ZECO HOLDINGS LIMITED
We're building the future
Registered Office:
Stand 7753, Corner Canberra Road / Greenock Road, Workington, Harare, Zimbabwe

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

www.zecoholdingsltd.co.zw

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

Operating overview
The Zimbabwean economy environment was characterised by unstable macro-economic conditions resulting in subdued growth in 2022. High international oil and food prices with local inflationary pressures such as power supply disruptions and currency volatility contributing towards this.
Annual inflation remained high during the year under review, rising from 60.6% in January 2022 to 243.75% as at December 2022. Month on month inflation rose from 5.3% in January 2022 to a peak of 30.7% in June 2022 and ending the year at 2.4% in December 2022.

Performance review
The group recorded revenues of ZWL45.938 million (inflation adjusted $83.148 m) for the year ended December 31, 2022 as compared to ZWL24.354 million (inflation adjusted $106.185m) in 2021. The group recorded a loss of ZWL 80.281 million (Inflation adjusted -$3,454.970 million) as compared to a profit of ZWL$52.521 million (inflation adjusted +$5,615.332m) the previous year. Total assets were ZWL1 186.488 million (Inflation adjusted $3 670.521m) as at 31 December 2022.
Please note that the group has not declared a dividend for the period.

Operations
The group's performance was subdued as the group transition to a new strategic focus took effect. Positive performance is expected this year due to less or no Covid-19 restrictions and expected new projects .

Outlook
The operating environment and macro-economic conditions are expected to continue to be unstable with inflationary pressures resulting in further devaluation of the currency and increase in prices. A positive economic growth forecast of 3.8% is envisaged by the government due to a positive rainy season but we do not expect this to ease inflationary pressure on the economy.

Despite the operating circumstances, we believe the business will thrive on the back of the group's new strategic direction that will enhance shareholder value.

Acknowledgments
On behalf of the Board, I would like to thank all ZECO Stakeholders, Management and Staff for their continued support and commitment.

Eng. Dr B. Rafemoyo
Chairman

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	INFLATION ADJUSTED 2022 ZWL$	INFLATION ADJUSTED 2021 ZWL$	HISTORICAL 2022 ZWL$	HISTORICAL 2021 ZWL$
Assets					
Non-current assets					
Property, plant and equipment	25	3,165,530,504	3,595,089,390	681,570,880	695,516,884
Investment property		489,015,000	1,682,211,600	489,015,000	489,015,000
Deferred tax		102,911	102,911	29,916	29,916
Total non-current assets		**3,654,648,415**	**5,277,403,901**	**1,170,615,796**	**1,184,561,800**
Current assets					
Inventory	10	6,802,127	34,830,694	6,802,127	10,125,202
Trade and other receivables	11	1,838,516	6,383,739	1,838,516	1,855,738
Related party receivable	12	-	46,925	-	13,641
Other financial assets	13	5,726	19,697	5,726	5,726
Cash and cash equivalents	14	184,683	759,174	184,683	220,690
Total current assets		**8,831,053**	**42,040,228**	**8,831,053**	**12,220,997**
Assets of discontinued operations		7,041,611	1,971,807,388	7,041,611	573,199,822
Total assets		**3,670,521,079**	**7,291,251,518**	**1,186,488,460**	**1,769,982,619**
Equity and liabilities					
Equity					
Derived Equity		66,180,319	66,180,319	11,967,508	11,967,508
Revaluation reserve		-	-	-	397,815,856
Retained earnings		3,394,787,144	6,849,758,124	964,967,336	1,251,096,617
Total equity		**3,460,967,463**	**6,915,938,443**	**976,934,844**	**1,660,879,981**
Non current liabilities					
Shareholders loan	18	-	97,421	-	28,320
Deferred tax	19	81,335,871	185,307,203	81,335,871	53,868,373
Related party payables	12	46,000	1,464,556	46,000	425,743
Total non current liabilities		**81,381,871**	**186,869,180**	**81,381,871**	**54,322,436**
Current liabilities					
Trade and other payables	15	68,940,901	101,554,393	68,940,901	29,521,626
Related party payables	12	-	2,669	-	776
Total current liabilities		**68,940,901**	**101,557,063**	**68,940,901**	**29,522,402**
Liabilities associated with discontinued operations		59,230,844	86,886,832	59,230,844	25,257,800
Total equity and liabilities		**3,670,521,079**	**7,291,251,518**	**1,186,488,460**	**1,769,982,619**

STATEMENT OFCHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Derived equity ZWL$	Revaluation reserve ZWL$	Retained earnings ZWL$	Total ZWL$
INFLATION ADJUSTED				
Restated balance as at January 1, 2020	**66,180,319**	**-**	**1,234,425,596**	**1,300,605,915**
Loss for the year	-	-	5,615,332,528	5,615,332,528
Balance as at December 31, 2021	**66,180,319**	**-**	**6,849,758,124**	**6,915,938,443**
Profit for the year	-	-	(3,454,970,980)	**(3,454,970,980)**
Foreign exchange loss	-	-	-	-
Balance as at December 31, 2022	**66,180,319**	**-**	**3,394,787,144**	**3,460,967,463**
HISTORICAL				
Balance as at January 1, 2020	**11,967,508**	**976,707,421**	**223,223,435**	**1,211,898,364**
Profit for the year	-	-	52,521,380	**52,521,380**
Foreign exchange loss	-	-	(1,355,619)	**(1,355,619)**
Realisation of revaluation	-	(976,707,421)	976,707,421	-
Revaluation reserve	-	397,815,856	-	**397,815,856**
Balance as at December 31, 2021	**11,967,508**	**397,815,856**	**1,251,096,617**	**1,660,879,981**
Loss for the year	-	-	(80,281,657)	**(80,281,657)**
Prior year adjustment	-	-	(602,530,459)	**(602,530,459)**
Foreign exchange loss	-	-	(1,133,022)	**(1,133,022)**
Realisation of revaluation	-	(397,815,856)	397,815,856	-
Balance as at December 31, 2022	**11,967,508**	**-**	**964,967,336**	**976,934,844**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

For the year ended December 31, 2022

	Note	INFLATION ADJUSTED 2022 ZWL$	INFLATION ADJUSTED 2021 ZWL$	HISTORICAL 2022 ZWL$	HISTORICAL 2021 ZWL$
Income					
Revenue	5	83,148,397	106,185,406	45,938,341	24,354,451
Cost of sales	6	(91,811,864)	(28,607,983)	(50,724,787)	(6,561,464)
Gross profit		**(8,663,468)**	**77,577,423**	**(4,786,446)**	**17,792,987**
Other income	7	3,043,151	217,656	4,624,358	49,921
Profit on disposal of assets		-	-	-	59,456,114.00
Operating profit		**(5,620,317)**	**77,795,079**	**(162,088)**	**77,299,022**
Expenditure					
Administration costs	8	(141,396,419)	(106,722,519)	(78,119,568)	(24,477,642)
Total expenditure		**(141,396,419)**	**(106,722,519)**	**(78,119,568)**	**(24,477,642)**
Profit/(loss) before tax		**(147,016,736)**	**(28,927,440)**	**(78,281,657)**	**52,821,380**
Income tax		-	-	-	-
Profit/(loss) from continuing operations		**(147,016,736)**	**(28,927,440)**	**(78,281,657)**	**52,821,380**
Discontinued operations					
Profit/(loss) for the year after tax from discontinued operations		(2,000,000)	(1,308,000)	(2,000,000)	(300,000)
Profit/(loss) before monetary gain		**(149,016,736)**	**(30,235,440)**	**(80,281,657)**	**52,521,380**
Monetary gain/(loss)		(3,305,954,245)	5,645,567,969	-	-
Profit/(loss) for the year		**(3,454,970,980)**	**5,615,332,528**	**(80,281,657)**	**52,521,380**
Attributable to:					
Equity holders of the parent company:		**(3,454,970,980)**	**5,615,332,528**	**(80,281,657)**	**52,521,380**
Loss per share (cents)					
Weighted average number of shares in issue		**463,337,661**	**463,337,661**	**463,337,661**	**463,337,661**
Basic loss per share from continuing operations		**(0.32)**	**(0.06)**	**(0.17)**	**0.11**
Basic loss per share from discontinued operations		**(0.00)**	**(0.00)**	**(0.00)**	**(0.00)**
Basic profit/(loss) per share		**(7.46)**	**12.12**	**(0.17)**	**0.11**
Diluted earnings per share from continuing operations		(0.32)	(0.06)	(0.17)	0.11
Diluted earnings per share from discontinued operations		(0.00)	(0.00)	(0.00)	(0.00)
Diluted earnings per share		**(7.46)**	**12.12**	**(0.17)**	**0.11**

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	INFLATION ADJUSTED 2022 ZWL$	INFLATION ADJUSTED 2021 ZWL$	HISTORICAL 2022 ZWL$	HISTORICAL 2021 ZWL$
Cash flows from operating activities				
Profit/(loss) before tax- continuing operations	(147,016,736)	(28,927,440)	(78,281,657)	52,821,380
Profit/(loss) for the year- discontinued operations	(2,000,000)	(1,308,000)	(2,000,000)	(300,000)
	(149,016,736)	**(28,927,440)**	**(80,281,657)**	**52,521,380**
Adjustments for non-cash items				
Interest received	(348,799)	(2,906)	(192,707)	(1,153)
Effects of opening balances	(15,390,390)	-	(15,390,390)	-
Profit on disposal of assets	-	(59,456,114)	-	(59,456,114)
Foreign exchange loss	(1,133,022)	(1,355,619)	(1,133,022)	(1,355,619)
IAS 29 effects	305,018,381	61,012,625	-	-
Net cash flows after working capital changes	**139,129,435**	**(28,729,454)**	**(96,997,775)**	**(8,291,506)**
Working capital changes				
Decrease/(Increase) in trade and other inventories	28,028,566	(30,044,456)	3,323,074	(8,733,854)
Decrease/(increase) in trade and other receivables	4,545,223	(5,890,446)	17,222	(1,712,339)
Increase/(decrease) in related party receivables	46,925	-	(13,641)	-
Increase/(decrease) in related party payables	(1,418,556)	(2,090,834)	(379,743)	(607,801)
Increase or decrease in trade and other payables	(32,613,492)	72,999,122	39,419,275	21,220,675
Increase/(decrease) in financial assets at fair value	13,971	-	-	-
Increase/(decrease) in deferred tax liability	(103,971,332)	94,488,193	27,467,498	27,467,498
Increase/decrease in discontinued operations liabilities	(27,655,988)	(107,406,222)	33,973,043	(31,222,739)
Increase/decrease in discontinued operations assets	(7,028,041)	6,875,930	(7,037,666)	1,998,817
Net cash outflows from working capital changes	**(140,052,724)**	**28,931,287**	**96,769,062**	**8,410,258**
Cash inflows/(outflows) from operating activities	**(923,289)**	**201,833**	**(228,713)**	**118,752**
Cash flows from investing activities				
Proceeds from sale of property and equipment	-	(467,285)	-	(84,500)
Acquisition of investment property	-	(2,704,252,950)	-	(489,015,000)
Proceeds from sale of land and building	-	2,704,252,950	-	489,015,000
Net cash flows from investing activities	**-**	**(467,285)**	**-**	**(84,500)**
Cash flow from financing activities				
Interest received	348,799	5,027	192,707	1,153
Shareholder's loan	-	-	-	-
Net cash flow from financing activities	**348,799**	**5,027**	**192,707**	**1,153**
Increase/(decrease) in cash and cash equivalents	**(574,490)**	**(265,452)**	**(36,007)**	**35,405**
Movement of cash and cash equivalents				
Cash and cash equivalents at beginning of year	759,174	1,024,626	220,690	185,285
Increase/(decrease) in cash and cash equivalents	**(574,490)**	**(265,452)**	**(36,007)**	**35,405**
Cash and cash equivalents at end of year	184,683	759,174	184,683	220,690

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of **ZECO Holdings Limited** set out on pages **10 to 29** which comprise the statement of financial position as at **December 31, 2022**, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

Adverse Opinion
In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the company's financial statements do not present fairly the financial position of the company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion
Inappropriate application of International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) on comparative information - Impact of incorrect date of application of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies (IAS 29), classification of deferred tax and depreciation

As a result of the pronouncement by the Public Accountants and Auditors Board (PAAB), entities reporting in Zimbabwe were required to apply the requirements of IAS 29 with effect from 1 July 2019. The Directors applied the requirements of IAS 29 from the date of change in functional currency adopted of 22 February 2019. However, in accordance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) the date of change in functional currency was determined to be 1 October 2018. Consequently, the changes in the general pricing power of the functional currency should have been applied from 1 October 2018. As disclosed in Note 3,1 of the inflation adjusted consolidated financial statements, the company did not comply with IAS 21, as the Directors elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19"). IAS 29 was only applied from 22 February 2019, and not 1 October 2018, as required by IAS 21.

Management resolved to correct the inconsistencies arising due to the decision to apply the requirements of IAS 29 from 22 February 2019 as opposed to 1 October 2018 as would have been required to comply with International Financial Reporting Standards as described above. The impact of this correction was only effected as a restatement of the opening equity in the current year statement of changes in equity, for reasons explained in Note 3,2. This is not in compliance with International Financial Reporting Standards, IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors as the requirement would have required retrospective restatement. We have not been able to quantify the prior year impact of this adjustment as the cumulative effects of non-compliance with IAS 21 and its consequent impact on IAS 29 could not be ascertained for the year ended 29 February 2020. In prior year management incorrectly disclosed deferred tax liabilities and assets separately in the statement of financial position. In current year the deferred tax assets and liabilities were set off with no retrospective adjustment to the comparative information, as would be required by IAS 8 for the correction of an error. The prior year audit report included a qualification on the valuation of property, plant and equipment in the 2020 financial year.

These valuation matters remained unresolved and therefore affected the valuation of assets recorded in the comparatives. Our opinion on the current year's inflation adjusted consolidated financial statements is qualified because of the possible effects of these matters on the comparability of the current year's inflation adjusted consolidated financial statements with that of the prior year.

Exchange rates used in current year

As disclosed in Note 3,1 management has translated all foreign denominated monetary assets and liabilities at a transaction- based rate from USD to ZWL functional currency. Transactions denominated in foreign currency during the year were translated to the reporting currency using the management transaction based rate, however, balances at the end of the period were translated to the reporting currency using auction rate. We disagree with the use of the transaction-based rate for translating foreign denominated balances to ZWL during the year end as we believe that the transaction based exchange rate used for the translation of foreign denominated balances does not meet the definition of a spot exchange rate as per International Financial Reporting Standards - IAS 21 - The Effects of Changes in Foreign Exchange Rates. Furthermore, we disagree with the use of two different rates for translation of transactions and balances in the financial statements. Whilst management have used the auction rate for all transactions in the statement of financial position and the transaction-based exchange rate for the Statement of comprehensive income balances, in our opinion the average auction rate should have been used for translation of transactions in the statement of comprehensive income and the spot auction rate as at 31 December 2021 for balances in the statement of financial position.

As a result, had the correct exchange rate had been used, the following elements of the inflation adjusted consolidated statement of financial position relating to the Zimbabwean operations would have been materially different:

Material uncertainty related to going concern
The company incurred a historical loss of **ZWL$80,281,657** in the current year (2021, Profit of **ZWL$52,521,380)** which resulted in positive retained earnings of **ZWL$964,967,336** as at December 31, 2022, **(2021: positive ZWL $1,251,096,617**. We draw your attention to **note 23** where further details on going concern have been disclosed. As stated in **note 23**, these events or conditions, along with other matters as set forth in note 20, 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.

- We evaluated the company's going concern assessment by challenging the underlying data used to prepare the key assumptions applied within the company's cash flows; overall profitability and cash flows, and its effect on the timing of the company's cash flows;
- We performed audit procedures to identify events subsequent to year end in order to identify revenues that have been received and evidence further of cost cutting measures.
- We have considered the adequacy of going concern disclosures as set out in note 23.

We considered the conclusion reached by the company to prepare the financial statement on the basis of a going concern, and the resultant disclosures, to be appropriate.

Key Audit Matters
Except for the matters in the Basis for Adverse Opinion section, we have determined that there were no key audit matters.

Other information
Management are responsible for the other information. The other information comprises the Management's Responsibility Statement and the Historical Cost Financial Information, which we obtained prior to the date of this report. The other information does not include the inflation adjusted financial statements and our auditor's report thereon. Our opinion on the inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the 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 Adverse Opinion section above, the company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items included therein and affected by the failure to comply with the referred standard.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, (IFRSs), and for such internal control as the members determine as 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, management 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 members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 controls.
- 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion. We communicate with the management 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 communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide management 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.

From the matters communicated with management, 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 our opinion, because of the significance of the matters discussed in the Basis for Adverse of Opinion section of our report, the accompanying inflation adjusted financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) with regards to the requirement to comply with the International Financial Reporting Standards.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Fanuel Pange (PAAB Practicing Certificate Number 0457).

MGI (Mazhandu) Chartered Accountants
Registered Public Auditors

Harare
24 April 2022

NOTES TO THE FINANCIAL STATEMENTS

1 General Information
ZECO Holdings Limited specializes in steel fabrication and installation, manufacture and rehabilitation of traction, wagons, and mining rolling stock and manufacture of window frames and door frames.

2 Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation and presentation
The group's financial statements for the year ended 31 December 2022 have been prepared in accordance with the requirements of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE). The financial statements to be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The group's financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwean Dollars (ZWL). The principal accounting policies applied in the preparation of the group financial statements are in terms of IFRS except for the non-compliance with IAS 21 (The Effects of Change in Foreign Exchange Rates), and its consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflationary Economies) and have been applied consistently in all material respects with those of the previous annual financial statements. In the current year, the group has adopted the requirements of IAS 29.

IAS 21 (The Effects of Changes in Foreign Exchange Rates)
As noted in the group's 2021 financial statements, Government promulgated Statutory Instrument ("SI")33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be Zimbabwe Dollars at the rate which was at par with the United States Dollar (USD). Guidance issued by the Public Accountants and Auditors Board (PAAB) noted that the requirements of SI 33 were contrary to the provisions of IAS 21.The management has always ensured compliance with IFRS but were unable to do so in respect of the comparative financial information due to the conflict between IAS 21 and local statutory requirements. In respect of the current financial year financial information, and as a result of the absence of an observable foreign exchange market throughout the period, the group continues to be unable to meet the full requirements of IAS 21. Due to the material and pervasive impact of these technicalities, management would like to advise users to exercise caution in their use of these inflation adjusted financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES
3.1 Functional and presentation currency
The financial statements have been presented in Zimbabwe Dollars ('ZWL'), being the functional and presentation currency. The group had been using United States Dollars ('USD') as its presentation and functional currency since 2009 until the 22nd of February 2019, when Statutory Instrument ('SI') 33 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act (Chapter 22:15) which introduced a local currency.

The authorities formally changed the country's functional currency with effect from 22 February 2019 and the group only concluded the necessary system configurations on 31 March 2019. The group maintained amounts prior to the configuration date at an exchange rate of 1USD:1ZWL. On date the of configuration, foreign currency balances were converted at a rate of 1USD:2.5ZWL. Subsequently, foreign currency amounts were translated on a daily basis using the interbank rates as published by the RBZ and all local transactions were now being conducted in local currency.

3.2 Hyperinflation
On 11 October 2019, the Public Accountants and Auditors Board ("PAAB") issued a pronouncement on the application of IAS 29. The pronouncement requires the entities operating in Zimbabwe with financial periods ending on or after 1 July 2019, prepare and present financial statements in-line with the requirements of IAS 29. The management has made appropriate adjustments to reflect the changes in the general purchasing power on the Zimbabwe dollar and for the purposes of fair presentation in accordance to IAS 29, these changes have been made on the historical cost financial information. Various assumptions have been made, with the significant assumption being use of consumer price indices ("CPI"), for the various years. This was due to the limitation of data available resulting in default to the CPI. The source of the price indices used was the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to December 2022.

Year end	INDICIES	FACTOR
CPI as at 31 December 2020	2474.51	5.53
CPI as at 31 December 2021	3977.46	3.44
CPI as at 31 December 2022	13672.91	1.00
Average		
CPI average for 2021	3135.23	4.36

The indices and adjusting factors have been applied to the historical cost of transactions and balances as follows:

i All items in income statements are restated by applying relevant monthly adjusting factors;
i The net effect of the inflation adjustments on the net monetary position of the group is included in the income statement as a monetary loss or gain;
i Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date.
The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under historical cost convention. The policies affected are;

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

Inventories are carried at the lower of indexed cost and net realisable value;

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

3.3 Property, plant and equipment
Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. This is a change in the accounting policy from a cost approach in the prior year. The group will conduct regular valuations going forward given the volatility in the economic environment to ensure that carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting date. The change in policy was done in line with the requirements of IAS 8 and was applied prospectively as required.

Any revaluation increase arising on the revaluation of such property plant and equipment is recognised in other comprehensive income and accumulated in equity, 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 such property plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal 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.

3.4 Financial Instruments
3.4.1 Financial assets
(a) Classification and measurement under IFRS 9
With effect from 1 January 2018, the group classifies its financial assets into the following categories, depending on the group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI); or
- Financial assets fair value through profit or loss (FVPL).

A financial asset is classified at amortised cost if it is held in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest on the principal amount owing. The group's debt instruments are currently classified as financial assets at amortised cost.

A financial asset is classified at fair value through other comprehensive income (OCI) if it is held both to collect contractual cash flows and to sell, and if the contractual cash flows are solely payments of principal and interest on the principal amount owing. The group has no financial assets classified as assets at fair value through OCI. If the financial asset does not satisfy the criteria to be classified as an asset at amortised cost or at fair value through OCI, the asset is classified as an asset at fair value through profit or loss. Listed equities held by the group are classified as assets at fair value through profit or loss.

For an equity instrument that are held for other than to generate investment returns that would otherwise be classified as assets at fair value through profit or loss, the group may make an irrevocable election at the time of initial recognition to account for the equity investment as an asset at fair value through OCI. When this election is made, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit and loss.

The group has not taken this election on any of its assets.

Classification of debt instruments
Debt instruments are contracts that entitle the group to fixed or determinable payments from another entity, such as loans, government and corporate bonds and trade receivables. The group's debt instruments include trade, loan and other receivables, cash and deposits with banks, and bonds and other similar instruments.

Based on the factors indicated above, all of the debt instruments currently held by the group were classified as financial assets at amortised cost as they are all held in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest on the principal amount owing.

The group reclassifies debt instruments between amortised cost and fair value categories only if its business model for managing those assets changes

Classification of equity instruments
Equity instruments are contracts that evidence a residual interest in the issuer's net assets. Such instruments do not contain a contractual obligation to pay any cash flows as cash flows are, amongst other factors, subject to the financial performance of the issuer.

The equity instruments held by the group do not meet the criteria to be classified as financial assets at amortised cost nor at fair value through OCI. The group has also not elected to classify any of its equity instruments as assets at fair value through OCI. Consequently the group's equity instruments have been classified as financial assets at fair value through profit or loss.
Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss in fair value gains and losses on equities. Dividend income from such assets is recorded in 'Investment income' when the right to the payment has been established.

When the group elects to classify equity instruments as assets at fair value through OCI, the fair value gains and losses are recognised directly in OCI. In such instances, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as investment income when the group's right to receive payments is established.

Subsequent measurement
Financial assets at fair value through profit and loss are subsequently measured at fair value. Net gains and losses including any interest on dividend income are recognised in the profit and loss.

Financial asset at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gain and losses and impairment are recognised in profit or loss.

3.4.2 Impairment
(a) Impairment of financial assets under IFRS 9
The group uses forward looking probability weighted expected credit loss models to determine the impairment allowance on the financial assets at amortised cost and at FVOCI. The group recognises a separate loss allowance for such losses at each reporting date.

3.4.2 Impairment
(a) Impairment of financial assets under IFRS 9
The group uses forward looking probability weighted expected credit loss models to determine the impairment allowance on the financial assets at amortised cost and at FVOCI. The group recognises a separate loss allowance for such losses at each reporting date.

3.4.3 Financial liabilities
The group's financial liabilities include borrowings and trade and other payables. These are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense on the balance of the liability carried in the statement of financial position is at a constant rate over the period to the date of repayment. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

The principal or the most advantageous market must be accessible by the group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3.4.4 Offsetting financial assets and liabilities
Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the group has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.4.5 Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

3.5 Fair value measurement
The group measures financial instruments and non-financial assets such as investment properties, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
(i) In the principal market for the asset or liability or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.
Level 1 – Quoted (unadjusted) market prices active markets for identical assets or liabilities
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.6 Income tax
3.6.1 Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Corporate tax assets arising from companies within the group are not offset against

liabilities in other entities within the group. Corporate tax liabilities and assets are disclosed separately in the Statement of Financial Position. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable rights exists to set off current tax assets against current income tax liabilities and the deferred tax assets relates to the same taxable entity and the same taxation authority.

3.6.2 Value added taxed (VAT)
Revenues, expenses and assets are recognised net of the amount of Value Added Taxes except:
(i) Where the Value Added Tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
(ii) Receivables and payables that are stated with the amount of VAT included.

Outstanding net amounts of VAT recoverable from, or payable to, the taxation authority are included as part of receivables or payables in the statement of financial position

3.6.3 Deferred tax
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

3.7 Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises costs of purchase, direct materials and, where applicable, direct labour costs, costs of conversion and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs are assigned using the first-in-first-out method for raw materials, work in progress and finished goods, and using the weighted average cost method for maintenance spares. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.8 Prepayments and deposits
The group makes advance payments in respect of some key goods and services associated with its overall operations. The prepayments are initially recognised as assets in the balance sheet and subsequently expensed to profit or loss or capitalised to other assets on delivery.

3.9 Cash and cash equivalents
In the statement of cash flows, cash and cash equivalents comprise:
• cash on hand; and
• balances with banks.

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. Cash and cash equivalents have a maturity of less than three months. Cash and cash equivalents are carried at cost which, due to their short term nature, approximates fair value.

3.10 Provisions
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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 a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3.1 Leases
The group adopted IFRS 16 on 1 July 2019 as a replacement of IAS 17 Leases.

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessor
Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.12 Retirement benefit costs
Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.
Retirements benefits are provided for the group's employees through an independently administered defined contribution fund and the Zimbabwe government's National Social Security Authority (NSSA). With the group's independent fund, contributions are charged to profit or loss so as to spread the cost of pension over the employee's working life within the group. The amounts payable to the National Social Security Authority are determined by the systematic recognition of legislated contributions. Payments to the two retirement benefit schemes are charged as an expense as they fall due.

3,13 Termination benefits
Termination benefits are recognised at the earlier of when the group can no longer withdraw the offer for the benefits or when the entity recognises costs for a restructuring that involves the payment of termination benefits. The calculation takes into account the employees' basic salary at agreed rate over the years of service.

3.14 Revenue recognition
Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods
For sales of steel metal products, revenue is recognised when control of the goods has transferred, being when the goods have been collected by the customer from the group's premises, or shipped to the customer's specific location (delivery). Following collection or delivery, the customer has full discretion over the manner in which it handles the goods, and also bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the group when the goods are collected by, or shipped to, the customer as appropriate, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income
Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income
Rental income from the group's building is recognised on the basis of the amount of time that the tenants have used of the group's offices.

3.2 Cost of sales
Cost of sales comprises of raw materials, packaging and consumables used and any other direct handling costs incurred.

3.2 Borrowings
a Unsecured
The group did not obtain any new borrowings during the year under review.

b Borrowing powers
In terms of the group's Articles of Association, management may exercise the powers of the group to borrow as they deem necessary.

3.2 Financial risk management
The group is exposed through its operations to the following financial risks:-
a. Foreign exchange risk
b. Credit risk
c. Liquidity risk

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

(a) Foreign currency risk management
The group is mainly exposed to the United States Dollar and Rand.

The group undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

(b) Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities.

(c) Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Borrowing facilities in the form of bank overdrafts and acceptance credits are negotiated with approved and registered financial institutions at acceptable interest rates. Expended overdraft facilities are repayable on demand. Approved financial institutions with sound capital bases are utilised to both borrow funds and invest surplus funds.

The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments:

	0 - 12 months ZWL	1 - 5 years ZWL	>5 years ZWL	Total ZWL
INFLATION ADJUSTED 2022				
As at 31 December 2022				
Trade payables	-	68,940,901	-	68,940,901
Other payables	-	46,000	-	46,000
	-	**68,986,901**	**-**	**68,986,901**
INFLATION ADJUSTED 2021				
As at 31 December 2021				
Trade payables	-	29,521,626	-	29,521,626
Other payables	-	426,519	-	426,519
	-	**29,948,145**	**-**	**29,948,145**

3.18 Capital management
The group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from previous years. The capital structure of the group consists of debt and equity of the group comprising issued capital, reserves and retained earnings. The group is not subject to any externally imposed capital requirements.
Gearing ratio

	INFLATION ADJUSTED		HISTORICAL	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Debt	-	97,421	-	28,320
Equity	3,460,967,463	6,915,938,443	976,934,844	1,660,879,981
Net debt to equity ratio	0%	0%	0%	0%

(i) Debt is defined as long term and short term borrowings
(ii) Equity includes all capital and reserves of the group that are managed as capital.
(iii) Target debt to equity ratio is 0%.
(iv) The group does not consider overdraft to be debt as it uses it intermittently to cover short term working capital requirements.

4 Critical accounting estimates and judgments
In the application of the group's accounting policies, which are described in note 3, management are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Useful lives and residual values of property, plant and equipment
The group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in note 3.3 and no changes to those useful lives have been considered necessary during the year.

Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value.

4.2 Provision for impairment of receivables
The provision for impairment of receivables is a specific provision made for trade and other receivables which is reviewed on a monthly basis. In determining the recoverability of a trade receivable the group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the end of the reporting period as well as the value of security held over that receivable.

4.3 Functional Currency
The group's financial statements are presented in Zimbabwean Dollars, which was determined to be the parent group's functional currency. The group applied this judgement after Government promulgated Statutory Instrument 33 of 2019 (SI 33) on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on this effective date would be deemed to be Zimbabwe Dollars at a rate which was at par with the United States Dollar (USD).

4.4 Exchange Rate
The group entered into foreign currency transactions throughout the year. Transactions in foreign currencies are initially recorded by the group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. In determining transactional and closing exchange rates, the group made use of the prevailing interbank rate and trading arrangements.

	INFLATION ADJUSTED		HISTORICAL	
	2022 ZWL$	2021 ZWL$	2022 ZWL$	2021 ZWL$
5 Revenue				
Sales	83,148,397	106,185,406	45,938,341	24,354,451
Total revenue	**83,148,397**	**106,185,406**	**45,938,341**	**24,354,451**
6 Cost of sales				
Direct materials	91,811,864	28,607,983	50,724,787	6,561,464
Total cost of sales	**91,811,864**	**28,607,983**	**50,724,787**	**6,561,464**
7 Other income				
Rent received	5,326,937	-	2,943,059	-
Sundry income	118,632	3,893	65,543	893
Interest Received - Bank	348,799	5,027	192,707	1,153
Scrap sales	2,575,721	208,735	1,423,050	47,875
Total other income	**3,043,151**	**217,656**	**4,624,358**	**49,921**
8 Administration costs				
Audit fees	3,620,000	4,897,671	2,000,000	1,123,319
Employee costs	45,718,627	39,914,523	25,258,910	9,154,707
Contribution to pension fund	-	1,641,213	-	376,425
Administration expenses	92,057,792	60,269,113	50,860,659	13,823,191
Total administration costs	**141,396,419**	**106,722,519**	**78,119,568**	**24,477,642**
9 Deferred tax liability				
Deferred tax	26,400,875	2,340,042,123	26,400,875	53,868,373
Total deferred tax liability	**26,400,875**	**2,340,042,123**	**26,400,875**	**53,868,373**
10 Inventory				
Raw materials-contents	1,234,757	4,620,823	1,234,757	1,343,263
Work in progress	5,377,415	29,299,196	5,377,415	8,517,208
Finished goods	189,955	910,675	189,955	264,731.00
Total inventory	**6,802,127**	**34,830,694**	**6,802,127**	**10,125,202**
11 Trade and other receivables				
Trade	1,839,718	6,328,630	1,839,718	1,839,718
Other	2,743	68,680	2,743	19,965
Discontinued operations	(3,945)	(13,571)	(3,945)	(3,945)
Total trade and other receivables	**1,838,516**	**6,383,739**	**1,838,516**	**1,855,738**

12 Related Party balances
The group's related parties include companies under common control, key management and others as described below:

Related party receivables				
Delward Engineering (Private) Limited	-	37,658	-	10,947
Zimplastics (Private) Limited	-	9,267	-	2,694
Total	**-**	**46,925**	**-**	**13,641**

ZECO HOLDINGS LIMITED
We're building the future

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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NOTES TO THE FINANCIAL STATEMENTS

	INFLATION ADJUSTED		HISTORICAL	
	2022 ZWL$	2021 ZWL$	2022 ZWL$	2021 ZWL$
Related party payables				
Non-current liabilities due to:				
Pinnacle Holdings	46,000	1,464,556	46,000	425,743
Total	**46,000**	**1,464,556**	**46,000**	**425,743**
Discontinued operations				
Non-current liabilities due to:				
Pinnacle Properties (Private) Limited	1,306,105	4,493,001	1,306,105	1,306,105
Shareholders loan	-	196,163	-	57,024
Zimplastics (Private) Limited	5,000	17,200	5,000	5,000
Crittal Hope (Private) Limited	2,683	9,230	2,683	2,683
Total	**1,313,788**	**4,715,593**	**1,313,788**	**1,370,812**
Current liabilities due to:				
Native Investments (Private) Limited	-	2,669	-	776
Discontinued operations				
Jetmaster (Private) Limited	-	7,682	-	2,233
Total	**-**	**10,351**	**-**	**3,009**
13 Other financial assets				
Other financial assets	5,726	19,697	5,726	5,726
Total other financial assets	**5,726**	**19,697**	**5,726**	**5,726**
14 Cash and cash equivalents				
Cash at bank	184,683	759,174	184,683	220,690
Total cash and cash equivalents	**184,683**	**759,174**	**184,683**	**220,690**
15 Trade and other payables				
Trade	61,685,212	97,439,748	61,685,212	28,325,508
Other	15,670,454	7,892,065	15,670,454	2,294,205
Continued operations	77,355,666	105,331,813	77,355,666	30,619,713
Discontinued operations	(8,414,765)	(3,777,419)	(8,414,765)	(1,098,087)
Total trade and other payables	**68,940,901**	**101,554,393**	**68,940,901**	**29,521,626**
16 Reconciliation of income tax expense				
Loss before tax	(147,016,736)	(28,927,440)	(78,281,657)	52,821,380
Notational tax expense at a rate of 25.75%	37,856,809	7,448,816	20,157,527	(13,601,505)
Allowable deductions				
Interest received	348,799	5,027	192,707	1,153
Non deductible expenses				
Subscriptions	-	-	-	-
Legal fees	-	182,449	-	41,846
Income tax due (receivable)	**38,205,608**	**7,636,292**	**20,350,233**	**(13,558,506)**

ZECO Holdings has cumulative assessed loss from prior periods hence no tax charge is applicable.

	INFLATION ADJUSTED		HISTORICAL	
	2022 ZWL$	2021 ZWL$	2022 ZWL$	2021 ZWL$
17 Share capital				
Authorised				
600 000 000 ordinary shares at USD nil par value				
Issued and fully paid				
463 337 661 ordinary shares at USD nil par value				
18 Shareholders loans				
Delward Engineering (Private) Limited	-	97,421	-	28,320
Total shareholders loans	**-**	**97,421**	**-**	**28,320**
19 Deferred taxation				
Deferred tax liabilities				
At 01 January	53,868,373	90,819,010	53,868,373	26,400,875
Charge to profit or loss	27,467,498	94,488,193	27,467,498	27,467,498
At 31 December	**81,335,871**	**185,307,203**	**81,335,871**	**53,868,373**
Deferred tax asset				
At 01 January	102,911	102,911	29,916	29,916
Charge to profit or loss	-	-	-	-
At 31 December	**102,911**	**102,911**	**29,916**	**29,916**

20 Discontinued operations

Zimplastics (Private) Limited and Delward T/A ZECO (Private) Limited
The subsidiaries' operations were discontinued as it had been negatively affected by changing market dynamics and competition from cheap imports mainly from the East. The businesses had become unsustainable with no prospects of recovery.

	INFLATION ADJUSTED		HISTORICAL	
	2022 ZWL$	2021 ZWL$	2022 ZWL$	2021 ZWL$
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit/(loss)	-	-	-	-
Administration expenses	(2,000,000)	(1,308,000)	(2,000,000)	(300,000)
Operating loss before tax	**(2,000,000)**	**(1,308,000)**	**(2,000,000)**	**(300,000)**
Taxation	-	-	-	-
Profit/(loss) for the year from discontinued operations	**(2,000,000)**	**(1,308,000)**	**(2,000,000)**	**(300,000)**

	INFLATION ADJUSTED		HISTORICAL	
	2022 ZWL$	2021 ZWL$	2022 ZWL$	2021 ZWL$
Assets				
Property, plant and equipment	-	1,971,793,817	-	573,195,877
Trade receivables	7,041,611	13,571	7,041,611	3,945
Inventory	-	-	-	-
Cash and bank	-	-	-	-
Assets classified as held for sale	**7,041,611**	**1,971,807,388**	**7,041,611**	**573,199,822**
Liabilities				
Deferred tax liability	50,062,045	78,287,764	50,062,045	22,758,071
Pinnacle Holdings (Private) Limited	1,306,105	4,493,001	1,306,105	1,306,105
T & S Marketing (Private) Limited	5,000	17,200	5,000	5,000
Trade and other payables	7,767,157	3,777,419	7,767,157	1,098,087
Shareholders loan	57,024	196,163	57,024	57,024
Related party payables	2,683	9,230	2,683	2,683
Bank overdraft	28,597	98,374	28,597	28,597
Jetmaster	2,233	7,682	2,233	2,233
Liabilities associated with assets classified as held for sale	**59,230,844**	**86,886,832**	**59,230,844**	**25,257,800**
Net assets associated with discontinued operations	(52,189,233)	1,884,920,556	(52,189,233)	547,942,022
Loss per share (cents)				
Basic loss per share				
Loss for the year from continuing operations	(147,016,736)	(28,927,440)	(78,281,657)	52,821,380
Loss for the year from discontinued operations	(2,000,000)	(1,308,000)	(2,000,000)	(300,000)
Loss for the year	**(149,016,736)**	**(30,235,440)**	**(80,281,657)**	**52,521,380**
Weighted average number of shares in issue	463,337,661	463,337,661	463,337,661	463,337,661
Basic loss per share from continuing operation	(0.32)	(0.06)	(0.17)	0.11
Basic loss per share from discontinued operati	(0.00)	(0.06)	(0.00)	(0.00)
Basic loss per share (cents)	**(0.3)**	**(0.07)**	**(0.17)**	**0.11**

Basic loss per share is calculated by dividing the net loss attributed to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the group and held as treasury shares.

Diluted loss per share (cents)

For diluted loss per share (cents), the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group does not have any dilutive potential ordinary shares.

Net loss used to determine diluted loss per share:				
Loss for the year from continuing operations	(147,016,736)	(28,927,440)	(78,281,657)	52,821,380
Loss for the year from discontinued operations	(2,000,000)	(1,308,000)	(2,000,000)	(300,000)
Loss for the year	**(149,016,736)**	**(30,235,440)**	**(80,281,657)**	**52,521,380**

The weighted average number of ordinary shares in issue for the purpose of diluted loss per share, reconciles to the weighted average number of ordinary shares used in the calculations of basic loss per share as follows:

	INFLATION ADJUSTED		HISTORICAL	
	2022 ZWL$	2021 ZWL$	2022 ZWL$	2021 ZWL$
Weighted average number of ordinary shares i	463,337,661	463,337,661	463,337,661	463,337,661
Diluted loss per share from continuing operations	(0.32)	(0.06)	(0.17)	0.11
Diluted loss per share from discontinued operations	(0.00)	(0.00)	(0.00)	(0.00)
Diluted loss per share (cents)	**(0.32)**	**(0.07)**	**(0.17)**	**0.11**

22 Retirement benefit obligations
National Social Security Authority (NSSA) Scheme
The group and its employees also contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act. The group's obligations under the scheme are limited to specific contributions legislated from time to time.

Contributions to the schemes, recognised in profit or loss were as follows:

	INFLATION ADJUSTED		HISTORICAL	
	2022 ZWL$	2021 ZWL$	2022 ZWL$	2021 ZWL$
National Social Security Authority	607,946	1,641,213	335,882	376,425
Total contributions	**607,946**	**1,641,213**	**335,882**	**376,425**

23 Going concern
The Directors have not satisfied themselves with the group's ability to continue operating as a going concern after an additional subsidiary was classified as a discontinued operation. However, another subsidiary was purchased Dingani Investments (PVT) limited which generated revenue amounting to ZWL$ 2,943,059 during the period under review. The going concern reporting basis has been maintained with the view of anticipated improved operational prospects for the entity.

Whilst management have put in place measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future operating results and cash flows. Management have concluded that the combination of these circumstances create material uncertainties over future operating results and cash flows. Management have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the group's ability to continue as a going concern and that, therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business. However, after considering the uncertainties described above, management have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The following are some of the key initiatives in place that support the continued preparation of the group's financial statements on a going concern basis:

- The group reduced its salaries and wage bill by about during the year under review.
- The group no longer gives management allowances and no longer has permanent employees. All employees are engaged on contract basis.
- The group also hires workers according to the number of ongoing projects so as to minimise on their staff costs.
- The group is actively applying for new tenders so as to increase revenue generation.

HISTORICAL

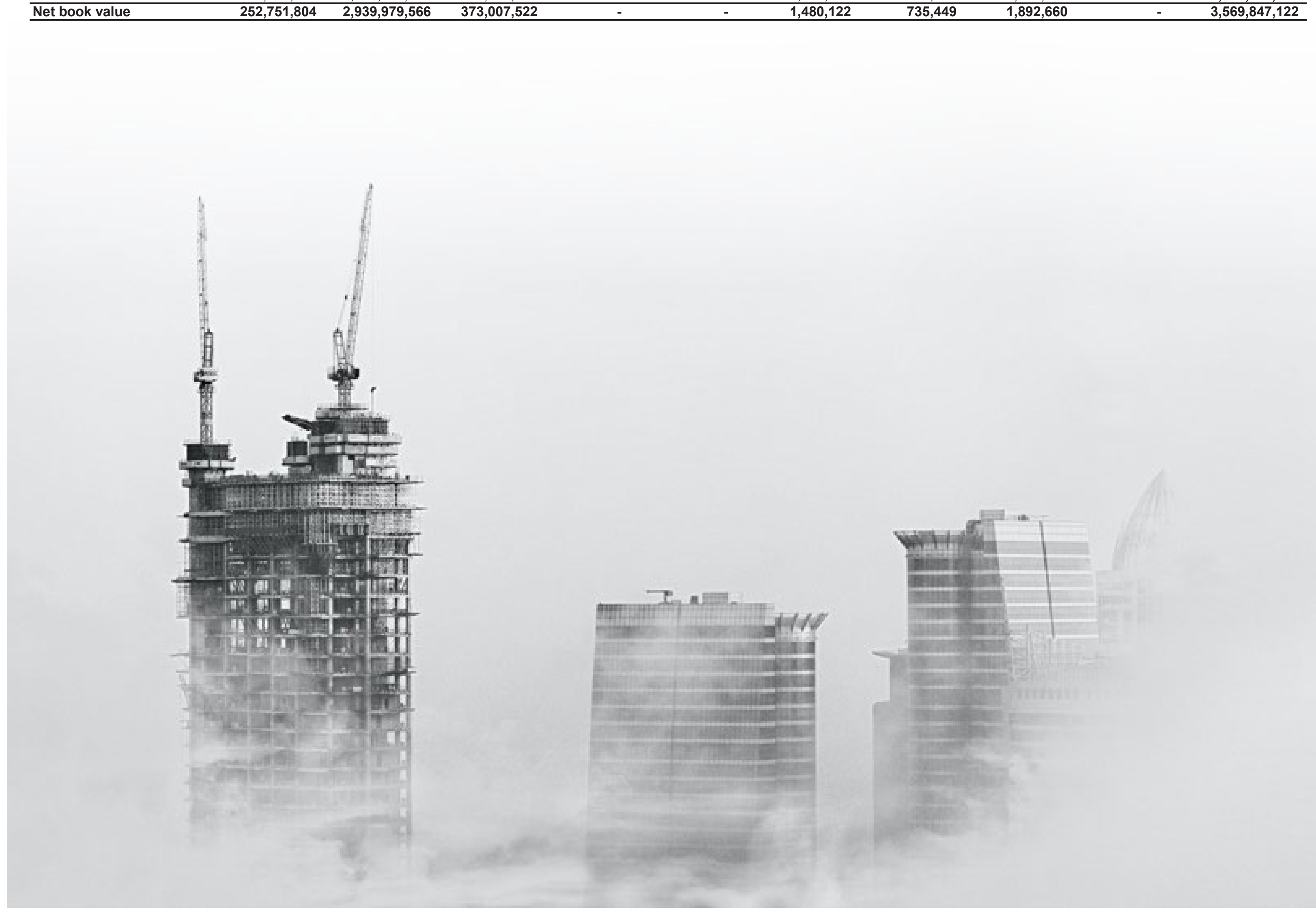
25 Property, plant and equipment

	Land ZWL$	Buildings ZWL$	Plant and machinery ZWL$	Cranes ZWL$	Furniture and fixtures ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	Computer equipment ZWL$	Tools and equipment ZWL$	Total ZWL$
Year end December 31, 2022										
Opening net book value	20,648,966	660,792,728	13,829,778	-	-	43,471	104,214	97,727	-	**695,516,884**
Depreciation	-	(13,215,855)	(691,489)	-	-	(8,694)	(10,421)	(19,545)	-	**(13,946,004)**
Closing net book value	**20,648,966**	**647,576,873**	**13,138,289**	**-**	**-**	**34,777**	**93,793**	**78,182**	**-**	**681,570,880**
At December 31, 2022										
Cost/Valuation	20,648,966	647,576,873	13,138,289	-	-	34,777	93,793	78,182	-	**681,570,880**
Accummulated depreciation	-	(13,215,855)	(691,489)	-	-	(8,694)	(10,421)	(19,545)	-	**(13,946,004)**
Net book value	**20,648,966**	**647,576,873**	**13,138,289**	**-**	**-**	**34,777**	**93,793**	**78,182**	**-**	**681,570,880**
Year end December 31, 2021										
Opening net book value	15,539,454	510,032,767	11,564,055	-	-	40,893	16,484	91,931	-	**537,285,584**
Transfer of assets	79,016,358	85,301,150	138,279,835	3,626,883	2,911,363	534,180	156,703	597,260	347,904	**310,771,636**
Revaluation	31,090,802	215,475,706	29,358,628	710,608	183,553	36,257	13,110	43,452	21,934	**276,934,050**
Disposal	(104,997,648)	(150,016,895)	(165,372,740)	(4,337,491)	(3,094,916)	(567,859)	(166,583)	(634,916)	(369,838)	**(429,558,886)**
Addition	-	-	-	-	-	-	84,500	-	-	**84,500**
Closing net book value	**20,648,966**	**660,792,728**	**13,829,778**	**-**	**-**	**43,471**	**104,214**	**97,727**	**-**	**695,516,884**
At December 31, 2021										
Cost/Valuation	20,648,966	660,792,728	13,829,778	-	-	43,471	104,214	97,727	-	**695,516,884**
Net book value	**20,648,966**	**660,792,728**	**13,829,778**	**-**	**-**	**43,471**	**104,214**	**97,727**	**-**	**695,516,884**

INFLATION ADJUSTED

25 Property, plant and equipment

	Land ZWL$	Buildings ZWL$	Plant and machinery ZWL$	Cranes ZWL$	Furniture and fixtures ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	Computer equipment ZWL$	Tools and equipment ZWL$	Total ZWL$
Year end December 31, 2021										
Opening net book value	85,933,181	2,820,481,202	63,949,224	-	-	226,138	91,157	508,378	-	**2,971,189,280**
Transfer of assets	271,816,272	293,435,956	475,682,632	12,476,478	10,015,089	1,837,579	539,058	2,054,574	1,196,790	**1,069,054,428**
Disposal	(104,997,648)	(150,016,895)	(165,372,740)	(12,476,478)	(10,015,089)	(567,859)	(166,583)	(634,916)	(1,196,790)	**(445,444,997)**
Addition	-	-	-	-	-	-	290,680	-	-	**290,680**
Closing net book value	**252,751,804**	**2,963,900,263**	**374,259,117**	**-**	**-**	**1,495,858**	**754,312**	**1,928,037**	**-**	**3,595,089,390**
At December 31, 2021										
Cost/Valuation	252,751,804	2,963,900,263	374,259,117	-	-	1,495,858	754,312	1,928,037	-	**3,595,089,390**
Net book value	**252,751,804**	**2,963,900,263**	**374,259,117**	**-**	**-**	**1,495,858**	**754,312**	**1,928,037**	**-**	**3,595,089,390**
Year end December 31, 2022										
Opening net book value	252,751,804	2,963,900,263	374,259,117	-	-	1,495,858	754,312	1,928,037	-	**3,595,089,390**
Depreciation	-	(23,920,697)	(1,251,595)	-	-	(15,737)	(18,863)	(35,377)	-	(429,558,886)
Closing net book value	**252,751,804**	**2,939,979,566**	**373,007,522**	**-**	**-**	**1,480,122**	**735,449**	**1,892,660**	**-**	**3,165,530,504**
At December 31, 2022										
Cost/Valuation	252,751,804	2,939,979,566	373,007,522	-	-	1,480,122	735,449	1,892,660	-	**3,569,847,122**
Net book value	**252,751,804**	**2,939,979,566**	**373,007,522**	**-**	**-**	**1,480,122**	**735,449**	**1,892,660**	**-**	**3,569,847,122**



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Independent auditor's report

To the members of ZECO Holdings Limited

Report on the audit of the financial statements

We have audited the financial statements of **ZECO Holdings Limited** set out on pages **10 to 29** which comprise the statement of financial position as at **December 31, 2022**, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the company's financial statements do not present fairly the financial position of the company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Inappropriate application of International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) on comparative information - Impact of incorrect date of application of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies (IAS 29), classification of deferred tax and depreciation

As a result of the pronouncement by the Public Accountants and Auditors Board (PAAB), entities reporting in Zimbabwe were required to apply the requirements of IAS 29 with effect from 1 July 2019. The Directors applied the requirements of IAS 29 from the date of change in functional currency adopted of 22 February 2019. However, in accordance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) the date of change in functional currency was determined to be 1 October 2018. Consequently, the changes in the general pricing power of the functional currency should have been applied from 1 October 2018. As disclosed in Note 3,1 of the inflation adjusted consolidated financial statements, the company did not comply with IAS 21, as the Directors elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19"). IAS 29 was only applied from 22 February 2019, and not 1 October 2018, as required by IAS 21.

Management resolved to correct the inconsistencies arising due to the decision to apply the requirements of IAS 29 from 22 February 2019 as opposed to 1 October 2018 as would have been required to comply with International Financial Reporting Standards as described above. The impact of this correction was only effected as a restatement of the opening equity in the current year statement of changes in equity, for reasons explained in Note 3,2. This is not in compliance with International Financial Reporting Standards, IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors as the requirement would have required retrospective restatement. We have not been able to quantify the prior year impact of this adjustment as the cumulative effects of non-compliance with IAS 21 and its consequent impact on IAS 29 could not be ascertained for the year ended 29 February 2020. In prior year management incorrectly disclosed deferred tax liabilities and assets separately in the statement of financial position. In current year the deferred tax assets and liabilities were set off with no retrospective adjustment to the comparative information, as would be required by IAS 8 for the correction of an error. The prior year audit report included a qualification on the valuation of property, plant and equipment in the 2020 financial year.

These valuation matters remained unresolved and therefore affected the valuation of assets recorded in the comparatives. Our opinion on the current year's inflation adjusted consolidated financial statements is qualified because of the possible effects of these matters on the comparability of the current year's inflation adjusted consolidated financial statements with that of the prior year.

Exchange rates used in current year

As disclosed in Note 3,1 management has translated all foreign denominated monetary assets and liabilities at a transaction- based rate from USD to ZWL functional currency. Transactions denominated in foreign currency during the year were translated to the reporting currency using the management transaction based rate, however, balances at the end of the period were translated to the reporting currency using auction rate. We disagree with the use of the transaction-based rate for translating foreign denominated balances to ZWL during the year end as we believe that the transaction based exchange rate used for the translation of foreign denominated balances does not meet the definition of a spot exchange rate as per International Financial Reporting Standards - IAS 21 - The Effects of Changes in Foreign Exchange Rates. Furthermore, we disagree with the use of two different rates for translation of transactions and balances in the financial statements. Whilst management have used the auction rate for all transactions in the statement of financial position and the transaction-based exchange rate for the Statement of comprehensive income balances, in our opinion the average auction rate should have been used for translation of transactions in the statement of comprehensive income and the spot auction rate as at 31 December 2021 for balances in the statement of financial position. As a result, had the correct exchange rate had been used, the following elements of the inflation adjusted consolidated statement of financial position relating to the Zimbabwean operations would have been materially different:

Material uncertainty related to going concern

The company incurred a historical loss of **ZWL$80,281,657** in the current year (2021, Profit of **ZWL$52,521,380)** which resulted in positive retained earnings of **ZWL$964,967,336** as at December 31, 2022, **(2021: positive ZWL $1,251,096,617**. We draw your attention to **note 23** where further details on going concern have been disclosed. As stated in **note 23**, these events or conditions, along with other matters as set forth in note 20, 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.

- We evaluated the company's going concern assessment by challenging the underlying data used to prepare the key assumptions applied within the company's cash flows; overall profitability and cash flows, and its effect on the timing of the company's cash flows;

- We performed audit procedures to identify events subsequent to year end in order to identify revenues that have been received and evidence further of cost cutting measures.

- We have considered the adequacy of going concern disclosures as set out in note 23.

We considered the conclusion reached by the company to prepare the financial statement on the basis of a going concern, and the resultant disclosures, to be appropriate.

Key Audit Matters

Except for the matters in the Basis for Adverse Opinion section, we have determined that there were no key audit matters.

Independent auditor's report

To the members of ZECO Holdings Limited

Report on the audit of the financial statements

Other information

Management are responsible for the other information. The other information comprises the Management's Responsibility Statement and the Historical Cost Financial Information, which we obtained prior to the date of this report. The other information does not include the inflation adjusted financial statements and our auditor's report thereon. Our opinion on the inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the 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 Adverse Opinion section above, the company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items included therein and affected by the failure to comply with the referred standard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, (IFRSs), and for such internal control as the members determine as 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, management 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 members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 controls.

- 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 controls.

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

Independent auditor's report

To the members of ZECO Holdings

Report on the audit of the financial statements

- Conclude on the appropriateness of management's use of 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.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion. We communicate with the management 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 communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide management 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.

From the matters communicated with management, 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 our opinion, because of the significance of the matters discussed in the Basis for Adverse of Opinion section of our report, the accompanying inflation adjusted financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) with regards to the requirement to comply with the International Financial Reporting Standards.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Fanuel Pange (PAAB Practicing Certificate Number 0457).

MGI

MGI (Mazhandu) Chartered Accountants
Registered Public Auditors

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24 - 04 - 2023

Harare
24 April 2023