8 591 235	3 052 094	8 591 235	1 476 982
	28 630 560	**19 865 446**	**28 630 560**	**9 613 366**

11 SHARE CAPITAL

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.

11 SHARE CAPITAL (continued)

	Number of shares Each	INFLATION ADJUSTED ZW$	HISTORICAL ZW$
Issued and fully paid			
Year ended 30 June 2020			
At the beginning of the year	42 942 487	20 019 870	429 425
At the end of the year	42 942 487	20 019 870	429 425
Year ended 30 June 2021			
At the beginning of the year	42 942 487	20 019 870	429 425
At the end of the year	42 942 487	20 019 870	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		HISTORICAL	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 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 State dollars in 2019.

12.2 Revaluation reserve

	INFLATION ADJUSTED		HISTORICAL	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Balance as at 30 June	-	-	**138 782 607**	**138 782 607**

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

13 BORROWINGS

	INFLATION ADJUSTED		HISTORICAL	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Non-current borrowings				
Bank borrowings				
Deutsche Investitions – und Entwicklungsgesellschaft GmbH ("DEG")	-	562 010 811	294 155 237	271 970 525
Zimbabwe Asset Management Corporation (Private) Limited ("ZAMCO")	-	-	-	-
Total non-current bank borrowings	**-**	**562 010 811**	**294 155 237**	**271 970 525**

13 BORROWINGS (continued)

	INFLATION ADJUSTED		HISTORICAL	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Related party loans				
Rift Valley Services Zimbabwe (Private) Limited	85 944 414	119 111 663	85 944 414	57 640 994
Rift Valley Corporation Limited	6 618 714	12 866 053	6 618 714	6 226 192
Forrester Estates (Private) Limited	598 198	1 136 850	598 198	550 149
Northern Tobacco (Private) Limited	18 199 680	21 253 398	18 199 680	10 285 030
	111 361 006	154 367 964	111 361 006	74 702 365
	111 361 006	**716 378 774**	**405 516 243**	**346 672 890**
Current borrowings				
Bank borrowings				
ZB Bank	7 562 045	14 723 260	7 562 045	7 124 939
Deutsche Investitions – und Entwicklungsgesellschaft GmbH ("DEG")	362 080 508	46 134 662	67 925 271	22 325 671
Total current borrowings	**369 642 553**	**60 857 922**	**75 487 316**	**29 450 610**
Total borrowings	**481 003 559**	**777 236 696**	**481 003 559**	**376 123 500**

- 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 in favour of DEG from a bank that DEG designates as acceptable. The loan matures in 2022 financial year.

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

	Carrying amount		Fair value	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
	481 003 559	346 672 890	481 003 559	376 123 500

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.

	2021	**2020**
	ZW$	**ZW$**
Shareholders' equity	2 575 961 855	1 907 348 837
Maximum borrowing limit;		
50% of shareholders' equity	1 287 980 927	953 674 419
Borrowings as at year end	481 003 559	376 123 500
Unutilised borrowing capacity	**806 977 368**	**577 550 919**

14 DEFERRED TAX

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

	INFLATION ADJUSTED		HISTORICAL	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Deferred tax assets				
- Deferred tax assets to be recovered after more than 12 months	(179 271 287)	(302 836 251)	(161 363 802)	(100 796 129)
	(179 271 287)	(302 836 251)	(161 363 802)	(100 796 129)
Deferred tax liabilities				
- Deferred tax liabilities to be recovered after more than 12 months	1 194 796 756	1 693 083 608	956 545 649	669 226 719
	1 194 796 756	1 693 083 608	956 545 649	669 226 719
Deferred tax liabilities (net)	**1 015 525 469**	**1 390 247 357**	**743 535 166**	**568 430 590**

The gross movement on the deferred tax account is as follows:

At 1 July	1 390 247 357	1 858 810 448	568 430 590	99 131 098
Credit to statement of profit or loss	(374 721 888)	(468 563 091)	175 619 735	469 299 492
Credit through other comprehensive income	-	-	-	-
At 30 June	**1 015 525 469**	**1 390 247 357**	**743 535 166**	**568 430 590**

The deferred tax account comprises the following:

Accelerated depreciation for tax purposes	228 742 640	211 876 980	14 939 826	11 959 656
Biological assets	898 146 269	1 372 581 454	898 146 269	664 295 890
Unrealised exchange loss / (gains)	(40 277 725)	(207 896 823)	(31 196 911)	(54 847 765)
Assessed tax losses	(116 205 681)	(16 269 133)	(116 205 681)	(7 873 863)
Other temporary differences	(22 148 335)	(91 521 776)	(22 148 337)	(45 103 328
Inventories	67 268 301	121 746 655	-	-
	1 015 525 469	**1 390 247 357**	**743 535 166**	**568 430 590**

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	16 865 660	(149 684 655)	2 980 170	3 773 824
Biological assets	(474 435 185)	(244 428 371)	233 850 379	571 133 683
Unrealised exchange gains	167 619 098	(103 383 185)	23 650 854	(60 922 084)
Assessed tax losses	(99 936 548)	(7 554 241)	(108 331 818)	(3 964 864)
Inventories	(54 478 354)	51 525 651	-	-
Other temporary differences	69 643 441	(15 038 290)	23 470 150	(40 721 067)
	(374 721 888)	**(468 563 091)**	**175 619 735**	**469 299 492**

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 2022 have been used to estimate future taxable profits. The Company recognised deferred tax assets of ZW$179 271 287 (2020: ZW$302 836 251 in respect of tax assessed losses amounting to ZW$470 087 704 (2020:ZW$65 813 644). The assessed losses expire between 30 June 2019 and 30 June 2024.

15 TRADE AND OTHER PAYABLES

	INFLATION ADJUSTED		HISTORICAL	
	2021 ZW$	**2020 ZW$**	**2021 ZW$**	**2020 ZW$**
Trade payables	119 152 639	230 542 015	119 152 639	111 564 817
Accruals	227 787 656	57 129 942	227 787 656	27 626 550
Payable to related parties (see note 16)	632 176	1 306 353	632 176	632 176
Statutory liabilities	2 435 006	1 560 731	2 435 006	755 275
	350 007 477	**290 539 041**	**350 007 477**	**140 598 818**

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$1 559 811(2020: US$1 017 342), and employee pensions ZW$875 195 (2020:US$543 390).

Analysis of trade and other creditors currency exposure

	INFLATION ADJUSTED		HISTORICAL	
	2021 ZW$	**2020 ZW$**	**2021 ZW$**	**2020 ZW$**
Creditors class				
Trade creditors				
United States of America Dollar ("US$")	62 902 859	-	62 902 859	111 564 817
Zimbabwean Dollar ("ZW$")	56 249 780	230 542 015	56 249 780	-
South African Rand ("ZAR")	-	-	-	-
	119 152 639	230 542 015	119 152 639	111 564 817
Other creditors				
United States of America Dollar ("US$")	113 270 270	58 436 295	113 270 270	28 278 726
Zimbabwean Dollar ("ZW$")	117 584 568	1 560 731	117 584 568	755 275
South African Rand ("ZAR")	-	-	-	-
	230 854 838	58 997 026	230 854 838	29 034 001
Analysis of total trade and other creditors per currency				
United States of America Dollar ("US$")	176 173 129	288 978 310	176 173 129	139 843 543
Zimbabwean Dollar ("ZW$")	171 399 342	-	171 399 342	-
South African Rand ("ZAR")	-	-	-	-
Total trade and other creditors excluding statutory liabilities	347 572 471	288 978 310	347 572 471	139 843 543
Statutory liabilities	2 435 006	1 560 731	2 435 006	755 275
Total trade and other creditors	**350 007 477**	**290 539 041**	**350 007 477**	**140 598 818**

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	
		2021	**2020**	**2021**	**2020**
Name		**ZW$**	**ZW$**	**ZW$**	**ZW$**
a) Transactions	**Nature of Relationship**				
i) Sales of goods					
- United Builders Merchants (Private) Limited - Houses Disposals -Directors	Common directorship	-	-	-	-
'- Makandi Tea & Coffee Estates		1 935 459	-	1 603 685	
- Northern Tobacco (Private) Limited	Fellow subsidiary	5 223 427	-	4 773 216	-
		7 158 886	**-**	**6 376 901**	**-**

Goods are sold based on the price lists in force and terms that would be available to third parties.

ii) Purchases of goods and services					
- Timberbay Services Limited - Rift Valley Services	Common directorship	451 477	1 185 832	430 839	572 866
v) Interest charged					
- Rift Valley Holdings (Private) Limited	Parent	604 748	3 236 545	501 009	501 009
- Forrester Estates (Private) Limited	Common shareholding	57 997	310 393	48 048	48 048
-Northern Tobacco (Private) Limited		-		-	
		662 745	**3 546 938**	**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.

16 RELATED PARTY DISCLOSURES (continued)

		INFLATION ADJUSTED		HISTORICAL	
		2021	2020	2021	2020
Name		ZW$	ZW$	ZW$	ZW$
b) Year end balances arising from sales/purchase of goods /services					
i) Receivables from related parties					
-Northern Tobacco (Private) Limited	Fellow subsidiary	2 608 721	-	2 608 721	-
		2 608 721		**2 608 721**	**-**

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 (2017: US$186 964).

		INFLATION ADJUSTED 2021 ZW$	INFLATION ADJUSTED 2020 ZW$	HISTORICAL 2021 ZW$	HISTORICAL 2020 ZW$
ii) Payables to related parties arising from sales/purchase of goods/services					
- Rift Valley Services Zimbabwe (Private) Limited	Fellow subsidiary	1 063 015	1 306 354	1 063 015	632 176
-Northern Tobacco (Private) Limited	Common directorship			-	-
		1 063 015	**1 306 354**	**1 063 015**	**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.

		INFLATION ADJUSTED 2021 ZW$	INFLATION ADJUSTED 2020 ZW$	HISTORICAL 2021 ZW$	HISTORICAL 2020 ZW$
c) Loans from related parties					
- Rift Valley Services (Private) Limited	Fellow subsidiary	85 944 414	119 111 663	85 944 414	57 640 944
- Rift Valley Holdings (Private) Limited	Parent	6 618 714	12 866 053	6 618 714	6 226 192
- Forrester Estates (Private) Limited	Common shareholding	598 198	1 136 850	598 198	550 149
-Northern Tobacco (Private) Limited		18 199 681	21 253 398	18 199 681	10 285 030
		111 361 007	**154 367 964**	**111 361 007**	**74 702 365**

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.

16 RELATED PARTY DISCLOSURES (continued)

		INFLATION ADJUSTED		HISTORICAL	
		2021	2020	2021	2020
Name		ZW$	ZW$	ZW$	ZW$
d) Guarantees from related parties					
- Rift Valley Services (Private) Limited	Parent	264 812 540	361 922 873	264 812 540	175 143 180

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

e) Key management compensation				
- Short term employee benefits	102 890 119	99 747 763	85 735 293	21 402 997
f) Final Judicial Managers fees	17 344 870	22 354 546	14 642 473	4 092 243
e) Loans to key management personnel	21 149 948	9 230 600	21 149 948	4 466 909

17 OTHER OPERATING INCOME AND EXPENSES

	INFLATION ADJUSTED		HISTORICAL	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
17.1 Other expenses				
Loss on disposal of property, plant and equipment	-	21 467 924	-	5 840 143
Impairment loss: Property, plant and equipment	14 072 947	-	813 398	-
Exchange losses	162 935 779	841 096 165	125 685 939	221 876 072
	177 008 726	**862 564 089**	**126 499 337**	**227 716 215**
17.2 Other income				
Sundry income	100 657 110	66 626 702	79 503 109	11 843 954
Profit on disposal of property, plant and equipment	15 750 583	-	14 499 811	-
	116 407 693	**66 626 702**	**94 002 920**	**11 843 954**

18 EXPENSES BY NATURE

	INFLATION ADJUSTED		HISTORICAL	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Auditors' remuneration	4 011 577	6 195 425	3 318 087	1 358 338
Bank charges	19 268 958	11 804 816	16 957 499	2 530 387
Consultancy	166 371 781	30 222 404	140 556 518	9 596 105
Depreciation charge	97 005 883	96 639 227	6 659 131	5 377 490
Electricity	59 293 219	36 648 117	50 125 106	7 287 494
Employee benefit expense (see note 19)	271 794 359	191 036 385	230 415 892	41 514 482
Foreign and local travel	4 614 971	5 374 846	4 106 918	952 431
Fuels and oils	32 544 234	49 681 110	27 765 360	7 601 629
Haulage	182 917 836	277 788 071	146 273 062	47 684 901
Inventory write down (see note 7)	17 827 325	19 785 754	14 001 541	4 385 896
Allowance for credit losses (see note 9)	(295 213 913)	73 973 697	(103 537 533)	162 543 280
Insurance	9 182 848	8 614 948	7 418 737	2 546 504
Management fees (Judicial managers fees) (see note 17)	17 344 870	22 354 546	14 642 473	4 092 243
Other expenses	40 827 501	25 662 316	35 329 554	5 141 047
Plantation - damage (see note 6)	246 739	257 438 050	182 196	29 364 810
Printing and stationery	2 290 986	1 886 763	1 944 842	434 004
Protective clothing	4 782 411	2 911 516	3 971 178	557 777
Raw material and consumables used	660 431 478	167 404 699	445 589 595	36 362 124
Repairs and maintenance - motor vehicles	4 678 351	5 037 022	3 892 598	953 540
Repairs and maintenance - plant/ buildings	56 348 312	75 602 663	49 385 247	11 636 040
Repairs and maintenance- office equipment	3 528 956	930 834	3 177 494	241 758
Sub-contracted services	680 849 226	719 973 062	586 345 836	127 799 220
Security	2 368 293	1 038 201	1 955 063	242 946
Subscriptions	8 191 611	8 073 441	6 977 243	1 698 725
Telephone costs	2 476 596	2 150 873	2 193 171	470 245
Utilities	7 828 371	7 721 676	7 149 883	1 796 482
	2 021 460 495	2 105 950 462	1 554 984 437	514 451 688
Capitalisation of forestry costs (see note 6)	(201 568 077)	(171 003 025)	(169 492 808)	(34 221 773)
Total cost of sales, administrative and selling and distribution expenses	**1 819 892 418**	**1 934 947 437**	**1 461 397 757**	**480 229 915**

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	
	2021	**2020**	**2021**	**2020**
	ZW$	**ZW$**	**ZW$**	**ZW$**
Wages and salaries	144 370 058	120 864 486	123 955 261	18 023 514
Pension fund contribution (see note 23.2)	6 356 353	4 256 383	5 385 464	811 314
Social security costs (see note 23.2)	2 333 619	1 120 635	1 966 151	207 759
Staff welfare costs	15 844 210	9 507 380	13 373 723	1 068 898
	168 904 240	135 748 884	144 680 599	20 111 485
Directors' remuneration:				
- Short term employee benefits	102 890 119	55 287 501	85 735 293	21 402 997
	271 794 359	**191 036 385**	**230 415 892**	**41 514 482**

19 EMPLOYEE BENEFIT EXPENSES (continued)

	2020 Number of employees	2019 Number of employees	2021 Number of employees	2020 Number of employees
Manning levels at 30 June				
-Permanent	350	371	350	371
-Contract	228	240	228	240
Total	**578**	**611**	**578**	**611**

20 FINANCE INCOME AND COSTS

	INFLATION ADJUSTED		HISTORICAL	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Finance costs				
Interest charged:				
-Bank borrowings	26 728 619	22 926 526	21 660 828	4 133 625
-Related party borrowings	662 744	3 546 936	549 057	549 057
	27 391 363	**26 473 462**	**22 209 885**	**4 682 682**
Interest paid for the purpose of the statement of cash flows				
-Finance costs	27 391 363	26 473 462	22 209 885	4 682 682
-Accrued interest	(662 745)	(3 546 938)	(549 057)	(549 057)
-Interest paid	**26 728 618**	**22 926 524**	**21 660 828**	**4 133 626**
Finance income				
Short-term bank deposits	2 260 967	839 255	2 090 145	297 934

21 INCOME TAX EXPENSE

Deferred tax credit	374 721 888	468 563 091	(175 619 735)	(469 299 492)

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:

(Loss)/ profit before income tax	(1 915 563 903)	(593 194 503)	883 717 219	1 982 581 089
- Taxation calculated at domestic tax rate 24.72% (2020: 24.72%)	(473 527 397)	(146 637 681)	218 454 896	490 094 045
- Non deductible/(taxable) expenses	848 249 285	615 200 772	(42 835 161)	(959 393 537)
Tax credit	**374 721 888**	**468 563 091**	**(175 619 735)**	**(469 299 492)**

The income tax rate applicable to the Company's taxable income for the year ended 30 June 2021 is 24.72% (2020:24.72%).

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	
Weighted average number of ordinary shares	42 942 487	42 942 487	42 942 487	42 942 487
	2021 ZW$	**2020 ZW$**	**2021 ZW$**	**2020 ZW$**
(Loss)/profit attributable to equity holders from continuing operations (US$)	(1 541 024 015)	(124 631 412)	708 097 484	1 513 281 597
Basic (loss)/earnings per share (cents)	(35.78)	(2.90)	16.47	35.24
Diluted (loss)/earnings per share (cents)	(35.78)	(2.90)	16.47	35.24

There were no dilutive ordinary shares outstanding during the year (2017: 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.

23.2 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	
	2021 ZW$	**2020 ZW$**	**2021 ZW$**	**2020 ZW$**
Border Timbers Limited Pension Fund	6 356 353	4 256 382	5 385 464	811 314
National Social Security Fund	2 333 619	1 120 635	1 966 151	207 758
Total	**8 689 972**	**5 377 017**	**7 351 615**	**1 019 072**

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 with the exception of plantations, which are not insurable.

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 (2020: ZW$nil) because as at 30 June 2021 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.

24 FINANCIAL RISK MANAGEMENT (continued)

24.2 Market risk

(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.

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Effect of 5% strengthening or weakening of foreign currency				
	Strengthening	**Strengthening**	**Weakening**	**Weakening**
Loss before income tax				
United States Dollar("US$")	4 505 055	(2 426 668)	(4 505 055)	2 426 668
South African rand ("ZAR")	(21 171)	398 227	21 171	(398 227)
Botswana Pula ("BWP")	2 078 935	1 563 247	(2 078 935)	(1 563 247)
	6 562 819	(465 194)	(6 562 819)	465 194
Current assets				
South African rand ("ZAR")United States Dollar("US$")	10 098 513	515 676	(10 098 513)	(515 676)
South African rand ("ZAR")	-	398 227	-	(398 227)
Botswana Pula ("BWP")	2 078 935	1 563 247	(2 078 935)	(1 563 247)
	12 177 448	2 477 150	(12 177 448)	(2 477 150)
Current liabilities				
South African rand ("ZAR")United States Dollar("US$")	(5 593 458)	(2 942 344)	5 593 458	2 942 344
South African rand ("ZAR")	(21 171)	-	21 171	-
Botswana Pula ("BWP")	-	-	-	-
	(5 614 629)	(2 942 344)	5 614 629	2 942 344

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 offshore 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$.

	2021 ZW$	% of total borrowings	2020 ZW$	% of total borrowings
Variable interest rate borrowings	362 080 508	75%	294 296 197	78%
Fixed and non-re-pricing interest rate borrowings	118 923 051	25%	81 827 302	22%
Total borrowings	**481 003 559**	**100%**	**376 123 499**	**100%**

24 FINANCIAL RISK MANAGEMENT (continued)

24.2 Market risk

(iii) Foreign currency exposure management (continued)

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	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Interest rates- increase by 80 basis points (80bps)*.	(44 156)	(88 312)	(44 156)	(88 312)
Interest rates- decrease by 90 basis points (90 bps)*.	50 281	100 562	50 281	100 562

**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.

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	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Counterparties with external credit rating				
A+	-	-	-	-
A	-	-	-	-
A-	-	-	-	-
AA-	5 940 610	10 240 466	5 940 610	4 955 607
BB+	11 363 962	5 599 741	11 363 962	2 709 849
BB-	-	-	-	-
BBB-	10 857 586	1 629 707	10 857 586	788 654
BBB+	-	-	-	-
Other unrated cash and cash equivalents	468 402	2 395 532	468 402	1 159 256
	28 630 560	19 865 446	28 630 560	9 613 366

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 FINANCIAL RISK MANAGEMENT (continued)

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 through the use of 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 maintaining sufficient headroom on its undrawn committed borrowing facilities at all times 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

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 30 June 2021	**ZW$**	**-**	**-**	**-**	**-**	**-**
Borrowings	-	75 487 316	-	405 516 243	-	481 003 559
Trade and other payables excluding statutory liabilities	300 691 263	46 881 207	-	-	-	347 572 471
	300 691 263	**122 368 523**	**-**	**405 516 243**	**-**	**828 576 030**
At 30 June 2020						
Borrowings	-	60 857 922	-	716 378 774	-	777 236 696
Trade and other payables excluding statutory liabilities	253 988 463	34 989 847	-	-	-	288 978 310
	253 988 463	**95 847 769**	**-**	**716 378 774**	**-**	**1 066 215 006**

HISTORICAL

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 30 June 2021	**ZW$**	**ZW$**	**ZW$**	**ZW$**	**ZW$**	**ZW$**
Borrowings	-	75 487 316	-	405 516 243	-	481 003 559
Trade and other payables excluding statutory liabilities	300 691 263	46 881 207	-	-	-	347 572 471
	300 691 263	**122 368 523**	**-**	**405 516 243**	**-**	**828 576 030**
At 30 June 2020						
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**	**-**	**515 967 043**

24 FINANCIAL RISK MANAGEMENT (continued)

24.4 Liquidity risk management (continued)

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 2021 the Company had no undrawn uncommitted borrowing facilities (30 June 2020: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 makes adjustments to it, in light of 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.

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
The gearing ratios as at 30 June were as follows:				
Interest bearing loans and borrowings	481 003 559	777 236 696	481 003 559	376 123 499
Less cash and cash equivalents	(28 630 560)	(19 865 446)	(28 630 560)	(9 613 366)
Net debt	452 372 999	757 371 250	452 372 999	366 510 133
Total capital	5 606 207 557	6 757 692 218	2 575 961 855	1 907 348 838
Gearing ratio	8%	11%	18%	19%

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 at 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 on duty at all times 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.

25 RISK MANAGEMENT – AGRICULTURAL ACTIVITIES (continued)

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 in an effort 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

The Company's land was expropriated by the Government of Zimbabwe ("the Government") in 2005 and subjected to invasions before and after 2005. In addition, certain measures were taken by the Government against Border's foreign exchange. In 2010, the Company and its subsidiary companies, Hangani and Timber Products International (Private) Limited ("Timber Products") (collectively, "the Border Claimants") filed a Request for Arbitration with the International Centre for Settlement of Investment Disputes ("ICSID") against the Government under the investment treaty between Switzerland and Zimbabwe (the "Treaty"), ICSID Case No. ARB/10/25 ("the Border Arbitration"). Timber Products assigned its interest in the Border Arbitration to the Company on 16 December 2014.

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, ICSID Case No. ARB/10/15 ("the VP Arbitration"). The VP Arbitration extended to other expropriated land owned by the von Pezold Family through companies in which the Company held no legal or other interests. The VP Arbitration together with the Border Arbitration shall be referred to as, "the ICSID Arbitrations".

In July 2015, two separate but identically constituted Arbitral Tribunals issued two separate awards in the ICSID Arbitrations in favour of the Border Claimants ("the Border Award") and in favour of the VP Claimants ("the VP Award"), with identical relief (with certain exceptions relating to moral damages, interest and costs) for: (i) the expropriation of the properties that were owned (directly or indirectly) by the Company; (ii) the manner in which the Government responded to the invasion of those properties; and (iii) the measures that the Government took in regard to Border's foreign exchange. "The Border Award" and "the VP Award" together shall be referred to as "the Final Awards". That relief was compensation in the sum of US$124,041,223 ("the Border Compensation") (failing restitution of the expropriated land and other damages) and pre and post award interest relating to that compensation. The Arbitral Tribunal did not determine the manner of apportionment of the Final Awards in regard to the Border Compensation but included a provision in each of the Border Award and the VP Award that prohibits double recovery.

In October 2015, the Government instituted annulment proceedings seeking to set aside the Final Awards. The ICSID arbitration proceedings concluded in November 2018 after the ICSID *ad hoc* Committee dismissed the Government's annulment applications in their entirety ("the Annulment Decisions"). To date, the Government has not paid any part of the Final Awards and the amounts awarded remain unsatisfied and outstanding in their entirety.

As the Final Awards expressly prohibited double recovery between the Border Claimants and the VP Claimants as to the Border Compensation, this has resulted in the Border Claimants and the VP Claimants needing to agree on the split and apportionment of the Border Compensation.

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 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 planned to take the Company out of Judicial Management at the earliest possible time after all the pre- judicial management creditors had been repaid. To date, all pre-judicial management creditors were paid except for Deutsche Investitions- und Entwicklungsgesellschaft GmbH (DEG) a German Development Bank and other related parties whose debts are being restructured by the FJM.

The Company has amounts owing to related parties of RTGS$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, following the issue of the Final Awards, the Government has not paid any part of the Final Awards.. The Company continues to engage with the Government 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?

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 believes that the preparation of these financial statements on a going concern basis is still appropriate based on the following:

- In the event that DEG does not agree to 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.
- RVC 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 RTGS$40 million overdraft facility available with local banking institutions with an option of renewal at the time of expiry.
- The Company has not observed any material impact on the business as a result of the 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.

29 GOING CONCERN (continued)

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 THE REPORTING PERIOD

30.1 With 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 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 09 March 2022.

30.3 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.

30.4 The Border Award which has been granted to the Company by ICSID 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 or compensation in cash in the sum of US$83million.

30.5 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 or compensation in cash.

30.6 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 09 March 2022.

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 2021				
1-5000	572	86	477 376	1
5001 - 10000	29	4	205 780	0
10001 - 25000	19	3	301 930	1
25001 - 50000	14	2	475 246	1
50001 - 100000	15	2	1 086 496	3
100001 - 200000	3	0	437 725	1
200001 - 500000	6	1	1 513 210	4
500001 - 1000000	1	0	903 142	2
1000001 and above	4	2	37 541 582	87
TOTAL	**663**	**100**	**42 942 487**	**100**

ANALYSIS BY INDUSTRY

INDUSTRY					
OTHER CORPORATES	OTHER INVESTMENTS & TRUST	443	67	30 810 562	72
INVESTMENTS/TRUST/PROPS	BANKS	38	6	9 576 498	22
RESIDENT INDIVIDUAL & TRUSTS	PENSION FUNDS	8	1	603 788	2
STANDARD COMPANY	LOCAL INDIVIDUAL RESIDENT	24	4	544 978	1
EXTERNAL COMPANIES	FOREIGN INDIVIDUAL RESIDENT	75	11	516 561	1
BANKS & NOMINEES	LOCAL COMPANIES	51	8	421 008	1
NON RESIDENT INDIVIDUALS	FOREIGN COMPANIES	6	1	321 068	1
PENSION FUNDS	LOCAL NOMINEE	8	1	95 579	0
EXTERNAL BANKS & NOMS	NEW NON RESIDENT	2	0	32 233	0
FCDA - RESIDENT INDIVIDUAL	DECEASED ESTATES	4	1	17 405	0
	INSURANCE COMPANIES	1	0	1 803	0
	FOREIGN NOMINEE	3	0	1 004	0
TOTAL	**659**	**100**	**42 942 487**	**100**	

TOP 10 SHAREHOLDERS

Rank	**Shareholder**	**Issued shares**	**% total**
1	FRANCONIAN ZIMBABWE INVESTMENTS (PVT) LTD	28 953 086	67
2	LIMPOPO LIMITED	4 294 248	10
3	ZAMBEZI LIMITED	4 294 248	10
4	BORDER TIMBERS PENSION FUND	903 142	2
5	WILHEL HENRY ALFRED HANSALBERT	343 847	1
6	NSSA - NATIONAL PENSION SCHEME	294 307	1
7	SAXONIAN ESTATE LIMITED	223 239	1
8	MR PRAKASH RADIA	218 248	1
9	TONLY INVESTMENTS (PRIVATE) LIMITED	218 196	1
10	MR. DAVID MYERS GRAHAM	215 373	1
		39 957 934	**93**
Other shareholders		2 984 553	7
Total		**42 942 487**	**100**

ANALYSIS OF SHAREHOLDERS (continued)

Share Price information	**ZW$ cents**
	Total
30 June 2021	20
30 June 2020	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.