



# AUDITED ABRIDGED FINANCIALS

FOR THE YEAR ENDED 30 SEPTEMBER 2023



TURNOVER  
ZWL37 billion (2022:18 billion)

TURNOVER UP BY 106%

OPERATING LOSS  
ZWL6.9 billion (2022:ZWL1.25 billion)

## CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2023

### Overview

Key economic variables such as inflation and the exchange rate improved in the second half of the year under review resulting in relative stability in the operating environment. The Zimbabwe dollar depreciated from ZWL621.8922 to the United States dollar at the beginning of the financial year to ZWL5,422.7466 at the end while inflation which was at 85.29% at the beginning of the year, ended the year on a blended rate of 18.4%. A blended inflation rate was introduced from February 2023 while the computation of the rate was revamped by adopting the geometric aggregation method in August 2023.

Persistent power cuts negatively impacted production and sales volumes for the year under review. Good gross margins were earned on sales but operating profit was reduced by exchange losses.

### Financial Results

Inflation adjusted revenue for the year totalled ZWL37 billion and was 106% above prior year (2022: ZWL18 billion). Lower availability of stock as a result of electricity shortages, contributed to a 5% decline in sales volumes compared to the prior year. Margins were however sustained by a favourable product mix which kept average prices at acceptable levels. Operating loss at ZWL6.9 billion (2022: ZWL1.25 billion) was 19% of revenue compared to (7%) in the prior year.

Distortions in exchange rates continued to impact the revenue figure. Exchange losses amounted to 21% of revenue (2022: 2%) reflecting the extent of exchange rate movements on foreign currency denominated balances. Investment property, land and buildings were revalued at the end of the financial year to reflect fair values in line with accounting policy. Despite the operational and economic challenges, positive net cash flows amounting to ZWL3.6 billion (2022:ZWL1.38 billion) were generated from operations.

### Production

Throughput and efficiencies were affected by intermittent power outages that prevailed throughout the financial year. Clay crushing capacity was enhanced during the year by investing in a new plant resulting in better product quality. Capacity utilization averaged 75% despite electricity supply deficits. The Board is exploring various options to enhance plant capacity in the short term and intends to leverage on its existing assets to source appropriate funding. A program is under implementation to ensure consistent brick supplies during the rainy season to satisfy growing demand.

### Sales and Marketing

Demand for bricks was relatively high throughout the year under review, driven by housing development, construction of educational facilities and shopping centres. Volumes were, however, 5% below the prior year largely due to supply side challenges caused by electricity shortages. The push towards higher margin brick types continued to drive margins up. The brand remained dominant in the market despite increasing competition.

### Environment and Social

The Company places critical importance on the impact of its operations on the environment and society, including its staff, and to this end has put in place mechanisms to monitor this impact throughout its value chain. A critical milestone was achieved when the Company completed its journey to ISO certification by being certified to ISO9001 (Quality), ISO14001 (Environment) and ISO45001 (Occupational Health and Safety) in October 2023. This certification will go a long way in ensuring sustainable operations which provide quality products to meet customer needs.

### Governance

There were no changes to the Board composition during the year under review.

### Outlook

Key economic fundamentals have remained stable post year end, laying a good foundation for a better operating environment in the ensuing year. However, electricity supply must improve in order to boost capacity utilization and efficiencies and put more bricks onto the market. We will leverage on the prevailing boom in the construction of houses, commercial buildings, educational facilities and other infrastructure to improve revenues and profitability in the ensuing year. Efforts to raise funds from existing assets to upgrade production facilities will be enhanced in the new year. Relevant cautionary statements have been issued to the market.

### Going Concern

The Board is confident that the Company will continue to operate as a going concern for the foreseeable future and, as a result, continues to present financial statements using the going concern basis. The Board's view is based on current positive financial performance ratios, the successful implementation of its strategic plans, continued support from its stakeholders and other initiatives that are being undertaken to improve performance and minimize the impact of risks that the Company faces.

### Dividend

The directors have resolved to pay a dividend of 0.0056 United States cents per share with respect to the financial year ended 30 September 2023. The dividend, totaling US\$150,000, is payable to shareholders registered in the books of the Company at the close of business on 12 January 2024 and will be paid in United States dollars on 17 January 2024. The shares of the Company will be traded cum-dividend (with dividend) on the Zimbabwe Stock Exchange up to the market day on 9 January 2024 and ex-dividend as from 10 January 2024. Shareholders are advised to lodge their up-to-date banking details with First Transfer Secretaries, 1 Armagh Road, Eastlea, Harare.

### Appreciation

The year under review presented various challenges which I believe we have successfully navigated. On behalf of the Board and Shareholders, I thank our valued customers, suppliers and other stakeholders for their unwavering support. I remain grateful to management and staff for their efforts. The journey towards ISO certification and the general operating environment have not been easy. As we close the current year, I urge all of us to retain the energy to tackle the challenges of the new year.

I wish you all a prosperous new year.

C MAKONI  
Chairman  
28 December 2023

## ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2023

	INFLATION ADJUSTED	
	SEPTEMBER 2023 ZWL	SEPTEMBER 2022 ZWL
Revenue from contracts with customers	36,925,906,774	17,955,485,774
Cost of sales	(26,460,192,229)	(14,415,266,882)
Gross profit	10,465,714,545	3,540,218,892
Selling and distribution expenses	(2,507,608,049)	(1,007,347,981)
Administrative expenses	(7,888,482,075)	(3,504,058,764)
Expected credit loss	(125,960,773)	(49,297,970)
Exchange losses	(7,336,169,787)	(444,754,353)
Other income	480,645,974	210,402,241
Operating loss	(6,911,860,165)	(1,254,837,935)
Fair value gain on investment property	4,395,770,999	5,574,037,658
Interest income	5,782,962	19,089,178
Interest expense	(56,375,724)	(10,589,337)
(Loss) / Profit before monetary gain	(2,566,681,928)	4,327,699,564
Monetary gain	11,453,026,149	192,338,645
Profit before tax	8,886,344,222	4,520,038,209
Income tax (expense) / credit	(582,236,988)	1,517,862,913
Profit after tax	8,304,107,234	6,037,901,122
Other comprehensive income-not to be recycled to profit or loss in subsequent periods		
Fair value adjustment on investments at FVTOCI	19,602,988,899	2,286,828,320
Revaluation surplus	31,719,868,971	20,691,187,987
Tax thereon	(8,821,301,055)	(5,229,713,945)
Other comprehensive income net of tax	42,501,556,815	17,748,302,362
Total comprehensive income for the year	50,805,664,049	23,786,203,484
Basic earnings per share - cents	467.047	339.589
Headline earnings per share - cents	470.274	339.628

## ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	INFLATION ADJUSTED	
	AUDITED 12 MONTHS TO SEPTEMBER 2023 ZWL	AUDITED 12 MONTHS TO SEPTEMBER 2022 ZWL
Assets		
Non current assets		
Property, plant and equipment	116,599,541,720	60,849,911,055
Right- of- use asset	76,169,184,580	44,357,885,974
Investment Property	55,560,112	115,987,950
Investments at fair value through other comprehensive income(FVTOCI)	14,984,352,429	10,588,581,431
	25,390,444,599	5,787,455,700
Current assets	26,596,155,260	9,619,305,565
Inventories	12,650,799,235	6,128,838,033
Trade and other receivables	12,633,766,355	2,964,555,149
Current tax refundable	-	48,604,114
Cash and cash equivalents	1,311,589,670	477,308,269
Total assets	143,195,696,980	70,469,216,620
Equity and liabilities		
Equity		
Share capital	104,057,898,953	53,480,908,284
Asset revaluation reserve	62,062,841	62,062,841
Fair value of financial asset revaluation reserve	50,568,531,876	26,689,814,515
Accumulated profits	21,843,117,986	3,220,278,532
Non current liabilities	31,584,186,250	23,508,752,396
Deferred tax	20,714,085,787	11,304,656,009
Long term Borrowings	19,876,246,071	11,146,185,993
Lease liability	402,754,902	158,470,016
Current liabilities	435,084,814	18,423,712,241
Trade and other payables	18,423,712,241	5,683,652,328
Lease liability - current portion	15,743,494,372	5,206,371,546
Provisions	137,462,696	39,617,503
Short term Borrowings	969,041,815	334,581,820
Current tax payable	512,400,470	103,081,459
	1,061,312,888	-
Total liabilities	39,137,798,028	16,988,308,337
Total equity and liabilities	143,195,696,980	70,469,216,620

D I R E C T O R S

C. Makoni (Chairman), P.P. Chadoka, U. Duske, G. Machingambi, B. Mataruka, N. Matonda\*, M. Munginga\* (\*Executive)

## ABRIDGED STATEMENT OF CASHFLOWS FOR THE YEAR END 30 SEPTEMBER 2023

	AUDITED 12 MONTHS TO SEPTEMBER 2023 ZWL	AUDITED 12 MONTHS TO SEPTEMBER 2022 ZWL
Profit before tax	8,886,344,222	4,520,038,209
Adjustments for non-cash items:		
Effects of IAS 29 restatement	1,878,250,581	(262,482,295)
Fair value adjustment on investment property	(4,395,770,999)	(5,574,037,658)
Right of Use Ammortization	70,101,692	17,101,132
Depreciation	2,050,051,071	2,499,295,175
Loss on disposal of property, plant and equipment	57,364,120	686,555
Interest expense of lease liability	31,359,517	10,589,337
Interest expense	25,016,207	-
Interest income	(5,782,962)	(19,089,178)
Cashflow before changes in working capital	8,596,933,449	1,192,101,277
Working capital changes		
Increase in inventories	(6,521,961,202)	(345,528,012)
Increase in accounts receivable	(9,669,211,206)	(1,502,971,086)
Increase in other provisions	634,459,995	56,854,425
Increase in accounts payable	10,537,122,825	1,979,208,791
Cash generated from operating activities	3,577,343,862	1,379,665,395
Interest paid	(25,016,207)	-
Interest received	5,782,962	19,089,178
Cash payments for interest portion of lease liability	(31,359,517)	(10,589,337)
Income tax paid	(191,612,725)	(412,979,615)
Net cash generated during the year	3,335,138,375	975,185,621
Investing activities		
Proceeds from sale of property, plant and equipment	-	25,871,061
Purchase of property, plant and equipment to increase existing capacity	(2,192,969,103)	(533,764,830)
Cashflow from investing activities	(2,192,969,103)	(507,893,769)
Financing activities		
Dividend paid	(228,673,380)	(512,317,513)
Cash payments for principal portion of lease liability	(79,214,491)	(25,900,030)
Net cash outflows from financing activities	(307,887,871)	(538,217,543)
Net increase in cash and cash equivalents	834,281,401	(70,925,691)
Cash and cash equivalents at the beginning of the year	477,308,269	548,233,960
Cash & cash equivalents at the end of the year	1,311,589,670	477,308,269

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2023

	SHARE CAPITAL ZWL	ASSETS REVALUATION RESERVE ZWL	FAIR VALUE RESERVE OF FINANCIAL ASSET ZWL	ACCUMULATED PROFIT ZWL	TOTAL EQUITY ZWL
As at 1 October 2021	62,062,841	11,113,539,398	1,037,685,261	17,983,157,205	30,196,444,705
Total Comprehensive Income for the Year	-	15,576,275,117	2,182,593,271	6,037,912,704	23,796,781,091
Dividend paid	-	-	-	(512,317,513)	(512,317,513)
As at 30 September 2022	62,062,841	26,689,814,515	3,220,278,532	23,508,752,396	53,480,908,283
Total Comprehensive Income for the Year	-	23,878,717,361	18,622,839,454	8,304,107,234	50,805,664,049
Dividend paid	-	-	-	(228,673,380)	(228,673,380)
As at 30 September 2023	62,062,841	50,568,531,876	21,843,117,986	31,584,186,250	104,057,898,952

### Assets revaluation reserve

This reserve is used to record increases or decreases in the fair value of property, plant and equipment.

## SIGNIFICANT EVENTS AND TRANSACTIONS

### 1. Corporate Information

Willdale Limited is a company which is incorporated and domiciled in Zimbabwe and is listed on the Zimbabwe Stock Exchange. The Company's principal activity is the manufacture of clay bricks on a commercial basis.

### 2. Accounting Policies

Accounting policies are consistent with those used in the previous year with no significant impact arising from new and revised International Financial Reporting Standards applicable for the year ended 30 September 2023.

### 3. Going Concern

The Board considers it appropriate to prepare these accounts on a going concern basis as it is confident that the Company will continue to operate as a going concern on the basis of its sound liquidity and strong financial position and business continuity strategies that have been put in place.

### 4. Basis of Preparation

The financial statements have been prepared under the current cost basis as per the provisions of IAS 29 "Financial Reporting in Hyper-inflationary Economies". The local accounting regulatory board, Public Accountants And Auditors Board (PAAB) proclaimed all financial periods after 1 July 2019 to be reported under the Hyper-inflation accounting basis. Effective date of applying IAS 29 was 1 October 2019.

On the 3rd of March 2023, the Government of Zimbabwe through the Minister of Finance and Economic Development ("MoFED") promulgated Statutory Instrument ("S.I") 27 of 2023. Through S.I 27, the old benchmark headline Consumer Price Index ("CPI") that was being published month on month since the promulgation of Statutory Instrument 33 of 2019 and tracking ZW\$ inflation was discontinued, with the last publication of this old benchmark being January 2023. Consequently, this left the Company with no official ZW\$ inflation index to use for its statutory reporting for the year ended September 2023.

Indices used are obtainable from the Reserve Bank of Zimbabwe website www.rbz.co.zw for the period October 2022 to January 2023. The Company estimated indices for February 2023 to September 2023. IAS 29 paragraph 17 permits the use of an estimate-based price index in circumstances where the rate is not available. In the absence the official ZWL indices the Company opted to use the Total Consumption Poverty Line to estimate the CPIs as recommended by The Institute of Chartered Accountants Zimbabwe (ICAZ) given its strong correlation with inflation rate.

The current and prior year financial statements have been inflation adjusted for changes in the general purchasing power of the ZWL. The conversion factors used are as follows:

	CPI	Factor
30 September 2023	44,720.8591	1.0000
30 September 2022	12,713.1208	3.5177

### 5. Capital Expenditure

	YEAR ENDED 30 SEPTEMBER 2023 ZWL	YEAR ENDED 30 SEPTEMBER 2022 ZWL
Capital Expenditure Incurred	2,192,969,103	533,763,806
Authorised By Directors But Not Contracted For	10,539,887,445	2,218,257,015

### 6. Financial Assets and Financial Liabilities

Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the company

	YEAR ENDED 30 SEPTEMBER 2023 ZWL	YEAR ENDED 30 SEPTEMBER 2022 ZWL
Debt instruments at amortised cost:		
Trade and other receivables	12,633,766,355	2,964,555,149

Set out below, is an overview of financial liabilities held by the company as at 30 September 2023 and 30 September 2022

	YEAR ENDED 30 SEPTEMBER 2023 ZWL	YEAR ENDED 30 SEPTEMBER 2022 ZWL
Financial liabilities at amortised cost:		
Trade and other payables	15,743,494,372	5,206,371,546

### 7. Auditors' Statement

These abridged financial statements for the year ended 30 September 2023 have been audited by BDO Zimbabwe Chartered Accountants who have issued an adverse opinion due to non-compliance with International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates and International Financial Reporting Standard (IFRS) 13 - Fair Value Measurement on the valuation of investment properties and land and buildings.

The Independent Audit Report on the financial statements is available for inspection at the company's registered office. The engagement partner for this audit is D. Madhigi (PAAB Number 0610).



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF WILLDALE LIMITED

#### Report on the Audit of the Inflation Adjusted Financial Statements

##### Adverse Opinion

We have audited the inflation adjusted financial statements of **WILLDALE LIMITED** set out on pages 7 to 42, which comprise the inflation adjusted statement of financial position as at 30 September 2023, inflation adjusted statement of profit or loss and other comprehensive income, inflation adjusted statement of changes in equity and inflation adjusted statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the basis for Adverse Opinion section of our report, the accompanying inflation adjusted financial statements do not present fairly the financial position of the company as at 30 September 2023, 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

##### a) Non-compliance with International Financial Reporting Standard 13 (IFRS 13)- Fair Value Measurement

The Company had property, plant and equipment, investment property and investment at fair value through other comprehensive income carried at ZWL 76,072,319,446, ZWL14,984,352,429 and ZWL 25,390,444,599 as at 30 September 2023 respectively. In prior and current periods, the Company engaged an external valuer to value property, plant and equipment and investments. The valuer valued the property, plant and equipment and investments in United States dollars and the values were converted to ZWL using the official exchange rate. This may not give a reasonable indication of fair value as defined by IFRS 13 "Fair Value Measurement," (IFRS 13). IFRS 13 paragraph 2 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In the current environment, it is not likely that the ZWL price derived from translating the USD value at the official exchange rate would be the price at which a ZWL denominated transaction would occur. Accordingly, we were unable to determine whether adjustments to the carrying amounts of property, plant and equipment, investment property and investment at fair value through other comprehensive income were appropriate in these circumstances.

##### b) Noncompliance with International Financial Reporting International Financial Reporting Standard 21 (IAS 21) - The Effects of Changes in Foreign Exchange Rates

- i. IAS 21 requires all foreign currency transactions to be recorded, on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The Company did not use the spot exchange rates on the dates of the transactions to translate foreign currency denominated sales. The financial impact of the non-compliance with IAS 21 could not be established but it is material to the financial statements. Accordingly, we cannot express an opinion on the completeness and accuracy of the recorded revenue and exchange gains and losses.
- ii. The Company did not comply with IAS 21 in the determination of its functional currency. Whilst the Company assessed and determined that its functional currency changed from ZWL to USD during the period based on the indicators stated in IAS 21, the Company did not effect the change in functional currency as management was still monitoring the legal and macroeconomic developments in the country. The financial impact of the non-compliance with IAS 21 could not be determined but it is considered to be material to the financial statements.

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

#### **Key Audit Matters**

Key audit matters are those matters that in our professional judgement were of most significance in our audit of financial statements. Except for the matters described in the Basis for Adverse of Opinion section, we have determined that there are no other key audit matters to communicate in our report.

#### **Other Information**

The directors are responsible for other information. The other information comprise the Chairman's Statement, Director's Report, Corporate Governance report and Sustainability Report, which we obtained prior to the date of this report and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance or 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 on the other information that we have obtained prior to the date of the Auditors' Report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objective is 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 International Auditing Standards (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 the financial statements.

As part of an audit in accordance with International Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess 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 the internal controls.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures 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 the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 audit report. However, future events or conditions may cause the company to cease or continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the directing, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and 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 the directors, 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 auditors' 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 legal and regulatory requirements**

In our opinion, due to the impact of the matters discussed in the Basis for Adverse Opinion Section of our report, the financial statements of the Company are not properly drawn up in accordance with the requirements of Section 193(1)(a) of the Companies and Other Business Entities Act (Chapter 24:31).

The audit engagement partner on the audit resulting in this independent auditors report is Davison Madhigi (PAAB Practicing Number 0610).



**BDO Zimbabwe**  
Chartered Accountants

**Davison Madhigi (CA(Z))**  
Partner  
Registered Public Auditor  
PAAB Certificate Number 0610

**29 December 2023**