Tanganda tea Company Limited

# ANNUAL REPORT 2023

# ABOUT OUR REPORT

Tanganda Tea Company Limited, a public company listed on the Zimbabwe Stock Exchange ("ZSE"), is pleased to present the annual report for the year ended 30 September 2023. This report integrates both financial and non-financial information.

**Scope of the Report**

This report contains information for Tanganda Tea Company Limited which is incorporated and domiciled in Zimbabwe. In this report, unless otherwise stated, references to "our", "we", "us", "the Company", "Tanganda" refers to Tanganda Tea Company Limited.

**Reporting Frameworks**

This report was prepared with due consideration of the following reporting requirements:

- The Companies and Other Business Entities Act [Chapter 24:31].
- Statutory Instrument ("SI") 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019.
- International Financial Reporting Standards (IFRS).
- Global Reporting Initiative (GRI) Standards.

**Sustainability Data**

This report was prepared using both quantitative and qualitative data extracted from company records, policies and persons responsible in the Key Results Areas ("KRA") of sustainability impacts for the Company. In some cases, assumptions are made and confirmed for consistency with business activities. The Company continues to review its measurement systems for consistency on sustainability data.

**Assurance**

The annual financial statements were audited by Deloitte & Touche (Zimbabwe) in accordance with the International Standards of Auditing ("ISA"). The independent auditor's report is found on pages 47 to 48. Non-financial information and data used for sustainability reporting were internally validated by the Company's Internal Audit Department.

**Board Approval**

The Board recognises its accountability for ensuring the integrity of this annual report. In the Board's opinion, the annual report fairly presents the overall performance of the Company and therefore approved it.

**Forward Looking Statements**

This report may contain forward looking statements. These statements are estimates and projections by Tanganda Tea Company Limited based on current available information. Forward looking statements are not statements of historical fact and may contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates", or words of similar meaning. Forward looking statements are not guarantees of future developments and results outlined therein. These are dependent on several factors which may involve various risks and uncertainties, and they are based on assumptions beyond our control. Readers are cautioned not to place undue reliance on forward looking statements.

**Feedback On The Report**

The Company values opinions and comments from all stakeholders which may assist in improving our reporting. We welcome your feedback on this report and any suggestions you may have. For feedback, please contact Sharon Nyasha Kodzanai, Company Secretary, email: **investorrelations@tangandatea.com**.

**H. NKALA**
**Chairman**
**22 February 2024**

# CONTENTS

# TANGANDA TEA COMPANY LIMITED AT A GLANCE

## OUR JOURNEY OVER THE YEARS

**1893** The Moodie Trek which was part of the Pioneer Column focused on opening and settling in the Chipinga / Melsetter area camped and celebrated the New Year on the banks of Tanganda river.

Arthur Ward, a retired tea planter from Assam purchased the area along Tanganda river which is now the site of New Year's Gift Estate just before the start of the First World War.

**1923** Arthur Ward was joined by his friend, Grafton Phillips another retired tea planter from Assam on New Year's Gift Estate.

**1924** First commercial tea was planted at New Years' Gift Estate.

**1928** Tea from the thriving irrigated fields on 3.5 hectares at New Year's Gift Estate was first processed under the supervision of Florence Phillips. Samples of processed teas were sent for tasting and evaluation by tea experts in London and Calcutta.

**1930** Arthur Ward and Grafton Phillips formed a Company and registered it as Ward and Phillips (Pty) Ltd and acquired Ratelshoek Tea Estate which was owned by Noel Reid who became one of the directors of the Company along with Grafton Phillips, Florence Phillips and Arthur Ward.

The Company expanded by purchasing Jersey Estate and Zona Estate.

**1936** Significant exports to South Africa commenced.

**1939** Exports to the United Kingdom grew significantly.

**1943** The Meikles family took majority and controlling stake.

**1963** Rhodesia Tea Estates Limited listed on the Rhodesia Stock Exchange.

**1976** The Company name was changed to Tanganda Tea Company Limited after the river from which the whole story of tea began.

**2004** First 32 hectares of macadamia plantation were established at New Year's Gift Estate and further developed to 120 hectares by the year 2007.

**2006** tinga mira water bottling commenced at Tingamira Estate.

**2008** Tanganda was delisted from the Zimbabwe Stock Exchange after merger with Cotton Printers (Private Limited), Meikles Africa Limited and Kingdom Financial Holdings Limited to become Kingdom Meikles Limited.

**2010** Demerger of Kingdom Financial Holdings from Kingdom Meikles Limited and Tanganda Tea Company Limited remained a wholly owned subsidiary of Meikles Limited.

**2011** Diversification into avocado, coffee and macadamia intensified.

**2010** Refurbishment of the Mutare blending and packaging factory.

**2022** Tanganda Tea Company Limited relisted on the Zimbabwe Stock Exchange.

## TANGANDA TEA COMPANY LIMITED AT A GLANCE (continued)

### OUR BUSINESS VALUE SYSTEMS

### VISION, MISSION AND VALUES

### MISSION

To become the leading blue-chip-agribusiness in Africa in the next five years

### VISION

- To build a highly cohesive management team and systems to become a global, high yeilding, high quality and efficient agricultural producer;
- To build preferred, iconic and high quality brands that satisfy global market expectations;
- Maintain a high moral responsibility to staff, communities and the environment;
- To pay a consistent and growing dividend to shareholders; and
- To benchmark itself against the top 20 African Agri-business companies.

### VALUES

- Hardworking
- Focussed Growth
- Teamwork
- Dependability
- Frugality
- Responsibility
- Leadership
- Centricity of Customer Satisfaction

# TANGANDA TEA COMPANY LIMITED AT A GLANCE (continued)

**OUR BUSINESS VALUE SYSTEMS**

**AWARDS, BUSINESS ASSOCIATIONS MEMBERSHIP AND CERTIFICATIONS**

**AWARDS AND RECOGNITIONS**

**The Company received the following awards during the 2023 financial year:**


**Zimbabwe National Chamber of Commerce**
Agriculture Exporter of the Year -
Manicaland Region Platinum Award


**ESG Network Zimbabwe**
Best ESG Impact Projects Award


**ESG Network Zimbabwe**
Best ESG Impact Projects Award


**MAZ Manicaland Regional Award**
Gold Award for Best Regional Corporate Brand


**MAZ Manicaland Regional Award**
Platinum Award for Best Regional Corporate
and Social Responsibility


**ZimCEO**
Platinum Award Winner for Agro Business
Company of the Year

**BUSINESS ASSOCIATIONS MEMBERSHIP**

The Company is a member of the following associations:

- Business Council for Sustainable Development Zimbabwe.
- Buy Zimbabwe.
- Confederation of Zimbabwe Industries.
- Employers' Confederation of Zimbabwe Industries.
- Marketeers Association of Zimbabwe.
- National Employment Council for Agriculture
- National Employment Council for Food processing.
- PETRECOZIM
- Zimbabwe National Chamber of Commerce.
- Zimbabwe Tea Growers Association.
- ZimTrade.

**CERTIFICATIONS**

The Company is certified to the following standards:

- Albert Heijns Certification.
- Global Good Agriculture Practices (GAP) Certification – SANAS South Africa.
- HACCP05: Grading and Packaging Avocados for Export Certification.
- ISO 22000:2018 – Food Safety Management System.
- ISO 9001:2015 – Quality Management Systems.
- ISO/IEC: 17065:2012 – Rainforest Alliance Certification.
- Tesco Minimum Packaging Standards (TMPS) Certification.
- Standards Association of Zimbabwe (SAZ) Product Mark.

# TANGANDA TEA COMPANY LIMITED AT A GLANCE (continued)

## OUR BUSINESS VALUE SYSTEMS


*A collage of images showing Tanganda Tea being showcased and sampled at the Botswana Global Expo in November 2022. The exhibition was a success and culminated in the Zimbabwean Pavilion being awarded the Best International Exhibitor.*

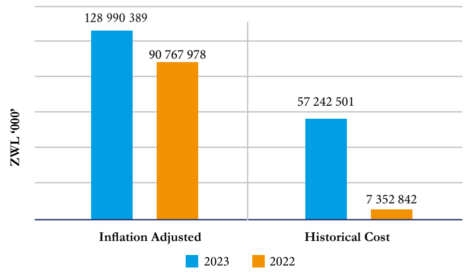
Tanganda invests in shows and exhibitions in the region as seen by its consistent participation in the Botswana Global Expo. This is in line with Tanganda's focus for regional expansion. These displays are carried out in conjunction with other Zimbabwean suppliers under the umbrella ZimTrade stand. In November 2022 the ZimTrade stand where Tanganda was exhibiting won the best International exhition stand in Botswana.

# TANGANDA TEA COMPANY LIMITED AT A GLANCE (continued)

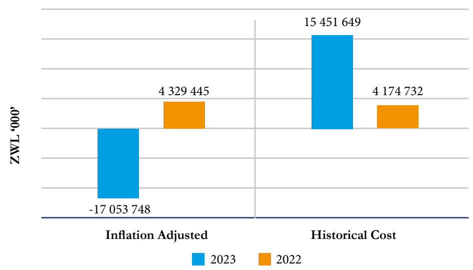
## PERFORMANCE HIGHLIGHTS

### FINANCIAL HIGHLIGHTS

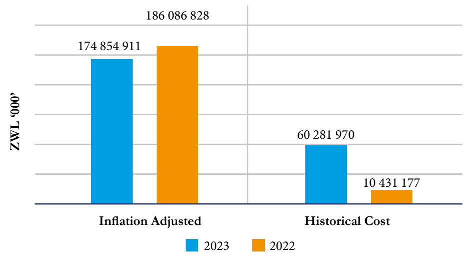
REVENUE



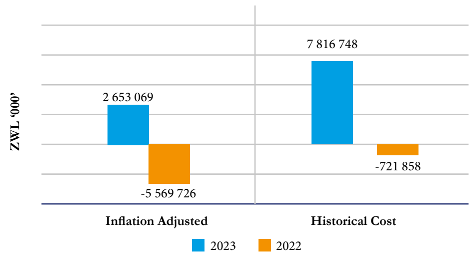

PROFIT FOR THE YEAR




TOTAL ASSETS




NET CASH FLOW FROM OPERATING ACTIVITIES




### SHARE PERFORMANCE

| | INFLATION ADJUSTED | | HISTORICAL | |
|---|---|---|---|---|
| | 30 Sep 2023 | 30 Sep 2022 | 30 Sep 2023 | 30 Sep 2022 |
| | ZWL | ZWL | ZWL | ZWL |
| Share Price | 913 | 85 | 913 | 85 |
| Basic and Diluted Earnings Per Share (ZWL cents) | (6 532) | 1 658 | 5 919 | 1 599 |

### SUSTAINABILITY PERFORMANCE

| | 2023 | 2022 |
|---|---|---|
| Tax Payments (ZWL) (Historical cost) | 5 752 569 000 | 908 354 000 |
| Electricity (kWh) | 7 693 471 | 6 685 189 |
| Water Usage ($m^3$) | 2 026 200 | 2 097 243 |
| Staff Compliment (head count) | 4 586 | 4 890 |

## STRATEGIC REVIEW


### CHAIRMAN'S STATEMENT

It gives me pleasure to present the Chairman's Report for the year ended 30 September 2023.

**Environmental Overview**

The operating environment was characterized by exchange rate volatility, which increased upward inflationary pressures and coupled with frequent electricity outages resulted in high production costs. This effect, combined with climatic changes particularly, extreme temperature fluctuations, hailstorms and erratic rainfall which affected yields, further weighed down performance during the financial year. Notwithstanding the operating environment challenges, the company remains focused on its value-addition prospects and cost management strategy.

**Key upcoming developments**

The Company will reach a hundred years of existence in the year 2024. This is a milestone achievement for the Company and its stakeholders. At this important juncture we will not only celebrate the growth and resilience of the business over the years, but also reposition the iconic brands within our stable.

**Financial Performance**

Commentary on financial performance is based on the inflation-adjusted figures with historical cost figures referred to enhance comprehension and analysis.

Revenue for the year of ZWL128.99 billion grew by 42% from the prior year of ZWL90.77 billion. In historical cost terms, a 678% growth from ZWL7.35 billion to ZWL57.24 billion was achieved.

The Company suffered an inflation-adjusted loss after tax of ZWL17.05 billion compared with a profit after tax of ZWL4.33 billion in the previous year. In historical cost terms, the profit after tax of ZWL15.45 billion grew by 270% over ZWL4.17 billion in the previous year.

**Review of operations**

*Agriculture*

**Bulk tea**

The late onset of the rain and its relatively uneven distribution led to a decline in bulk tea production. The volume of 7 894 tonnes was 9% below 8 670 tonnes produced in the prior season. In turn, following the production trend, bulk tea exports of 6 238 tonnes were 12% below the previous year of 7 125 tonnes. The export average selling price increased slightly to USD1.44 per kg from the prior season's average selling price of USD1.42 per kg.

**Avocado**

As a result of the biennial bearing phenomenon coupled with the impact of the extensive pruning carried out on 55 hectares of mature trees to rejuvenate them, avocado exports of 2 148 tonnes were 50% below the prior year of 4 321 tonnes.

The average export price remained at 44 US cents per kg, as achieved in the prior year. Forty-four additional hectares of avocado plantation were established during the financial year, bringing the total hectarage under avocado to 541 hectares.

# STRATEGIC REVIEW (continued)

## CHAIRMAN'S STATEMENT (continued)

### Review of operations (continued)

**Macadamia**

The Company exported 1 551 tonnes of macadamia (nut-in-shell) compared to 621 tonnes sold in the prior year. The unsold balance of 350 tonnes from the preceding year's stocks was exported during the financial year. The impact of the shift in market preference, from nut-in-shell to kernel, was evident as the prices realized declined by 41% to USD1.93 from USD3.26 per kg realized in the prior year.

The company strategy is to invest in value addition options to mitigate primary produce price fluctuations and to diversify markets into Europe and America.

**Coffee**

Coffee production of 87 tonnes was 28% above the 68 tonnes achieved in the prior season. The current year's crop will be sold in the ensuing financial year.

**Beverage**

The decline in packed tea sales volumes of 6% from 1 994 tonnes achieved in the prior year to 1 873 tonnes sold in this financial year was mainly due to logistical global challenges in sourcing inputs. Plans are in place to clear unfulfilled orders, which will see volumes of our brands growing as we go into the coming year.

In response to discernable consumer appetites for healthy lifestyles, the company continues supplying herbal infusions to support our customers' expressed demand. Research is ongoing to broaden this range of products by bringing in flavored herbal infusions.

To hedge against local currency inflationary pressures and devaluation, the percentage of domestic sales made in United States Dollars has been pushed up to 70% from less than 2% in the previous year.

**Sustainable business priorities**

The Company remains committed to its sustainability agenda with increased activities in environmental stewardship, optimal resource utilization, out-grower scheme oversight, and community involvement.

In pursuit of quality management systems, the Company has retained its accreditation to various certifications that demand attention to sustainable business practices.

**Outlook**

The predicted El Nino is not expected to significantly impact avocado and macadamia yields as the Company is invested in dams, reservoirs, and high-technology precision irrigation to mitigate the impact of a drought. Yields of avocado and macadamia are expected to increase with enhanced maturity profiling of plantations over the next three to five years.

The demand for our products remains relatively strong despite the impact of complex macro-economic factors on the local and regional markets. The growth strategy is to diversify the regional market further. The confidence from our customers and their support, including the value addition projects in the pipeline for our plantation crops, will increase profitability mainly as management focuses on efficiency in managing costs.

**Dividend**

The Board has recommended not to declare a dividend following the depressed performance of macadamia and avocado crops during the financial year.

**Directorate**

The Board welcomed Mr Bruce Hendrik Henderson, appointed as an Independent Non-Executive Director of the Company, effective 1 June 2023.

**Appreciation**

I would like to extend my appreciation to our customers and suppliers for their continued support and to our shareholders, other stakeholders, including regulatory authorities, for their assistance and guidance. I would also like to extend my gratitude and appreciation to fellow Board members, management and staff for their dedication and commitment to sustaining the business in challenging times.

**H. NKALA**
**Chairman**
**26 January 2024**

## STRATEGIC REVIEW (continued)

### OVERVIEW OF OPERATIONS

Tanganda Tea Company Limited is an agro-manufacturing concern, incorporated in Zimbabwe. Tanganda is the largest packer and distributor of tea in Zimbabwe. The ensuing year 2024 marks the Company's hundred years in existence after the first commercial tea was planted at New Year's Gift Estate in 1924. To date, Tanganda has developed the largest hectarage of macadamia and avocado plantations to become the single largest producer of both crops in Zimbabwe. Other business ventures carried out by the Company include coffee production, timber growing, spring water bottling and livestock rearing.

The Company comprises of three main operating divisions; the Agriculture, the Beverage and the Corporate and Administration divisions.

The Corporate and Administration Division is responsible for the administration of finance, human resources, information technology and logistics among other support services given to the Agriculture and Beverage divisions.

**Agriculture Division**

The Agriculture Division is based in the Chipinge District of Eastern Zimbabwe and consists of five estates namely Ratelshoek, Jersey, Tingamira, Zona and New Year's Gift. Estates are intercropped with tea, coffee, macadamia and avocados. Timber is grown on the estates for firewood consumption. Tea and coffee are processed in bulk form for sale either on the international market or to the Beverage division for further processing. Macadamia nuts and avocados are primarily exported. The Division has an active out-grower scheme supporting tea farmers covering about 1 000 hectares of land.

**Tea**

Tea is grown on 2 106 hectares, across four of the estates. Each estate has its own factory to process green leaf into bulk made tea. Ratelshoek is the largest tea plantation with 808 hectares, followed by Jersey with 604 hectares. While Zona has a relatively small hectarage of 420 hectares, it is extremely high yielding, achieving a world record yield of 5 428 kilograms per hectare in the 2002/03 season. Tingamira has 274 hectares of predominantly high value clonal teas. Tea production which is largely affected by climatic conditions was impacted on by the late onset and relatively uneven distribution of rain resulting in a 9% decline in production volumes from 8 670 tonnes achieved prior season to 7 894 tonnes produced to September 2023. The effective rainfall stopped at the end of March 2023 resulting in a very dry remaining season.

| Rainfall Distribution 2022/23 | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ratelshoek | 1% | 18% | 11% | 10% | 31% | 16% | 6% | 1% | 0% | 2% | 1% | 2% |
| Jersey | 2% | 22% | 10% | 12% | 27% | 15% | 2% | - | 1% | 4% | 2% | 4% |
| Zona | 2% | 20% | 14% | 13% | 25% | 17% | 2% | 0% | 1% | 3% | 1% | 3% |
| Petronella | 1% | 18% | 10% | 15% | 28% | 18% | 4% | 1% | - | 2% | 1% | 2% |
| Avontuur | 1% | 17% | 12% | 16% | 24% | 18% | 6% | 1% | - | 2% | 1% | 2% |

On the positive, there was an 8% increase in the production of primary grade teas compared to the previous years. Our development into more mechanized forms of harvesting has improved quality of leaf cut and reduced the pressure on the workforce.

## STRATEGIC REVIEW (continued)

**OVERVIEW OF OPERATIONS (continued)**

**Tea (continued)**

Bulk tea export volumes of 6 238 tonnes achieved to 30 September 2023, in turn, followed the production curve and registered a 12% decline from 7 125 tonnes achieved in the prior year. The average export price firmed slightly to USD1.44 per kilogram from USD1.42 per kilogram. The balance of production was processed and packed for final consumption in Zimbabwe and regional export markets.

**Macadamia**

The total hectares under macadamia plantations is 894 hectares with 18 hectares developed during the financial year. The total hectares are split between 876 hectares planted on own estates and 18 hectares on a third-party farm on a joint venture arrangement. 786 hectares of the 894 hectares were mature as of reporting date and the average age of the plantation is nine years. Macadamia trees have a 40-year economic life.

Macadamia production declined from 1 076 tonnes in 2022 to 921 tonnes in 2023. While macadamia plantations are under precision irrigation systems, the excessive heat and the prolonged period of heat experienced in October to December 2022 resulted in a nut drop. Exports of nut in shell of 1 551 tonnes were achieved during the financial year including preceding year stock. The impact of the shift in market preference from nut in shell to kernel was evident from the progressive price decline in the primary product. Global prices of nuts declined from an average of USD5.12 per kilogram achieved in 2021 to USD3.26 per kilogram in 2022 and USD1.92 per kilogram in the current year. To mitigate these developments, the Company's strategy is to invest in value addition which will facilitate market diversification.

## STRATEGIC REVIEW (continued)

**OVERVIEW OF OPERATIONS (continued)**

**Avocados**

Avocados are grown under 541 hectares on Ratelshoek and Tingamira estates with 44 hectares planted during the year. Avocado trees have a 30-year economic life span and the average years for the plantations is nine years. An additional 59 hectares will be planted in the ensuing year to cap off the total hectarage at 600 hectares. As of September 2023, 405 hectares were mature plantations while the balance of 136 hectares were immature. Production in the year of 2 148 tonnes which was 50% lower than 4 321 tonnes produced prior season was impacted by the biennial bearing phenomenon coupled with extensive pruning intended to rejuvenate the trees. The trees are expected to produce improved yields in the coming year as they come out of biennial phenomenon. While export prices remained volatile, 44 US cents per kilogram achieved was in line with prior year prices. The crop's certification to several accreditations (Rainforest Alliance, HACCP, SMETA, GlobalGAP, Albert Heijn, Tesco Nurtures) and the soon to be added Linking Environment and Farming (LEAF) continues to give assurance of a production cycle that is ethical, safe and sustainable. The Company strategy is to invest in value addition on the 25-30% non-European Union/United Kingdom exportable fruit through the local affiliate associations (the Zimbabwe Avocado Growers Association and the Horticultural Development Council), and also in partnership with the exporting agent, the Company is exploring market diversification into Asian markets. This will allow maximization of exports in the early parts of the harvesting season.

**Coffee**

Zimbabwe coffee production has been on the decline with efforts to resuscitate production being one of the government's agenda. Jersey estate, where the Company coffee is grown has Zimnbabwe's largest hectrage under coffee of 125 hectares, of which 58 hectares was established on a joint venture at a third-party farm. Price of coffee which is primarily exported under the Nespresso contract remained stable at an average price of USD6.56 per kilogramme.

# STRATEGIC REVIEW (continued)

**OVERVIEW OF OPERATIONS (continued)**

**Beverage**

The Beverage Division is focused on creating and developing brands mainly from but not limited to the primary agricultural products. The division consists of the blending and packaging plant in Mutare, with sales and distribution depots in Harare, Bulawayo, Gweru and Mutare. The Blending division adds value to tea from our estates as various blends of tea are created from mixing different tea grades to establish a new tea profile for the satisfaction of the market. The four distribution depots ensure that the company covers all the regionalised local market deliveries efficiently and effectively. In order to enhance effective market coverage, each depot has an efficient staff compliment and vehicles to serve the market including a continuously trained staff compliment of sales and merchandising team who engage in personal selling as well as public relations in the market. This structure necessitates effective communication with customers and consumers, driving the core value of customer focus and centricity. The sales team always acts as the broader market intelligence team giving feedback to management to take appropriate decisions.

The company sells packed teas in regional markets through different agencies. The appointment of agencies in these markets helps to ensure that each unique market is serviced through entities with specific unique market knowledge. This partly contributed to the growth in export market volumes in the past financial year and the coming financial year is already showing signs of sustained export growth.

The division is certified to ISO 9001:2015 and is regularly audited including by a third party. Audits carried out throughout the division in the financial year under review resulted in the division retaining its certification to ISO 9001:2015 Quality Management System. In addition to the quality management system the division is also certified to the ISO 22000:2018 Food Safety System Certification. This standard certification endorses the food safety culture within the organisation. Tanganda's certification to this standard is audited by the accredited DQS South Africa whose headquarters is in Germany. Consumers can always trust that the Tanganda system is planned to consistently deliver safe, reliable and trusted products all the time. The division is currently in the process of migrating to the version 6.0 which will become mandatory from April 2024. Such is the commitment to consumer food safety and health that the company believes in and is invested in.

The division always reviews its processes and renews its ability and capability to supply the market through upgrading its technology, upskilling itself technically, revamping its distribution and selling fleet as well as connecting with consumers, stakeholders and the market. During the financial year, the division managed to revamp its distribution and selling fleet which will lead to both improved product supply as well as promote efficient customer service.

Major brands are Tanganda, Stella, Silver, Joko, Special Blend Teabags, Tanganda Tips, Fresh Leaves, Healthi Green, Natra Fresh, Nella, High Country Coffee, tinga mira mineral water, Moringa, Zumbani, Makoni, Resurrection and Rosella herbal infusions.


Tanganda partners with local communities in harnessing of local natural flora for the benefit of modern consumers. The communities benefit from Tanganda's purchase of the various herbal infusions as well as quality management systems monitoring, and evaluation. The benefits of these infusions have been known and passed on from generation to generation. Indeed, before the advent of modern-day pharmaceutical industries these have been the bulwark of human health! Tanganda brings these to modern consumers in trusted measured and convenient well researched ways in liaison with communities.

Research carried out in this market as well as other markets across the world has shown that consumers are getting more and more health conscious. The Company, as the leading tea supplier in the market and in response to discernable consumer appetites preferring healthy lifestyles and health related beverages, continues supplying herbal infusions. Research is ongoing to broaden this range by bringing in flavoured herbal infusions.

## STRATEGIC REVIEW (continued)

### OVERVIEW OF OPERATIONS (continued)

**Beverage (continued)**

Demand for packed tea in the local market continues to be strong. 1 873 tonnes sold in the current financial year was 6% behind prior year's 1 994 tonnes. Order books for packed tea remain strong. Delays in supplying due to distributive and other logistical challenges contributed to the variance in supply between prior year and current year for the black tea segment. The company remain committed to supply and support the brands which have been accepted by the majority of Zimbabweans. The key focus as we move into the coming financial year is to ensure that there is consistence of supply of product into the local market.

To hedge against local currency inflationary pressures and devaluation, the percentage of domestic sales made in United States Dollars increased to beyond 65% from less than 2% in the previous year.

Over the financial period, packed tea volumes into the regional market recorded a 2% growth from 343 tonnes in the prior year to 350 tonnes. This growth in export sales comes following another 57% growth in the previous year from an initial 218 tonnes. This growth is in line with the strategic thrust to grow exports as a way of increasing capacity utilization and growing shareholder value by value adding our primary processed tea. There are indications that going forward exports will continue to increase especially into Africa north of the Limpopo. Regional growth will help in hedging against local inflation and will also broaden our customer base hence diversifying the risk should any of the markets face liquidity challenges.


**tinga mira water**

Demand for the tinga mira water remains strong on the market. Sales volumes declined by close to 50% as a result of constrained product supply due to cashflow prioritization and challenges encountered in the bottling line. As the Company works to address packaging materials supply as well as upgrading the water bottling plant capacity, sales volumes will increase. Consumers can trust the brand and the future. The water brand tinga mira indeed remains positioned as the trusted source of pristine clean water with a unique taste all the way from Chipinge serving discerning consumers across the country. The bottle for tinga mira is unique with the Tanganda name proudly embossed, endorsing the trusted water targeted for those who have high esteem of their own bodies and worth. It resonates with the assertion and promise of the brand that "your body is a temple" and therefore only drink from a trusted source. No other water to our knowledge has the same geographical origin and claim. Tanganda therefore prides itself in providing this dependable brand to consumers as a matter of respect to those who are particular about what goes inside their own bodies. It is a statement of intent and therefore only those who are intentional about their life and what and who they associate with will be the target market. Yet in its uniqueness it invites all consumers to aspire for that higher notch living!

*"Your body is a temple – drink from a trusted source"*

# CORPORATE GOVERNANCE

Tanganda is committed to the highest standards of corporate governance which is one of the critical pillars which defines how we remain focused on the founding history of the business. The Directors, executives and managers recognise the need to conduct the affairs of the Company with principles of transparency, integrity, accountability and in accordance with generally accepted corporate practices, in the interests of its stakeholders. The Company is governed through its Articles of Association and continues to review and align its corporate governance practices to satisfy the requirements of the Companies and Other Business Entities Act [Chapter 24:31], SI134 of 2019 – Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019, and the National Code of Corporate Governance in Zimbabwe (ZIMCODE).

**Board Responsibility**

The Board of Directors primary responsibility is to discharge its fiduciary responsibility to the shareholders and the Company. The Board is accordingly responsible for setting the overall strategic direction, determining risk tolerance levels and key policies to ensure sustainable business operation. The Board approves the Company budgets, major capital projects, financial reports and plays a pivotal role in managing strategic stakeholder relations. Additionally, the Board is responsible for all matters of corporate governance and statutory compliance adherence. The Board meets at least quarterly to monitor the performance of the Company and to deliberate on the strategic direction of its operations.

**Board Composition**

The Company continues to align the Board composition with its Articles of Association, Companies and Other Business Entities Act (COBE), Zimbabwe Stock Exchange (ZSE) Listing requirements and best practice. The Board currently comprise of three Executive Directors and seven Independent Non-Executive Directors. Non-Executive Directors are from diverse professions and bring a significant amount of experience to guide the executive management team. The Chairman of the Board is an Independent Non-Executive Director.

**Board Appointments**

Mr Bruce Hendrik Henderson was appointed an Independent Non-Executive Director of the Company, effective 1 June 2023. Bruce is a Chartered Accountant (SA) with vast experience accumulated over various sectors of the economy which include finance, energy, FMCG, retail and manufacturing. Bruce started his career in audit and assurance with Ernst and Young South Africa. He worked for Clifford Chance and Deutsche Bank UK. He joined IDC Investment, South Africa in 2002 where he was seconded as Chief Executive Officer of the Investee Company for a period of nine years. Bruce moved back to Zimbabwe and continued his career as Chief Finance Officer of Zuva Petroleum from 2011 to 2014. He established the Willowton Group Zimbabwe as Chief Executive Officer in 2015 and was at the helm of the Company for seven years to 2022.

**Board Committees**

Summarised below is the Board structure and the members of the various Board committees and their responsibilities. All Board committees except for the nomination committee which meets at least once a year, meet at least quarterly. The committees comprise of Non-Executive Directors with executive and other management attending by invitation.

| COMMITTEE | MEMBERS | RESPONSIBILITIES |
|---|---|---|
| **Audit and Finance** | **Ms R.A. Maunze (Chairperson)**<br>Mr. L.T. Gwata<br>Mr. S.J. Hammond<br>Mr M.J.S. Moxon | The Audit and Finance Commitee reviews the Company's financial statements before submission to the Board for approval. Its objectives are to ensure that the Board is advised on all matters relating to corporate governance and the creation and maintenance of effective internal controls, as well as advising the Board and management on measures which ensure that respect for both regulatory issues and internal controls is demonstrated and stimulated. Accordingly, it reviews the effectiveness of the internal audit function, its programme and reports. It reviews all reports from the external auditors on accounting and internal control matters, and monitors action taken where necessary. The Committee also recommends the appointment of and fees for external auditors. The internal and external auditors attend these meetings by invitation. |
| **Risk** | **Mr. S.J. Hammond (Chairperson)**<br>Mr. B. H Henderson<br>Mr. L.T. Gwata<br>Ms R.A. Maunze | The Risk Committee has, responsibility for the oversight of the Company's risk management framework including related policies and procedures. |
| **Human Resources & Remuneration** | **Mr S.P. Cranswick (Chairperson)**<br>Mr H. Nkala<br>Mr. S.J. Hammond<br>Mr M.J.S. Moxon | The committee's responsibility includes reviewing the organisational structure in line with the Company's strategy and makes recommendation to the Board. It also determines the Company's policy on the remuneration of executive directors and senior executives. |
| **Nomination** | **Mr. H. Nkala (Chairperson)**<br>Mr. S.P. Cranswick<br>Mr. S.J. Hammond | The Nomination Committee meets at least once a year. The committee's main focus is to consider the composition and structure of the Board and its committees. It has a mandate to recommend candidates to serve on the Board based on requirements, skills, experience, and diversity required for conducting the business of the Board. |

**Directors declaration of interests**

In line with the Company's Articles of Association and the Companies and Other Business Entities Act (24:31), Directors are required to declare their beneficial interest in the company. The beneficial interests of the Directors for the year are presented in note 16.2 of the Company financial statements. During the year under review, no Director had any material interests which could cause significant conflict of interest with the Company's objectives.

## CORPORATE GOVERNANCE (continued)

**Share Dealings**

Directors, officers, or employees of the Company are not permitted to deal directly or indirectly in the Company shares during closed periods or based on unpublished price-sensitive information regarding its business or affairs. Closed periods are the periods from the end of the interim and annual reporting periods to the announcement of the financial and operating results for the respective periods and while the Company is under a cautionary announcement.

**Stakeholder communication with the Board**

The Company allows stakeholders to engage directly with the Board through various channels which include the Annual General Meetings (AGMs), Trading Updates and other meetings.

**DIRECTORATE**


**HERBERT NKALA**
**Chairman**

Herbert Nkala is a Businessman and a Marketing Consultant with many local and international assignments. Herbert is a holder of a Bachelor of Science Honours Degree from the University of Wales (U.K.) and a Master of Business Administration Degree from the University of Zimbabwe. His leadership career in the corporate world began as a Technical Executive with Dairibord Zimbabwe and he subsequently became the Marketing Director for the same company. Later he joined Delta Beverages as Marketing Director for National Breweries of Zimbabwe. He continued his leadership growth as Chief Executive Officer and led the transformation of the then Zimbabwe Tourism Investment Company to Rainbow Tourism Group Limited, culminating in its listing on the Zimbabwe Stock Exchange (ZSE) with Accor of France as the anchor shareholder.

Herbert is currently the Chairman of the boards of FBC Holdings Limited and OK Zimbabwe Limited, both of which are listed on the Zimbabwe Stock Exchange (ZSE). He is a Director of Arena Investments and a former chairman of African Sun Limited, Industrial Development Corporation (IDC), Astra Holdings amongst many other Public and Private entities. He is also a trustee of the Joshua Mqabuko Nkomo Foundation.

## CORPORATE GOVERNANCE (continued)

**DIRECTORATE (continued)**


**TIMOTHY J.G. FENNELL**
**Chief Executive Officer**

Timothy is a highly trained and experienced farmer and business leader, with a passion for developing people and Zimbabwean agriculture. A product of Peterhouse, Timothy received tertiary education in Zimbabwe and South Africa. His father was instrumental in establishing the coffee research and the coffee mill in Chipinge and Mutare, and Timothy established his own farming operations in the Chipinge area growing macadamia nuts and coffee.

Timothy was involved in consultancy work in various parts of the world and helped Tanganda establish its macadamia and avocado project initially as a consultant and then in a managerial role. He has led the transformation of Tanganda from a single crop tea company to a diversified entity. He was also instrumental in transforming the beverage division tea packaging by bringing in world class packaging machinery from Germany and Italy.


**HENRY NEMAIRE**
**Finance Director**

Henry is a Chartered Certified Accountant and a registered public accountant who served his articles with Deloitte and Touche. He is also a holder of a Bachelor of Accountancy (Honours) Degree from the University of Zimbabwe and a Master of Professional Accountancy from the University of London. Prior to joining Tanganda, Henry worked at the Lonrho Agribusiness Unit, The Wattle Company and Manica Board & Doors both involved in exports of processed forestry products.

Henry has lectured Tax Law & Practice at Africa University and Zimbabwe Open University and is a non-executive director of listed Fidelity Life Assurance Company of Zimbabwe and a Trustee of the Development Trust of Zimbabwe.


**KWIRIRAI CHIGERWE**
**Beverages And Marketing Director**

Kwirirai holds a Bachelor of Science Honours Degree in Agricultural Engineering from the University of Zimbabwe, Masters in Food Processing Systems Technology, Masters in Business Administration, Masters in Leadership and Management, all three from the University of Zimbabwe. He also holds various quality management systems certifications.

Kwirirai joined Tanganda as a Factory Manager in January 2002 and rose through the ranks to Director of Beverages & Marketing, where he has overseen the development of a diversified product range and modernisation of production. Prior to joining Tanganda, Kwirirai was involved in quality systems management as well as research and development in the engineering sector.

## CORPORATE GOVERNANCE (continued)

**DIRECTORATE (continued)**


**STEWART P. CRANSWICK**
**Non-Executive Director**

Stewart had a distinguished career as a stockbroker in Johannesburg. He brings a wealth of business insights having significant experience in a wide range of industries from travel and tourism to property and farming in various countries for over 21 years, including operating a successful hotel business in Africa and Australia. He is an executive Director of Landela Safaris Private Limited and a non-executive director of Meikles Limited. He was previously a director of African Sun Limited.


**RUFARO A. MAUNZE**
**Non-Executive Director**

Rufaro is a leadership coach, seasoned business leader, finance expert and executive management consultant with experience working in Zimbabwe, Australia, and several countries across Africa focusing on leadership development, inclusive finance, strategic operations, change management, and socio-economic development. She holds both a Specialised Masters' in Coaching & Consulting for Change from HEC Paris & Oxford SAID Business Schools and a Masters' in Development Finance from Stellenbosch Business School and is also a qualified Chartered Accountant. She also holds a Certificate in Impact Investing from Oxford SAID Business School.

Rufaro started her career in Assurance & Audit with Deloitte and worked for several global offices before moving into the Australian banking sector where she held various leadership roles. She has also held National and Regional leadership roles for international development organisations including TechnoServe and Financial Sector Deepening Africa (FSDA) focusing on entrepreneurship, inclusive finance, social enterprise and agriculture for the rural poor, women and youth. Rufaro is a Non-Executive Director for OK Zimbabwe Limited, and is the Chairperson of Imara Fiduciary (Private) Limited.


**LIVINGSTONE T. GWATA**
**Non-Executive Director**

Livingstone is a holder of a Bachelor of Administration from the University of Zimbabwe and has thirty-seven years of regional and international banking experience, spanning all facets of Corporate, Retail and Merchant banking. He held various executive director positions within the Standard Chartered group in Zimbabwe, Europe, the Far East and several African countries. In 1998, Livingstone joined First Banking Corporation Limited as Managing Director and steered the privately-owned bank to a profitable public listed diversified financial services group, FBC Holdings Limited, from where he retired as Chief Executive Officer in 2011.

Livingstone was appointed to the board of ABC Holdings Limited, in September 2015, and became Chairman in December 2018. Livingstone was appointed as Chairman of Fidelity Assurance Company of Zimbabwe in 2022. He has held directorships and leadership positions in several Zimbabwean and multinational companies, including founder Chairmanship of the Rainbow Tourism Group Limited and University of Zimbabwe Council, Vice Chairman of MasterCard International Limited, Middle East and Africa and President of the Institute of Bankers of Zimbabwe. He was the Chairman of the Securities and Exchange Commission of Zimbabwe until April 2021 and is currently the Chairman of the Zimbabwe Open Golf Committee.

## CORPORATE GOVERNANCE (continued)

**DIRECTORATE (continued)**


**SIMON J. HAMMOND**
**Non-Executive Director**

Simon is a Chartered Accountant and seasoned business leader. He joined the Old Mutual Company in 1999 and served in various positions including Company Finance Director for Zimbabwe, Chief Operating Officer for Old Mutual Africa and Managing Director for CABS, a position he held until retirement in March 2020. Prior to joining Old Mutual, Simon was a Partner at KPMG Zimbabwe from 1989 to 1999 and is a past President of the Institute of Chartered Accountants ("ICAZ").

Simon has held various positions of responsibility for ICAZ, is a past director of Delta Corporation Limited and is the Chairman of the Executive Committee of Peterhouse Group of Schools. He is a Non-Executive Director of Old Mutual Investment Group Zimbabwe, Border Timbers Limited, Meikles Limited, Zimswitch Holdings (Pvt) Ltd and Zimswitch Technologies (Pvt) Ltd.


**BRUCE H. HENDERSON**
**Non-Executive Director**

Bruce is a Chartered Accountant (SA) with vast experience accumulated over various sectors of the economy which include finance, energy, FMCG, retail and manufacturing. Bruce started his career in audit and assurance with Ernst and Young South Africa. He worked for Clifford Chance and Deutsche Bank UK. He joined IDC Investment, South Africa in 2002 where he was seconded as Chief Executive Officer of the Investee Company for a period of nine years. Bruce moved back to Zimbabwe and continued his career as Chief Finance Officer of Zuva Petroleum from 2011 to 2014.

He established the Willowton Group Zimbabwe as Chief Executive Officer in 2015 and was at the helm of the Company for seven years to 2022. Bruce is currently a Non-Executive Director for Dairibord Holdings Limited, Electrosales-Powerspeed and Truworths Limited.


**MATTHEW J.S. MOXON**
**Non-Executive Director**

Matthew is a holder of a Bachelor of Arts Degree from Stellenbosch University and a Bachelor of Laws from the University of Cape Town. He joined Shoprite Checkers (Proprietary) Limited in their Management Training programme and after a stint in project management and operations within their Mozambique Division. He joined Meikles Limited in 2017.

Matthew is the Managing Director of Thomas Meikle Properties. He is also a Director of Meikles Limited and TM Pick n Pay.

Matthew is currently a Masters in Business Administration candidate with UCT Graduate School of Business.

## CORPORATE GOVERNANCE (continued)

### MEETING ATTENDANCE

| DIRECTOR | Board (4 Meetings) | Audit Committee (4 Meetings) | Risk Committee (4 Meetings) | Remuneration Committee (4 Meetings) | Nomination Committee (1 Meeting) |
|---|---|---|---|---|---|
| H. Nkala | 4 | - | - | 4 | 1 |
| R.A. Maunze | 4 | 4 | 4 | - | - |
| S.P. Cranswick** | 4 | - | 3 | 3 | 1 |
| L.T. Gwata | 4 | 4 | 4 | - | - |
| S.J. Hammond | 4 | 4 | 4 | 4 | 1 |
| B.H. Henderson*** | 2 | - | 2 | - | - |
| M.J.S. Moxon | 4 | 4 | - | 4 | - |
| T.J.G. Fennell* | 4 | 4 | 4 | 4 | 1 |
| H. Nemaire* | 4 | 4 | 4 | 4 | - |
| K. Chigerwe* | 4 | 4 | 4 | 4 | - |

* Messers T. J. G Fennell, H. Nemaire and K. Chigerwe as executives attend committee meetings as ex-officios

** Attended 3 meetings but is no longer member of the Risk committee

*** Joined the committee on 9 August 2023

### SENIOR MANAGEMENT


**SHARON N. KODZANAI**
**Company Secretary**

Sharon is an Associate of the Chartered Governance and Accountancy Institute in Zimbabwe (CGIZ) and is a certified Professional Director accredited by the Governance Solutions Inc, Canada in partnership with the Institute of Corporate Directors (Zimbabwe). She is member of the Public Accountancy and Auditors Board and holds a Master in Business Administration from the University of Gloucestershire and a Bachelor of Commerce Honours Degree in Accounting from Great Zimbabwe University.

Sharon has in excess of twenty years' experience in Finance and administration. Since joining Tanganda in 2005, she held various accounting and management positions. Prior to joining Tanganda, Sharon worked for a horticultural Export Processing Zone registered enterprise, Kondozi Estate, and also worked in the hospitality industry at Leopard Rock Hotel.


**MICHAEL A. SAYWOOD**
**General Manager - Agriculture**

Michael grew up in an agricultural environment in Mashonaland province and attended Peterhouse School. He obtained a National Diploma in Mechanical Engineering from Cape Technikon South Africa. His experience includes production engineering and ISO 9001 Quality Management Certification in manufacturing in Canada, large scale agricultural production as General Manager of over 3000 hectares of tobacco, maize and timber with Universal Tobacco in Malawi. Prior to joining Tanganda he worked for Forrester Estates in Mvurwi and has had significant experience in managing tobacco, horticultural and row cropping programs. He joined Tanganda in 2018 as Group Engineer. In 2020 was promoted to Agriculture Manager assigned to oversee coffee and macadamia production, a position he held until being promoted to General Manager in February 2024.

Tony is a broad skilled manager with exposure in sales, marketing, security and risk management.


**TINASHE KAISA**
**Human Resources Executive**

Tinashe is a seasoned Human Resources professional who started his Human Resources career in 2009. He worked as a Personnel Officer for Tanganda Tea Company before leaving in 2019. Prior to rejoining Tanganda in February 2024, he worked for Irvines Zimbabwe as a Human Resources Manager. Tinashe holds BSc Honors Degree in Human Resources Management from Midlands State University and a Diploma in Industrial Relations (IPMZ).

Tinashe is currently studying a Master's Degree in Strategic Management with Chinhoyi University.

# CORPORATE GOVERNANCE (continued)

## EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

| | |
|---|---|
| Mr. Timothy James Graham Fennell | Chief Executive Officer |
| Mr. Henry Nemaire | Finance Director |
| Mr. Kwirirai Chigerwe | Beverages and Marketing Director |
| Mrs. Sharon Nyasha Kodzanai | Company Secretary |
| Mr. Michael Antony Saywood | General Manager - Agriculture (Appointed 1 February 2024) |
| Mr. Tinashe Kaisa | Human Resources Executive (Appointed 1 February 2024) |
| Mr. Samson Kandoko | Finance Manager |
| Mr. Lincoln Mushiwokufa | Agriculture Manager - Avocado |
| Mr. William Stanley | Agriculture Manager - Tea |
| Mr. Farai Garayi | Beverage and Marketing Operations Manager |
| Mr. Julius Guni | Estates Administration Manager |
| Mr. Sherrington Hlathswayo | Senior Estate Manager |
| Mr. Hillary Kufakunesu | Internal Audit Manager |
| Mrs. Thulani Masimba | Information Technology Manager |
| Mr. Tonderai Mukwehwa | Procurement Manager |
| Mr. Alison Tongoona | Factory Manager - Beverage Division |
| Mr. David Rogers | Group Engineer |
| Mr. Tonderai Chitungo | Training and Compliance Manager |

## BUSINESS ETHICS, COMPLIANCE & RISK MANAGEMENT

### Business Ethics

The Company believes in strong business values which demonstrate moral practices of being fair, transparent, responsible in all reasonable circumstances and is beyond reproach. Operating our business in an ethical manner is a shared responsibility among directors, management and staff to uphold best practices of ethics to protect its reputation and values. The Company subscribes to a whistle-blower platform which provides a discrete reporting channel for unethical behaviour in the workspace.

### Compliance

The Company complies with all applicable laws and regulations in every jurisdiction of operation. In addition, management takes cognisance of the obligation to comply with both mandatory and voluntary guidelines, standards and regulations governing sectors covering our business. The Company internal audit department carries out audit procedures to help identify instances of non-compliance with laws and regulations that may have a material effect on the operations of the business. During FY2023, the Company complied with provisions of the following instruments:

- The Companies and Other Business Entities Act [Chapter 24:31];
- SI 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019;
- Public Accountants and Auditors Board Pronouncements;
- International Financial Reporting Standards (IFRS); and
- Other applicable laws and regulations.

During FY2023, the Company did not experience material fines for non-compliance with laws and regulations on social and economic norms.

## RISK MANAGEMENT

The Company's Risk Committee provides oversight and guidance to monitor Enterprise Risk Management. The Committee consists of Non-Executive Directors who meet at least quarterly with senior management to review the Company's risk management practices. The Company has a Chief Risk Officer responsible for facilitating risk identification, assessment, prioritisation and monitoring, by making use of formalised risk registers to record identified risks and how they have been assessed in terms of impact and likelihood of occurrence. A high impact, high likelihood risk is prioritised and given more attention. In managing risks, the Company considers risk reduction, risk avoidance, risk sharing as well as risk retention.

### Financial Risk Management

The Company manages its financial risks through capital management, credit management, liquidity management, market risk management, foreign currency risk management, interest rate risk management, insurance cover, budgeting, internal and external audit reviews, employing qualified finance personnel, and reviews by tax experts. More details on financial risk management are contained in note 32 of the Company financial statements.

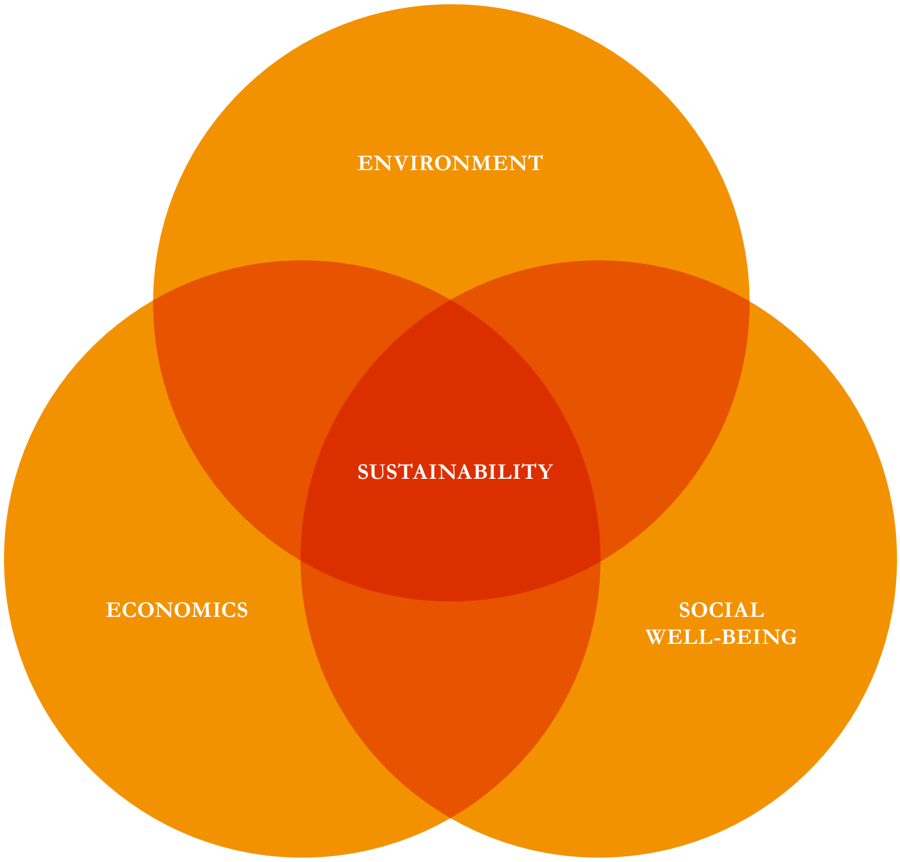
### Sustainability Risk

Our sustainability strategy rests upon minimising negative impacts while maximising business opportunities. The Company has systems and procedures for identifying material economic, environmental, and social risks and opportunities for the business and stakeholders. Sustainability risks are included under the strategy and planning risk category and cover compliance, climate change, community investment, energy management and alternative sourcing, resource scarcity and waste reduction. The Board is responsible for managing sustainability risks and has adopted the Global Reporting Initiatives (GRI) Standards in disclosing the Company's sustainability performance.

# CORPORATE SUSTAINABILITY

Tanganda is committed to its sustainability agenda with increased activities in environmental stewardship, optimal resource utilisation, out-grower oversight and community involvement. The Company's strategic approach recognizes that sustainability is a key driver on long term success of the business and it anchors on reduction and in other instances, eliminating negative impacts whilst maximizing business opportunities therefrom.

This report focuses on the progress made towards achieving goals on various aspects of sustainability that include environmental protection, social and economic development.




Whilst our sustainability strategy is about preventing and minimising negative environmental impacts, it is also about enhancing positive impacts such as improved production methods that result in increasing the wellbeing of employees and other stakeholders. Achieving such milestones ensures committed sustainable relationships between Tanganda its stakeholders.

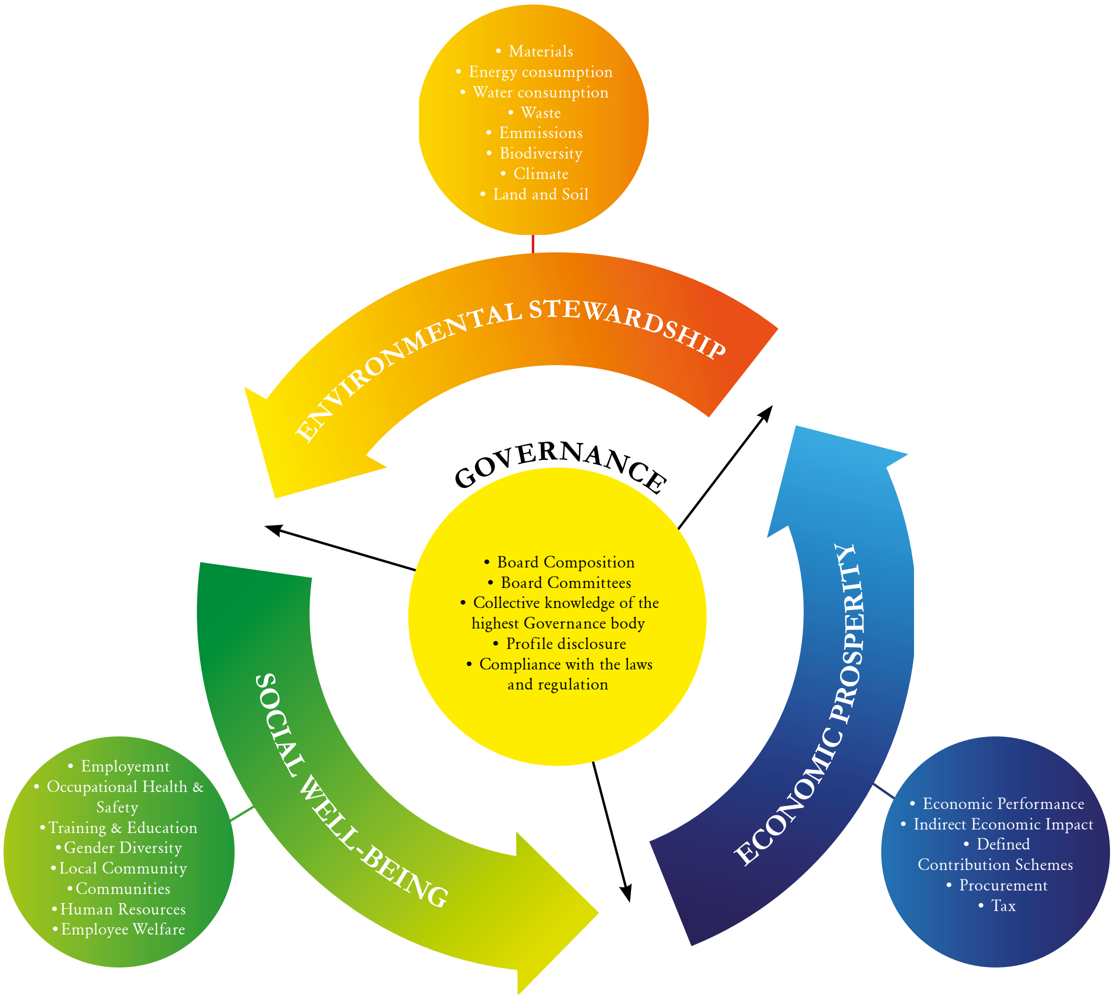
The Company, in pursuit of sustainable agricultural production underpinned by positive social, environmental and economic impact, conforms with the following standards:

- Albert Heijns Certification;
- Global Good Agriculture Practices (GAP) Certification – SANAS South Africa;
- HACCP05: Grading and Packaging Avocados for Export Certification;
- ISO 22000:2018 – Food Safety Management System;
- ISO 9001:2015 – Quality Management Systems;
- ISO/IEC: 17065:2012 – Rainforest Alliance Certification;
- Tesco Minimum Packaging Standards (TMPS) Certification; and
- Standards Association of Zimbabwe (SAZ) Product Mark.

The Company also complies with laws and regulations governing the operations of industries including the Labour Act {28:01} which prohibits child labour, unfair labour practices and allows employees' freedom of association. Continuous engagement with both internal and external stakeholders provides checks and balances in the way we operate, perform and identification of areas of improvement.

## CORPORATE SUSTAINABILITY (continued)

Our approach in this report includes reporting on the attributes as encompassed in the diagram below:




This report was prepared in line with Zimbabwe Stock Exchange Limited Practice Note 16 and Global Reporting Initiative (GRI) standards.

**ENVIRONMENTAL STEWARDSHIP**

Tanganda as an agricultural concern thrives to produce in an environmentally sustainable way with minimal damage and where possible, be restorative to the environment both in surrounding communities and on the farms.

**Conservation of natural forests and biodiversity**


*Manyoka Conservation at Zona Estate*

## CORPORATE SUSTAINABILITY (continued)

**ENVIRONMENTAL STEWARDSHIP (continued)**

**Conservation of natural forests and biodiversity (continued)**

Conservation and conversion of riverine landscapes to natural forests from exotic forests have been a major milestone with restoration of natural habitats and ecosystems. The Company has 2 320 hectares of indeginous forest on its estates whose ecosystems are undisturbed. Hunting and harvesting of firewood in these woodlots is strictly forbidden. Gum plantations on the farms totalling 1 028 hectares are harvested on a rotation basis for both domestic and commercial use by the company and its employees. In compliance with the Environmental Management Agency (EMA) Act and conforming with international standards, Tanganda has not opened any new production areas in established ecosystems that include natural forests and high value conservation areas dotted across estates. Animal corridors on the farms which are used for migration or otherwise have remained unperturbed.

Several animals such as baboons, monkeys, bushbucks, wild pigs, snakes and jackals are among the inhabitants of the indigenous forests within the estates.

In line with GRI 304, the positive impacts of natural forests to the business and stakeholders are as follows:

- Forests reduce pollution by filtering aerosols, dust particles and radioactive substances out of the air,
- They protect soil erosion by preventing landslides thereby conserving water or rivers that flow through them and natural ecosystems that live within the natural forests,
- Conservation of wetlands and groundwater within the natural forests, and
- Provide clean air to the communities whilst reducing carbon dioxide in the atmosphere.

*Beehives on the farms*

The Company set up beehives on avocado and macadamia plantations to encourage pollination. Natural forests in between fields act as apiaries to benefit both our fields and the surrounding communities. A total of 483 beehives have been installed to date with 50% of hives occupied by end of September 2023.

*Guineafowls in Macadamia gardens*

Guineafowls were purposefully introduced in macadamia fields as a natural pest control measure in the ecosystem to manage pests such as stink bugs as they feed on such pests. Stink bugs are a huge threat to macadamia nut quality. The guineafowl population has grown significantly and we plan to nurture, conserve and grow the population. This biological control measure forms part of the Company's Integrated Pest Management that looks at eventual reduction in applying chemicals for pest control.

# CORPORATE SUSTAINABILITY (continued)

**ENVIRONMENTAL STEWARDSHIP (continued)**

**Conservation of natural forests and biodiversity (continued)**

*Perennial basil plants*

Perennial basil was planted on headlands of macadamia fields to attract bees and other beneficial insects. Basil also provide habitat to predators of pests that ordinarily feed on macadamia trees. Therefore, basil stations increase biodiversity on the plantations.

**Materials**

The Company grows tea, macadamia, coffee, avocado, manufactures and bottles tinga mira water. Materials used in production of primary products in line with GRI 301 as follows:

***Non-renewable materials as at 30 September 2023***

| Material | Tonnes |
|---|---:|
| Bulk tea packaging | 179 |
| Avocado | 83 |
| Packed teas | 12 |
| **Total** | **274** |

A total of 274 tonnes of non -renewable materials were used to produce the Company's primary products. All materials were sourced externally.

***Renewable materials as at 30 September 2023***

| Material | Tonnes |
|---|---:|
| Greenleaf | 32 591 |
| Macadamia | 2 880 |
| Avocado | 2 113 |
| Cherry coffee | 620 |
| Water | 1 236 |
| Packing materials | 387 |
| Firewood | 21 039 |
| **Total** | **60 866** |

A total of 60 866 tonnes of renewable raw materials and packing materials were used in the production of our primary products as at 30 September 2023.

## CORPORATE SUSTAINABILITY (continued)

### ENERGY

#### Renewable energy

Tanganda has invested in green energy through installation of three independent battery supported solar energy plants on three of its five estates. Total maximum production capacity of the three plants is 4.4 Megawatt (MW) made up of Ratelshoek estate generating 1.8 MW, Jersey estate 1.4 MW and Tingamira estate 1.2 MW. Our strategy is to grid tie the solar plants to national grid on a net metering arrangement in order to facilitate full utilization of generated power and to reduce cost of power when the company draws from banked units when solar power is not available for use. Solar power has mitigated challenges emanating from inconsistent availability of power from the national grid and has reduced diesel consumed by standby generators.

#### Energy consumption

The company used 1 003 288 litres of diesel and 261 130 litres of petrol during the year. Diesel and petrol are from non-renewal resources. Energy consumed from renewable sources were 21 039 cubic meters of firewood and PV solar 2 396 897kWh. Electricity supplied by Zimbabwe Electricity Transmission & Distribution Company amounting to 7 693 471 kWh was also consumed. Work is underway within the national power utility to set policy to determine and provide the breakdown of power supplied into renewable and non-renewable energy.

| Energy Type | Unit of measure | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Electricity | kWh | 7 693 471 | 6 685 189 | 9 440 832 |
| Solar | kWh | 2 396 897 | 1 936 880 | 271 043 |
| Generator | kWh | 1 430 104 | 801 200 | 398 618 |
| | | **11 520 472** | 9 423 269 | 10 110 493 |

The Company used 22.26% more energy than the previous year.

#### Firewood

| Unit of measure | 2023 | 2022 |
|---|---|---|
| Cubic meters | 21 039 | 29 123 |

Firewood usage was lower than prior year by 27.76% due to lower tea production levels. The Company grows gumtrees on its estate for use in firing boilers.

#### Fuel used

| Generator fuel | 2023 | 2022 | 2021 |
|---|---|---|---|
| **Diesel (litres)** | 413 298 | 276 264 | 352 995 |

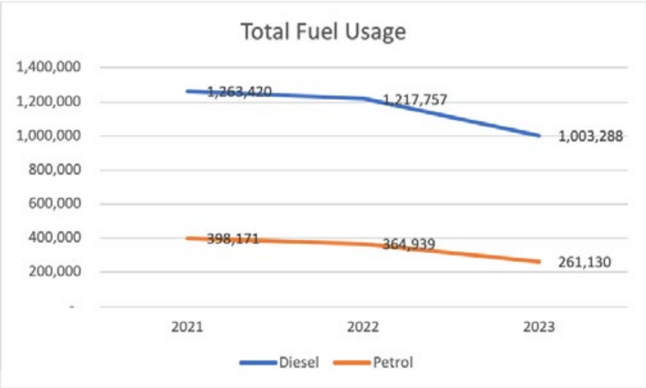
Whilst electricity supply improved from the previous season, it was characterised by abrupt outages and poor quality which necessitated continuous reliance on generators for power. Solar was effective during the day on solar assisted farms.

## CORPORATE SUSTAINABILITY (continued)

**ENERGY (continued)**

**Energy consumption (continued)**

**Fuel used**




Overally, fuel usage was lower than the previous year with diesel usage going down by 17.69% from last year following decrease in usage of generators to power factories whilst petrol usage went down by 28.45% due to the reduction in fuel consumed by hand held plucking machines.

**Energy consumed outside of the company**

| Energy type | Type of Fuel | Quantity (litres) |
|---|---|---|
| Inputs transportation | Diesel | 63 622 |
| Finished product transportation | Diesel | 160 819 |
| Total | | **224 441** |

A total of 224 441 litres were used in transporting both inputs and output of the company. Exported products are delivered to cities like Johannesburg, Tzaneen, Beira and Durban by road hence high external fuel usage as illustrated in the above table.

**WATER CONSUMPTION (GRI303)**

The Company maximises water usage efficiency by implementation of microjet precision irrigation systems in plantations. The irrigation system ensures that there is minimal water wasted.

Pollution of water bodies that are close to the fields is minimised as there is no runoff water caused by the precision irrigation. Eutrophication as a result of our farming activities is averted. Wetlands and attendant ecosystems are conserved in their natural form as no farming activity or deforestation is allowed. The Company endeavours to conserve areas around water bodies in their natural forms for both aesthetics and preserving natural ecosystems.

*Ratelshoek Dam*

Water management include full chemical analysis of river water samples half yearly drawn from points where rivers enter and exit the estates to ensure there are no impacts to the water made from our operations that could affect downstream stakeholders or users. The Company works with Zimbabwe National Water Authority as the overall authority charged with water management, Budzi Subcatchment Council and Lower Save Subcatchment Council in water stewardship. Environmental Management Agency (EMA) sets water quality standards for both ambient and portable water. EMA also sets standards and guidelines for all effluent which is analysed in laboratories quarterly.

# CORPORATE SUSTAINABILITY (continued)

## WATER CONSUMPTION (GRI303) (continued)

**Water extraction in cubic meters**

| Source | 2023 | 2022 | 2021 |
|---|---|---|---|
| Surface water | 1 156 336 | 1 576 731 | 4 694 902 |
| Borehole water | 865 200 | 515 446 | 1 266 247 |
| Municipal water | 5 064 | 5 066 | 5 066 |
| **Total** | **2 026 600** | **2 097 243** | **5 966 215** |

There was an overall 3% reduction from the previous season in water used mainly due to reduced irrigation in avocado plantations. This was a deliberate strategy to improve avocado quality through precision irrigation that considers soil moisture content and rainfall received. Thereby minimising supplementary irrigation.

## WASTE GENERATION AND SIGNIFICANT WASTE-RELATED IMPACTS

Tanganda is a grower and producer of tea, macadamia, avocados, coffee and water. Raw materials are greenleaf for tea, nut-in-husk for macadamia, avocado as is, cherry for coffee and underground water. The processing of greenleaf results in tea dust which is collected and composited for manure. Macadamia and coffee shells are de-husked and the waste is composited and then applied as manure in plantations when ready. There are no negative impacts of such waste on the environment.

*Coffee shells compost*

Water packaging materials however have a downstream impact of littering the environment. After customers have consumed the bottled water, there is a tendency to sometimes indiscreetly throw away the plastic bottles. Defect materials at the plant are sent for recycling through approved recycling companies. In order to manage the post-consumer activities of the tinga mira water brand, the Company in conjunction with other beverage and allied industries formed a company called PetrecoZim (Pvt) Ltd that manages PET waste by recycling the same in line with the EMA Act. PET and other plastics are compressed and sent for recycling as in the picture below.

*PET and plastic waste ready for recycling.*

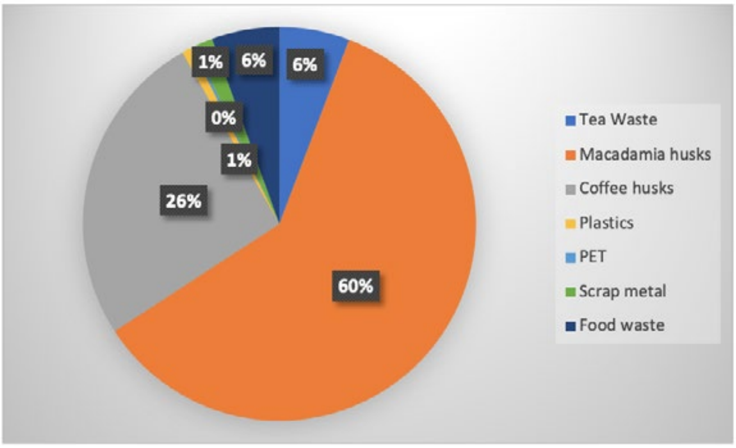
## CORPORATE SUSTAINABILITY (continued)

### WASTE GENERATION AND SIGNIFICANT WASTE-RELATED IMPACTS (continued)

**Waste water**

Waste water from tea processing is screened for solid waste which is removed and composited. The water passes through three small dams where all sediment is removed and clean water is accumulated in the last reservoir. The resultant water is tested quarterly in compliance with the EMA Act and also in conformity with the Rainforest Alliance standards. Grease and oil go through oil separators where used oil and grease are screened and clean water is then passed into the environment

**Waste generated**




Total waste generated amounted to 1 937 tonnes which is largely non-hazardous. Scrap metal is sold to licensed scrap metal dealers who reprocess the scrap into usable metals.

### EMISSIONS

The company's direct GHG emissions as ascribed in Scope 1 were 4 088.37 tCO2e. The year 2023 is the base year hence there are no comparative figures from prior season.

*Boiler chimney on the Zona tea factory*

**Scope 1 direct GHG emissions**

The table below shows emissions from energy sources that are controlled by Tanganda Tea Company Limited in line with GRI305-1.

| Source | kgCO2e |
|---|---|
| Solar energy | 98 273 |
| Firewood | 923 471 |
| Diesel | 2 518 253 |
| Petrol | 548 373 |
| Total | **4 088 370** |
| **Total emissions in tCO2e** | **4 088.37** |

Conversion factors source: *UK Government GHG Conversion Factors for Company Reporting*

# CORPORATE SUSTAINABILITY (continued)

## EMISSIONS (continued)

### Energy indirect (Scope2) GHG emissions

| Source | kgCO2e |
|---|---|
| Electricity from ZETDC | 1 593 118.23 |

Conversion factor source: *UK Government GHG Conversion Factors for Company Reporting*

The Company's only external source of energy is ZETDC supplied electricity which we cannot distinguish whether it's from coal or hydro at any given time. Indirect emission from electricity generated by a third party was **1 593.12 tCO2e** for the year- as illustrated in the above table.

### Other indirect (Scope 3) GHG emissions

| Activity | kgCO2e |
|---|---|
| Inputs transportation | 159 691.22 |
| Exports transportation | 403 655.69 |
| Total kgCO2e | 563 346.91 |
| Total tCO2e | **563.35** |

Conversion factor source: *UK Government GHG Conversion Factors for Company Reporting*

Scope 3 emissions contributed **563.35 tCO2e** from movement of goods to and from the company using external transporters.

## SOCIAL

## OUR PEOPLE


The Company draws employees from diverse communities with the majority from Chipinge district. Policies that cover employment relationships include:

- Human Resources policy,
- Safety, Health & Environmental policy,
- HIV, AIDS & Wellness policy,
- Freedom of Association policy,
- Gender Equality policy, and
- Anti-harassment & Discrimination policy.

In addition to policies, the Company has a code of conduct and collective bargaining agreements with National Employment Council for food processing and National Employment Council for the Agriculture Industry (Tea and Coffee Sector). The Company also has a supplier code of conduct that covers ethical trading of suppliers.

## CORPORATE SUSTAINABILITY (continued)

**OUR PEOPLE (continued)**

**New employee hires**

| Gender | < 30 years | 30 – 50 years | >50 years | Total |
|---|---|---|---|---|
| Male | 335 | 381 | 101 | 817 |
| Female | 98 | 113 | 30 | 241 |
| **Total** | 433 | 494 | 131 | **1 058** |

*Rate of new employee hire was* ***23.33%.***

Regions where new employees were drawn from are as follows:

| | |
|---|---|
| Manicaland | 98.2% |
| Masvingo | 1.4% |
| Midlands | 0.1% |
| Mashonaland | 0.3% |

**Employee turnover**

| Gender | < 30years | 30-50 years | >50years | Total |
|---|---|---|---|---|
| Male | 230 | 129 | 29 | 388 |
| Female | 58 | 33 | 8 | 99 |
| **Total** | 288 | 162 | 37 | **487** |

*Rate of employee turnover for the period was 10.74% which is normal because of contract work.*

Agricultural employment requirements are seasonal with peak seasons demanding more labour and less labour during off-peak periods such as post-harvest periods. Labour turnover was due to the harsh economic conditions prevailing in the country such as hyperinflation which has continued to erode wages. Employees from Mozambique and some from Chipinge district prefer working in neighbouring South Africa hence the turnover remains relatively high among contract workers.

**Industrial Relations**

The Company and the central workers committee periodically meet as a works council to iron out challenges that may exist. Health and safety committees in different operating units meet often to deliberate on health, safety and wellness matter that impact their units. Trade unions that represent our employees have access to to them and management.

**Occupational Health and Safety**

Tanganda places great importance on safe working environment to both its employees and stakeholders who we conduct business with including local communities. The key objective of the safety management system is zero harm to both humans and property. Employee health through deliberate employee wellness programmes have impacted positively on employee productivity. The company however had a dark cloud as we recorded one fatality as a result of work-related injury when an employee fell off a moving tractor trailer. This was regrettable and improvements have been made to avert a recurrence of such unfortunate accidents. The Company has since adopted the Vision ZERO concept as a safety management system in the interim with an ultimate target to be ISO 45001 certified.

**Work- related injuries**

| Nature of injury | Quantity | Rate |
|---|---|---|
| Fatalities | 1 | 0.11% |
| High-consequence work-related injuries | 19 | 2.09% |
| Recordable work-related injuries | 241 | 26.57% |

*The rates in the above table were calculated using 1000 000 hours worked.*

The main types of work-related injuries during the period were spinal injuries, joint dislocations, deep lacerations, slips and falls.

Tea is generally grown on sloppy landscapes, therefore the risk of slips and falls is high when the ground is moist. Unsafe behaviour displayed by employees on their engagements also contributed to high consequence of work-related injuries. Engineering controls such as path opening in tea plantations and limiting the weight of greenleaf carried to the loading point are measures that minimised the hazard apart from continuous safety awareness campaigns. Procurement of breathalysers and multi drug testing kits for alcohol and drug detection are additional measures to mitigate unsafe behaviour.

# CORPORATE SUSTAINABILITY (continued)

## OUR PEOPLE (continued)

### Training and education

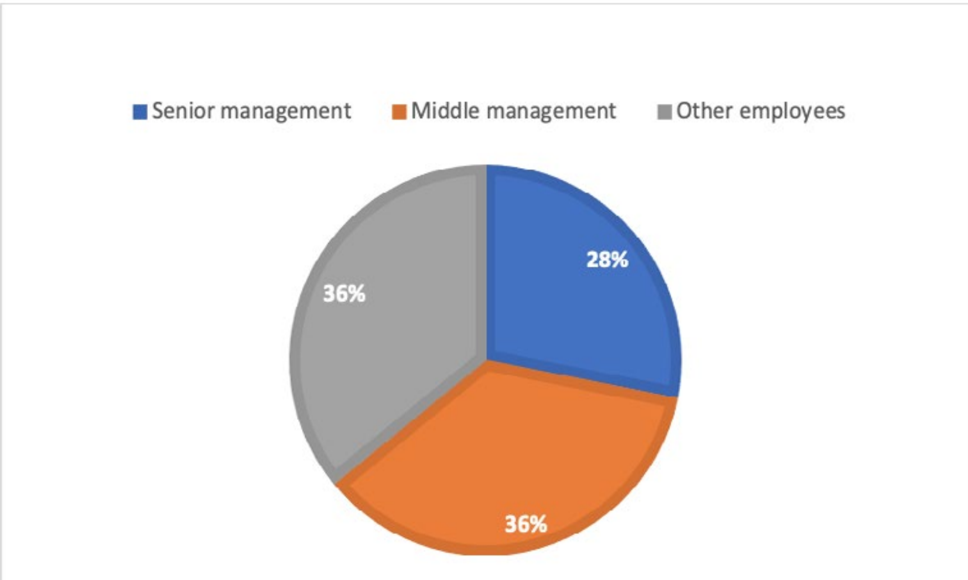
The Company recognises the importance of staff training and development of its employees. It has an estblished fully-fledged training centre to cater for the training requirements. All our employees, from the shopfloor to senior management, attend various internal and external courses aimed at equipping them with relevant skills and knowledge to effectively carry out their functions. Continuous skills gap identification and redress is key to our products competitiveness.

*Management being trained on occupational health and safety by NSSA*

Average training hours of employees by gender were as follows:

| Gender | Training hours per person |
|---|---|
| Male | 22 |
| Female | 20 |

Average training hours by employee category



# CORPORATE SUSTAINABILITY (continued)

**OUR PEOPLE (continued)**

**Gender diversity of governance bodies and employees**

The Board of directors of the Company comprises of one female and nine male members. Age distribution is as illustrated in the below table.

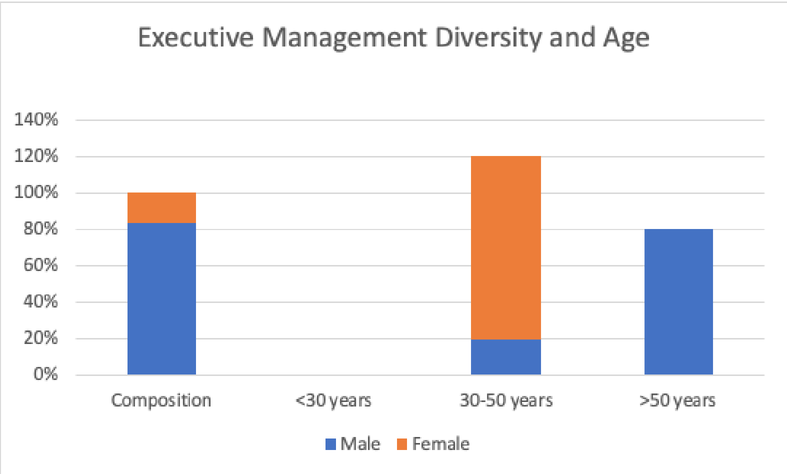
| Gender | <30 years | 30- 50 years | >50 years | % of Board of Directors |
|---|---|---|---|---|
| Male | - | 22% | 78% | 90% |
| Female | - | 100% | - | 10% |

Male directors constitute 90% of the board with the remaining 10% being female. Of the male directors, 78% are over 50 years old while 22% are between 30 and 50 years old. The sole female director lies in the 30-50-year age range. In line with Sustainability Accounting Standards Board (SASB) 330, ethnic composition of the board is 50% people of colour and 50% white directors.

Ethnic diversity of the board and executive.

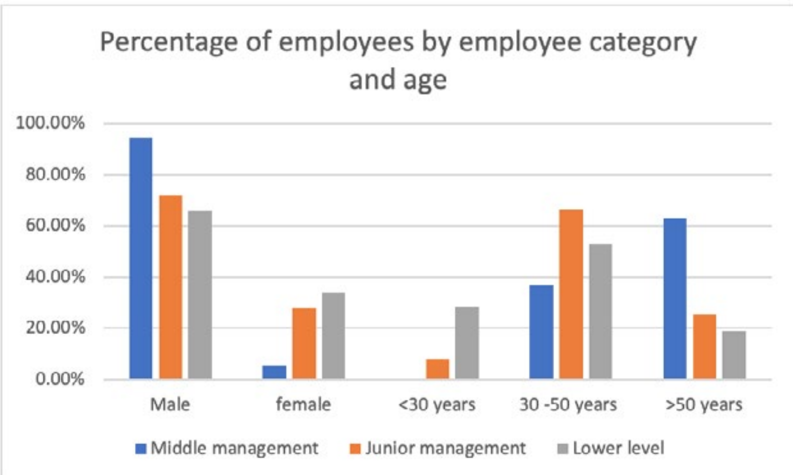
| Role | People of Colour (POC) | White |
|---|---|---|
| Board | 50% | 50% |

**Executive management diversity**




Executive management comprises of 6 senior managers of which 83% are male with the remaining 17% being female. The female executive is in the 30 - 50 years category. Of the male executive managers, 20% are in the 30 - 50 years age range whilst 80% are above 50 years old.

**Percentage of employees per employee category**




The Agriculture industry is male dominated, however Tanganda Tea Company Limited is working to improve gender diversity by providing equal opportunities for training and development and encouraging equality in succession planning and promotions among other measures. Most employees in the junior management and lower level categories are in the 30-50 years old range whilst 63.16% of middle managers are 50 years old and over. Female tractor drivers are constantly increasing in a once male dominated profession.

## CORPORATE SUSTAINABILITY (continued)

**OUR PEOPLE (continued)**

**Percentage of employees per employee category (continued)**


*Ms. Susan Vheremu, one of our female tractor drivers*

**LOCAL COMMUNITIES**

The Company has not sanctioned any project during the course of the year that required a Social and Environmental Impact Assessment.

**Outgrowers**

Tanganda supports a tea Outgrowers' scheme which comprise 1 190 small scale tea growers doted around Chipinge district. Greenleaf from the farmers is sold to the Company. Support of the Chipinge Tea Growers Association, the umbrella body of tea Outgrowers is in the form of ready market for greenleaf, free extension works and maintenance of tractors.

**Reaching out to the community through sport**

True to Tanganda's ethos the Company nurtures and develops talent through partnering with schools in sponsoring the 17 and under Stella Netball tournament, sponsoring and hosting annually the Tanganda half marathon as well as encouraging sports within the Tanganda family. These annual events are an indelible statement to the consumers and nation that Tanganda weaves itself in their lives, their dreams as well as in their personal development.

***The Stella 17 and under Netball tournament held in partnership with the National Association of Secondary School Heads (NASH), is a flagship event on the school sports calendar. The investment through the Tanganda Tea's Stella brand has contributed to supporting the girl child and national sports at large. Some of the ladies in the Zimbabwe national netball team have passed through this tournament.***

One of Tanganda's great contributions to the education, welfare and sports of the girl child in particular, is the investment into sponsoring the 17 and Under Stella Netball Tournament. This event is used to scout for talent as well as improve performance by netball players.

## CORPORATE SUSTAINABILITY (continued)

**LOCAL COMMUNITIES (continued)**

**Reaching out to the community through sport (continued)**

***Tanganda 2023 Half Marathon promoting health and wellness in communities***


The pictures above show the annual Tanganda half marathon event held in Mutare, attracting many different athletes including some who are differently abled. The event is also used to scout for Zimbabwean representatives on the national and international sporting arena.

**Engagement with local leaders**

Periodic community engagement with local communities help both the Company and the communities to understand concerns of either party. This platform is also used to communicate new projects in our operations that may impact our communities. A community grievance procedure is in place and communicated to community leaders.

*Community relations meeting*

**Provision of education facilities**

The Company has four primary schools and four secondary schools on its estates which are jointly run with the communities. Students are drawn from local communities and employees. School development committees run the schools whilst the company provides support by paying maintenance and labour costs. Tanganda values the importance of education as it provides future skilled and educated workforce.

## CORPORATE SUSTAINABILITY (continued)

**LOCAL COMMUNITIES (continued)**

**Provision of education facilities (continued)**

*Ratelshoek High School*

**Partnerships**

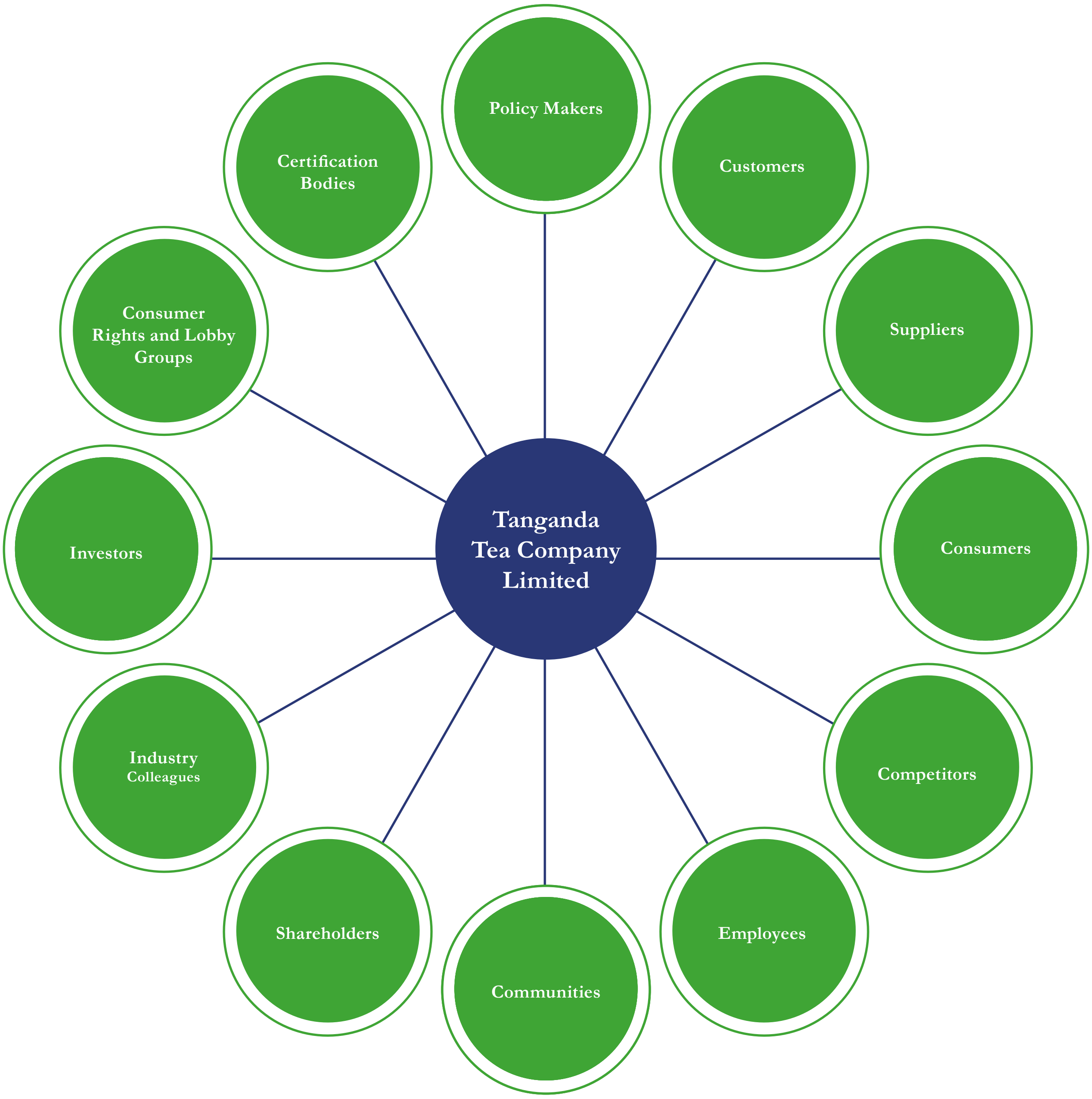
Tanganda's drive for environmental sustainability is evident in the certifications the company pursues as well as various sustainablity partnerships. To support the country's vision towards environmental sustainablity, the Company partners with Nyaradzo Friends of The Environment in the annual walkathon which culminates with planting of trees on the National tree planting day in December. Trees are also plated throughout the walking distance in order to green the environment.


***A collage of pictures showing Tanganda participating in the Nyaradzo Friends Of The Environment (FOTE) in November 2022. This is an annual event to create awareness for the need to protect the environment.***

## CORPORATE SUSTAINABILITY (continued)

### STAKEHOLDER ENGAGEMENT

Tanganda Tea Company Limited identifies with its different stakeholders that include Government/Policy makers, Customers, Suppliers, Consumers, Local Communities, Lobby Groups, Investors, Shareholders and other stakeholders as presented below:



## CORPORATE SUSTAINABILITY (continued)

**STAKEHOLDER ENGAGEMENT (continued)**

| Stakeholder | Engagement |
|---|---|
| **Customers** | • Uphold customer centricity.<br>• Ensure consistent product supply.<br>• Pursue anchored communication.<br>• Conduct business reviews.<br>• Deploy merchandisers instore.<br>• Carry out monthly customer satisfaction surveys.<br>• Run promotions and participate in customer driven promotion.<br>• Reward customers for loyalty and support.<br>• Communicate system changes and any certification required. |
| **Consumers** | • Carry out loyalty programmes.<br>• Carry out surveys on product quality and tastes.<br>• Implement changes as the consumers give feedback.<br>• Communicate the benefits of the various Tanganda brands.<br>• Engage in events where consumers feel attached to brands.<br>• Advertise to assure consumers that they are using the right products.<br>• Innovate to make products trendy.<br>• Acknowledge feedback on various communication platforms.<br>• Exhibit products at shows and other fairs for consumer interaction.<br>• Personal selling to appeal to new customers.<br>• Responding directly to customer complaints and compliments.<br>• Provide various platforms for customer feedback. |
| **Competitors** | • Carry out market intelligence to understand the competitive environment.<br>• Innovate on packaging and product presentation in order to remain competitive.<br>• Maintain fighter brands in terms of pricing to meet market demands.<br>• Ensure that there is always presence of Tanganda products to facilitate prime product visibility<br>• Engaging competitors in the industry on common areas of interest including labour and government policy lobbying. |
| **Consumer Rights Lobby Groups** | • Engage with consumer Council of Zimbabwe to ensure that we understand consumers needs.<br>• Retain all certifications.<br>• Prepare to migrate to the coming version 6.0 in April 2024.<br>• Carry out necessary and scheduled external Food Safety System audits for certification and continual improvement.<br>• Communicate certifications on packaging materials.<br>• Maintain a clear returns policy as well as customer complaints handling procedures.<br>• Carry out ISO 9001.2015 certification.<br>• Comply with all relevant healthy and local authority requirements. |

# CORPORATE SUSTAINABILITY (continued)

## STAKEHOLDER ENGAGEMENT (continued)

| Stakeholder | Engagement |
|---|---|
| **Industry Colleagues** | • Active participation in relevant industrial bodies such as CZI, ZNCC and NEC.<br>• Engage government on policies that affect us as industry.<br>• Contribute in the deployment of our teams on matters of interest in particular wage negotiations, setting up employers' association body and secretariat plus taking leadership wherever necessary in the industry.<br>• Promote and encourage good industrial relations by sharing best practices and learning from others.<br>• Co-joint exhibitions when carrying out trade in new or regional areas while marketing Zimbabwean products. |
| **Policy makers** | • Comply with all regulations and legislation in jurisdictions that we operate in.<br>• Propose and engage when given opportunity through various industrial platform or directly as a company to policies on budget, monetary, foreign currency retention, tarrifs for ensuring that local industry is supported and protected.<br>• Actively deploy the company as a good corporate citizen by participating in activities including donating to some worthy causes which policy makers may promote. |
| **Suppliers** | • Ensure strong ethical and sustainable product sourcing.<br>• Adhere to agreed terms in terms of payment to suppliers.<br>• Manage professionally the four key supplier elements, namely:<br>» Price<br>» Quality<br>» Delivery lead times and<br>» Payment terms.<br>• Implement a zero tolerance for corruption.<br>• Report any unethical and corrupt practices through a whistleblowing hotline.<br>• Communicate effectively with suppliers.<br>• Diversify and broaden suppliers base.<br>• Assess market dynamics and procure competitively.<br>• Communicate effectively internally for efficiency within divisions. |
| **Investors** | • Communicate professionally on company performance through analyst briefings and press release.<br>• Ensure that financial statements are audited and published with regulated timeframes.<br>• Engage with shareholders on an equal basis and respecting their rights.<br>• When appropriate organise familiarisation operational tours for investors. |
| **Shareholders** | • Ensure that the company is run and managed professionally profitably and sustainably to reward shareholders through dividends.<br>• Retain propotionate profits to recapitalise the business.<br>• Manage risks that affect performance of the company.<br>• Publish audited financial statements on time.<br>• Practice good corporate governance.<br>• Grow market share for the company.<br>• Engage into research and development of new products and ideas to drive the business forward.<br>• Respect all shareholders and treat them equally without overlooking minority shareholder interests. |

# CORPORATE SUSTAINABILITY (continued)

## STAKEHOLDER ENGAGEMENT (continued)

| Stakeholder | Engagement |
|---|---|
| **Communities** | • Conduct business sustainably within communities.<br>• Partner with National Association of Secondary School Heads (NASH) in promoting relevant sport in schools and exposing children.<br>• Partner with communities to bring a premium half marathon event.<br>• Partner with other colleagues in promoting environmental sustainability.<br>• Engage with communities to promote indigenous knowledge and ecosystems by exploiting herbal infusions under the Tanganda herbal infusions range of products and paying fair prices to communities. |
| **Employees** | • Recognize that employees are the most critical resource of the organisation.<br>• Ensure fair indiscriminatory treatment for all employees.<br>• Provide for equal promotion opportunities.<br>• Engage employees formally and both individually and corporately to perpetuate excellent industrial relations.<br>• Renumerate employees fairly.<br>• Contribute to a fair pension scheme.<br>• Contribute to employees' health and welfare by assisting with medical aid contributions and medical health facilities.<br>• Provision of food and other essentials to employees.<br>• Training, promoting and ensuring that there is relevant skills development. |
| **Certification Bodies** | • Comply with requirements of certification standards.<br>• Address non-conformities that may be identified by the certifying bodies in their audits.<br>• Pay certification bodies for services rendered.<br>• Carry out audits as scheduled. |

# CORPORATE SUSTAINABILITY (continued)

## CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDGs)

| | |
|---|---|
| 01 NO POVERTY | Tanganda contributes significantly to both Chipinge district and national economy by employing 4 500 people thereby reducing poverty levels.<br><br>The support of 1 190 small scale tea Outgrowers has seen an investment of over ZWL 115 million in the 2023 financial year. |
| 03 GOOD HEALTH AND WELL-BEING | The Company operates clinics on its estates which cater for both our employees and local communities further, the Company assists employees with medical aid contributions.<br><br>The Company hosts inter-estate games to encourage healthy living and social fusion among employees.<br><br>Promotion of good health is also achieved through sports such as the annual Tanganda half marathon, NASH school's Stella Netball tournament and other initatives. The Company invested ZWL1.38 billion in supporting health promotion and employee wellness programs. |
| 04 QUALITY EDUCATION | Education is among key children's rights. The Company is invested in elementary, primary and secondary school education provisions which benefit both employees' children and children from the communities around us. Investment towards eduction was ZWL35.7 million during the financial year. The schools within our estates are provided with internet and Wifi facilities to assist with ease of learning. |
| 05 GENDER EQUALITY / 08 DECENT WORK AND ECONOMIC GROWTH | The Company has a deliberate policy to promote gender equality in its labour force. Current labour ratio is 35% female and 65% male. Collective bargaining agreements with different National Employment Councils for employee ensure fair growth of incomes. Training hours for both female and male employees are relatively the same as the Company promotes advancement and development of employees. |
| 06 CLEAN WATER AND SANITATION | Safe drinking water is a basic human right. The Company has within its establishments water processing and sanitation facilities to enhance safety and good health to both employees and local communities. Periodic portable water tests as a measure to monitor suitability of drinking water are performed and recommendations implemented. Water bodies on our estates are periodically tested to detect any effects of eutrophication. The Company invested ZWL209.86 million in this area. |
| 07 AFFORDABLE AND CLEAN ENERGY | The Company is invested in green energy as a means to access cheaper energy that impacts less on greenhouse gas emissions and to mitigate increasing costs of both hydro and thermal power. Solar plants were constructed at three of the estates resulting in reduced diesel consumption in generating power. Maintenance of these facilities cost the Company ZWL47.34 million. |
| 13 CLIMATE ACTION | The Company recognizes the need to operate sustainably in order to protect the environment. Investment in green energy as a way of reducing greenhouse gases, reforestation and conservation of natural forests were activities that impact positively on climate change. ZWL22.73 million was spent on climate change related activities. |

## CORPORATE SUSTAINABILITY (continued)

**CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDGs) (continued)**

| | |
|---|---|
| 14 LIFE BELOW WATER<br>15 LIFE ON LAND | The removal of gum trees in riverines and around dams and the subsequent restoration of natural vegetation guarantees sustenance of different ecosystems. Prevention of chemical run off into dams, restricted fishing and hunting are activities that ensure safe aquatic life and life on land. |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | The Company engages in sustainable agricultural practices in processing its products. Frequent audits by certification bodies on Sustainable Agriculture Standards, Food Safety and Quality Standards contribute to responsible production. Distribution of our products to the market are through reputable customers. |

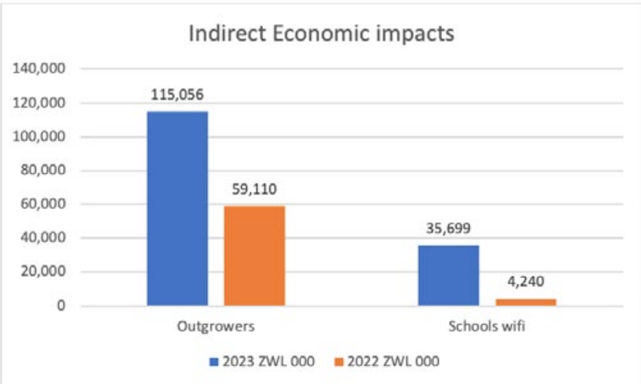
**ECONOMIC CONTRIBUTIONS**

Management approach is to harness resources at our disposal in the most sustainable manner to generate economic value that enhances stakeholder value. Compliance with business rules and regulations, ethical business practices, sustainable agricultural practices and continuous product innovation that are compatible with our markets are core to the company's strategy.

**Direct economic value generated and distributed**

Tanganda generated economic value to different stakeholders during the year through trade. Communities benefited from our operations through employment and social corporate responsibility activities. Government support through payment of taxes and duties contributes to provision of essential services to the country. The direct economic value generated and distributed is presented on pages 49 to 52 of the financial statements.

**Indirect Economic Impacts**




The Company spent ZWL115.06 million dollars in supporting tea outgrowers. Outgrowers support directly benefits small scale farmers, labour and through the multiplier effect, the district. Tanganda identified the importance of internet in modern education and spent ZWL35.7 million dollars in information technology in schools which are accessible to the local communities.

**Defined Contribution Schemes**

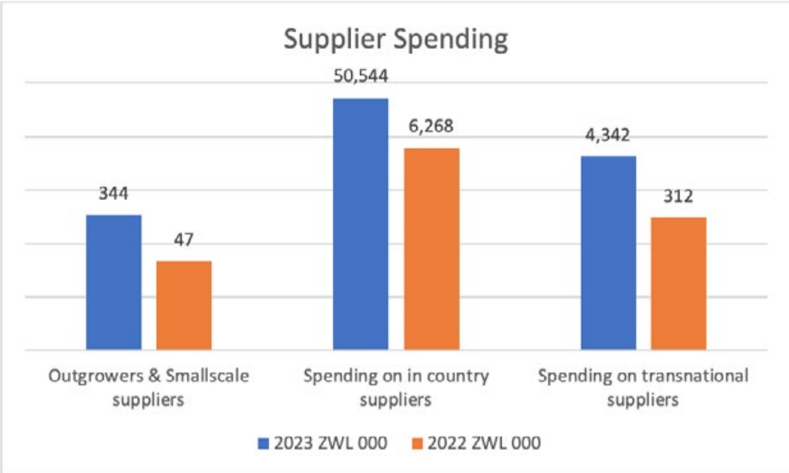
| Pension type | 2023 ZWL 000 | 2022 ZWL 000 |
|---|---|---|
| National Social Security | 451 204 | 36 790 |
| Meikles Group Pension Fund | 495 501 | 79 427 |
| | **946 705** | **116 217** |

A total of ZWL 946 705 000 was paid by the company as its contribution towards pension, up from ZWL 116 217 000 the previous year.

# CORPORATE SUSTAINABILITY (continued)

**ECONOMIC CONTRIBUTIONS (continued)**

**Procurement**




Local purchases constituted 92% of the total amount spent on suppliers with the remaining 8% being imports. There was a 3% decline in local purchases from 95% in prior year. Local purchases refer to purchases made from suppliers domiciled in Zimbabwe.

**Tax payments and strategy**

Tanganda complies with rules and regulations of the country which include payment of taxes due to Zimbabwe Revenue Authoriy (ZIMRA) on time. The Board, as represented by the Finance Director is accountable and responsible for the execution of the tax strategy. The Finance Director implements the approved annual tax strategy. As a company, values of honesty and integrity are upheld to ensure discharge of our commitments to tax authories for economic growth.

In order to manage effectively tax and related impacts, proactive actions are implemented to ensure compliance. Our employees are trained regularly to stay updated on tax regulations and participate in seminars for continuous professional development in the tax field. Tax consultants are engaged to address areas of legislative interpretation that may be unclear.

In addressing any actual negative impacts, we communicate with tax authorities through written correspondence, and utilise tax consultants to resolve any outstanding queries. We have implemented various processes to track the effectiveness of our tax management activities. These include ZIMRA ledger reconciliations to ensure timely payments and return submissions, healthy tax check reviews conducted by our tax consultants to assess compliance and identify risks and external audits of tax computations. Through these processes, we evaluate the effectiveness of our tax management practices and identify areas for improvement. To evaluate our progress, we have set goals, targets, and key performance indicators ("KPIs"). Our goals include timely payment of taxes, correct calculation of taxes, and timely submission and filing of tax returns.

KPIs such as the quantum of interest and penalties from regulatory authorities and any additional assessments from tax authorities help us assess our progress towards meeting these goals.

We recognise the importance of effective tax management practices and stakeholder engagement on tax matters. By adhering to tax laws, engaging with tax authorities, and continuously improving our tax management processes, we aim to contribute to the sustainable growth of our company and maintain positive relationships with all stakeholders.

Total taxes remitted for the year are as enumerated in the table below:

| Type of tax | 2023<br>ZWL 000 | 2022<br>ZWL 000 |
|---|---|---|
| Corporate tax | 740 261 | 320 250 |
| Value added tax | 852 003 | 144 237 |
| Import duty | 445 466 | 53 306 |
| Pay As You Earn | 3 606 443 | 379 507 |
| Withholding tax | (277 032) | (25 824) |
| Aids levy | 108 396 | 11 054 |
| | **5 475 537** | **882 530** |

# REPORT OF THE DIRECTORS

The Directors have the pleasure in presenting their report and the audited inflation adjusted financial statements of the Company for the year ended 30 September 2023.

**Financial results**

The results for the year ended 30 September 2023 are set out in the attached inflation adjusted financial statements.

**Principal activities**

Tanganda Tea Company Limited, ("the Company") is incorporated in Zimbabwe, listed on the Zimbabwean stock exchange and is in the agro-manufacturing sector. Tanganda has the largest hectarage in the country of macadamia and avocado plantations and is the largest producer, packer and distributor of tea and coffee products.

**Share capital**

Details of the authorised and issued share capital are set out in note 16.1 to the financial statements.

**Directors and their interests**

The names of the Directors of the Company during the year are disclosed in note 16.2.

As provided by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listings Requirements, the Directors are bound to declare at any time during the year, in writing, whether they have any interest in any contract of significance with the Company. No Director confirmed having, during or at the end of the year, any material interest in any contract of significance in relation to the Company's businesses except as disclosed in note 16.2. Executive Directors have employment contracts with the Company.

The direct and indirect beneficial interests of the Directors in the shares of the Company are given in note 16.2 to the financial statements.

**Substantial shareholdings**

According to the information received by the Directors, the following were the top ten shareholders of the company as at 30 September 2023:

**Top ten shareholders**

| At 30 September 2023 | Number of shares | Percentage shareholding (%) |
|---|---|---|
| Meikles Consolidated Holdings (Private) Limited | 127 601 590 | 48.88 |
| Mega Market (Private) Limited | 24 208 716 | 9.27 |
| Old Mutual Life Assurance of Zimbabwe Limited | 18 824 127 | 7.21 |
| Stanbic Nominees (Private) Limited-AC140043470003 | 6 892 818 | 2.64 |
| Stanbic Nominees (Private) Limited A/C 110008090011 | 5 507 355 | 2.11 |
| London Register- Meikles Africa Limited | 4 101 209 | 1.57 |
| Stanbic Nominees 150045520001 | 3 743 649 | 1.43 |
| Meikles Pension Fund-ABC | 2 846 010 | 1.10 |
| Old Mutual Zimbabwe Limited | 2 467 965 | 0.95 |
| Mundell Family Trust | 2 466 231 | 0.94 |
| **Total for top ten shareholders** | **198 659 670** | **76.10** |
| Other | 62 404 920 | 23.90 |
| **Total** | **261 064 590** | **100.00** |

**Dividend**

The Board has recommended not to declare a dividend following the depressed performance of macadamia and avocado crops during the financial year.

**Independent auditors**

Deloitte & Touche, who had been auditors of the Company for more than 10 years, will step down as the Auditors of the Company in view of the requirements of Section 69 (6) of the ZSE Listings Requirements. Shareholders will be asked to appoint Ernst and Young as the Auditors of the Company for the ensuing financial year.

**H. NKALA**
**Chairman**
**26 January 2024**

# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the Company are responsible for the maintenance of adequate accounting records and preparation of the financial statements and related information. The Company's independent auditors, Deloitte & Touche, have audited the financial statements and their report appears on pages 47 to 48. The auditors are responsible for independently auditing and reporting on these financial statements in conformity with International Standards on Auditing.

The Directors are required by the Companies and other Business Entities Act (Chapter 24:31) and relevant statutory instruments to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company at the end of the financial period and of the performance and cash flows for the period.

The inflation adjusted financial statements and accompanying accounting policies, which follow International Financial Reporting Standards ("IFRS"), have been consistently applied, where practicable.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis. This has been assessed as appropriate. The Directors have reviewed the budgets and cashflow forecasts for the twelve months ending 30 September 2024 and are satisfied of the Company's ability to continue in existence for the foreseeable future. The directors however believe that under the current economic environment a continuous assessment of the ability of the Company to continue as a going concern will be performed.

**Preparer of financial statements**

The annual financial statements set out on pages 49 to 89 were prepared under the supervision of Henry Nemaire Chartered Certified Accountant, the Finance Director of the Company.

**H. NEMAIRE**
**Chartered Certified Accountant**
**Registered Public Accountant number 04741**

**H. NKALA**
**Chairman**
**26 January 2024**

**T.J.G. FENNELL**
**Chief Executive Officer**
**26 January 2024**

Deloitte.

P O Box 267
Harare
Zimbabwe

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

Tel: +263 (0) 8677 000261
+263 (0) 8644 041005
Fax: +263 (0) 242 852130
www.deloitte.com

**INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Tanganda Tea Company Limited**

**Opinion**

We have audited the inflation adjusted financial statements of Tanganda Tea Company Limited set out on pages 49 to 89, which comprise the inflation adjusted statement of financial position as at 30 September 2023, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the 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, the accompanying inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position as at 30 September 2023, and its inflation adjusted financial performance and inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Businesses Entities Act (Chapter 24:31) and the relevant Statutory Instruments ("SI") 33/99, and SI 62/96.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the inflation adjusted 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 (IESBA) Code, together with the ethical requirements that are relevant to our audit of inflation adjusted financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. 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, are of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters are addressed in the context of our audit of the inflation adjusted consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any key audit matters to be communicated in our report.

**Other Information**

The directors are responsible for the other information. The other information comprises the Directors' responsibility for financial reporting, Chairman's Statement, Report of the Directors, Corporate Information and as required by the Companies and Other Business Entities Act (Chapter 24:31) and the historical cost financial information which we obtained prior to the date of this auditor's 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 inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT (continued)**

**To the Shareholders of Tanganda Tea Company Limited (continued)**

**Responsibilities of the Directors for the Inflation Adjusted Financial Statements**

The directors are responsible for the preparation and fair presentation of the inflation adjusted financial statements in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Companies and Other Business Entities Act (Chapter 24:31) , the relevant statutory instruments (SI 33/99, SI 33/19 and SI 62/96) and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted financial statements, the 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.

**Auditor's Responsibilities for the Audit of the Inflation Adjusted Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

**Report on Other Legal and Regulatory Requirements**

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

Section 193 (1) (a)

The financial statements of the Company are properly drawn up in accordance with this Act so as to give a true and fair view of the state of the Company's affairs at the date of the financial statements for the year ended 30 September 2023.

Section 193 (2)

We have no matters to report in respect of section 193 (2) requirements of the Act.

Deloitte & Touche

**Deloitte & Touche**
**Chartered Accountants (Zimbabwe)**
**Per: Lawrence Nyajeka**
**Partner**
**PAAB Practice Certificate Number: 0598**
**Harare**
**Zimbabwe**

**29 January 2024**

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2023

| | | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|---|
| | | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Revenue | 22 | 128 990 389 473 | 90 767 977 649 | 57 242 500 730 | 7 352 841 763 |
| Cost of sales | | (94 251 184 095) | (60 554 810 633) | (24 497 010 681) | (2 588 582 405) |
| **Gross profit** | 23 | **34 739 205 378** | **30 213 167 016** | **32 745 490 049** | **4 764 259 358** |
| Other expenses | | (23 580 331 479) | (14 233 415 848) | (9 053 656 786) | (1 107 666 134) |
| Selling and distribution expenses | | (23 677 550 502) | (14 456 498 046) | (11 866 260 331) | (1 113 485 971) |
| Other income | 24 | 3 890 776 648 | 21 323 372 127 | 6 684 434 278 | 2 434 524 464 |
| **Operating (loss)/profit** | 26 | **(8 627 899 955)** | **22 846 625 249** | **18 510 007 210** | **4 977 631 717** |
| Net finance costs | 25 | (5 091 495 975) | (1 330 714 501) | (1 594 626 424) | (121 221 915) |
| Monetary loss | | (3 187 957 107) | (7 831 825 315) | - | - |
| **(Loss)/profit before income tax** | | **(16 907 353 037)** | **13 684 085 433** | **16 915 380 786** | **4 856 409 802** |
| Income tax expense | 27 | (146 394 842) | (9 354 640 883) | (1 463 731 382) | (681 677 907) |
| **(Loss)/profit for the period** | | **(17 053 747 879)** | **4 329 444 550** | **15 451 649 404** | **4 174 731 895** |
| Other comprehensive income | | - | - | - | - |
| **Total comprehensive (loss) /income** | | **(17 053 747 879)** | **4 329 444 550** | **15 451 649 404** | **4 174 731 895** |
| **Earnings per share (cents)** | | | | | |
| Basic | | (6 532) | 1 658 | 5 919 | 1 599 |
| Diluted | | (6 532) | 1 658 | 5 919 | 1 599 |

*Historical cost financial results are provided only as supplementary information. The primary financial statements are the inflation adjusted results. The auditor's opinion relates only to the inflation adjusted financial statements.

# STATEMENT OF FINANCIAL POSITION
# AS AT 30 SEPTEMBER 2023

| | | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|---|
| | | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 7 | 110 886 623 835 | 108 288 711 396 | 4 822 005 495 | 1 146 235 775 |
| Right of use assets | 8 | 91 806 019 | 124 394 115 | 2 977 001 | 4 033 635 |
| Intangible assets | 9 | - | 182 969 501 | - | 124 141 |
| Biological assets | 12 | 6 358 404 500 | 8 104 749 149 | 6 358 404 500 | 1 090 814 152 |
| Other financial assets | 10 | - | 54 009 688 | - | 7 269 137 |
| | | 117 336 834 354 | 116 754 833 849 | 11 183 386 996 | 2 248 476 840 |
| **Current assets** | | | | | |
| Inventories | 11 | 32 160 305 706 | 39 067 252 149 | 23 894 595 184 | 4 261 187 616 |
| Produce on bearer plants | 13 | 1 203 265 950 | 1 083 614 753 | 1 203 265 950 | 145 843 170 |
| Trade and other receivables | 14 | 23 322 199 776 | 28 154 674 511 | 23 168 417 154 | 3 637 519 333 |
| Bank and cash balances | | 832 304 881 | 1 026 452 650 | 832 304 881 | 138 149 751 |
| | | 57 518 076 313 | 69 331 994 063 | 49 098 583 169 | 8 182 699 870 |
| **Total assets** | | **174 854 910 667** | **186 086 827 912** | **60 281 970 165** | **10 431 176 710** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and reserves** | | | | | |
| Share capital | 16.1 | 1 749 770 112 | 1 749 770 112 | 2 610 646 | 2 610 646 |
| Share premium | 16.3 | 41 961 658 713 | 41 961 658 713 | 461 663 709 | 461 663 709 |
| Non-distributable reserve | 16.4 | 14 208 925 253 | 14 208 925 253 | 9 640 456 | 9 640 456 |
| Retained earnings | | 61 694 658 473 | 79 749 497 502 | 20 992 444 457 | 5 682 264 934 |
| | | **119 615 012 551** | **137 669 851 580** | **21 466 359 268** | **6 156 179 745** |
| **Non-current liabilities** | | | | | |
| Deferred tax | 17 | 17 524 398 134 | 19 452 186 692 | 1 100 110 915 | 376 640 351 |
| Lease liability | 20 | 138 219 302 | 176 209 650 | 138 219 302 | 23 715 969 |
| Long-term borrowings | 18 | 6 930 282 023 | - | 6 930 282 023 | - |
| | | **24 592 899 459** | **19 628 396 342** | **8 168 612 240** | **400 356 320** |
| **Current liabilities** | | | | | |
| Trade and other payables | 19 | 23 386 407 326 | 19 522 117 129 | 23 386 407 326 | 2 627 472 023 |
| Lease liability | 20 | 70 256 048 | 54 559 931 | 70 256 048 | 7 343 194 |
| Current portion of long-term borrowings | 18 | 6 652 924 644 | 7 226 222 576 | 6 652 924 644 | 972 573 698 |
| Bank overdraft | 18 | 510 446 637 | - | 510 446 637 | - |
| Current tax liability | 21 | 26 964 002 | 1 985 680 354 | 26 964 002 | 267 251 730 |
| | | **30 646 998 657** | **28 788 579 990** | **30 646 998 657** | **3 874 640 645** |
| **Total liabilities** | | **55 239 898 116** | **48 416 976 332** | **38 815 610 897** | **4 274 996 965** |
| **Total equity and liabilities** | | **174 854 910 667** | **186 086 827 912** | **60 281 970 165** | **10 431 176 710** |

*Historical cost financial results are provided only as supplementary information. The primary financial statements are the inflation adjusted results. The auditor's opinion relates only to the inflation adjusted financial statements.

The Company financial statements on pages 49 to 89 were approved by the Board of Directors and signed on its behalf by:

**H. NKALA**
**Chairman**
**26 January 2024**

**T.J.G. FENNELL**
**Chief Executive Officer**
**26 January 2024**

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

| INFLATION ADJUSTED | Share capital ZWL | Share premium ZWL | Non-distributable reserve ZWL | Retained earnings ZWL | Total ZWL |
|---|---|---|---|---|---|
| **Balance as at 1 October 2021** | **1 749 770 112** | **37 425 099 725** | **14 208 925 253** | **77 270 783 107** | **130 654 578 197** |
| Profit for the period | - | - | - | 4 329 444 550 | 4 329 444 550 |
| Capital injection**** | - | 83 348 548 437 | - | - | 83 348 548 437 |
| Transfer to distributable reserves**** | - | (78 811 989 449) | - | 78 811 989 449 | - |
| Dividend paid | - | - | - | (80 662 719 604) | (80 662 719 604) |
| **Balance as at 30 September 2022** | **1 749 770 112** | **41 961 658 713** | **14 208 925 253** | **79 749 497 502** | **137 669 851 580** |
| Total comprehensive Income for the period | - | - | - | (17 053 747 879) | (17 053 747 879) |
| Dividend paid | - | - | - | (1 001 091 150) | (1 001 091 150) |
| **Balance as at 30 September 2023** | **1 749 770 112** | **41 961 658 713** | **14 208 925 253** | **61 694 658 473** | **119 615 012 551** |

| **Historical Cost*** | | | | | |
|---|---|---|---|---|---|
| **Balance as at 1 October 2021** | 2 610 646 | 286 344 708 | 9 640 456 | 1 638 065 334 | 1 936 661 144 |
| Profit for the period | - | - | - | 4 174 731 895 | 4 174 731 895 |
| Capital injection**** | - | 3 142 201 174 | - | - | 3 142 201 174 |
| Transfer to distributable reserves**** | - | (2 966 882 173) | - | 2 966 882 173 | - |
| Dividend paid | - | - | - | (3 097 414 468) | (3 097 414 468) |
| **Balance as at 30 September 2022** | **2 610 646** | **461 663 709** | **9 640 456** | **5 682 264 934** | **6 156 179 745** |
| Total comprehensive Income for the period | - | - | - | 15 451 649 404 | 15 451 649 404 |
| Dividend paid | - | - | - | (141 469 881) | (141 469 881) |
| **Balance as at 30 September 2023** | **2 610 646** | **461 663 709** | **9 640 456** | **20 992 444 457** | **21 466 359 268** |

*Historical cost financial results are provided only as supplementary information. The primary financial statements are the inflation adjusted results. The auditor's opinion relates only to the inflation adjusted financial statements.

****The Company issued shares in 2021, which formed part of the unbundling transaction of the company from the Meikles Limited group. In the prior year, an additional capital contribution was required from Meikles Limited to reflect a subsequent increase in the share price of the share capital issued in 2021. This capital injection amounted to ZWL 83 348 548 436 (Historical cost: ZWL 3 142 201 174). The capital injection was followed by a Director's resolution to transfer ZWL 78 811 989 449 (Historical cost: ZWL 2 966 882 173) from share premium to distributable reserves for a dividend payment to Meikles Limited.

Before the demerger of the Company from the Meikles Group, a dividend amounting to ZWL 78 811 989 449 (Historical cost: ZWL 2 966 882 173) was paid to Meikles Limited. This resulted in Meikles Limited only paying the residual amount of ZWL 4 536 558 987 (Historical cost: ZWL 175 319 001) towards the capital contribution as the dividend amount was set off against the initial capital contribution required from Meikles Limited of ZWL 78 811 989 449 (Historical cost: ZWL 2 966 882 173). The balance of ZWL 1 810 730 155 (Historical cost: ZWL 130 532 295) on the dividend paid amount relates to the interim cash dividend for the 2022 financial year end paid to shareholders after the demerger.

# STATEMENT OF CASH FLOWS
# FOR THE YEAR ENDED 30 SEPTEMBER 2023

| | | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|---|
| | | 30 September 2023 ZWL | 30 September 2022** ZWL | 30 September 2023 ZWL | 30 September 2022** ZWL |
| **Cash flows from operating activities** | | | | | |
| Cash generated from / (utilized in) operations | 28 | 2 653 068 875 | (5 569 726 151) | 7 816 747 791 | (721 857 902) |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | | (8 723 742 178) | (7 010 011 025) | (3 874 199 594) | (524 939 499) |
| Expenditure on biological assets | | (312 937 473) | (195 878 940) | (165 975 383) | (11 306 399) |
| Proceeds on disposal of property, plant and equipment | | 25 164 763 | 1 713 239 | 21 101 859 | 220 108 |
| Proceeds from disposal of biological assets | | 569 194 636 | - | 507 555 102 | - |
| Investment in other financial assets | 10 | - | (50 563 327) | - | (6 576 797) |
| Interest received | 25 | 5 643 222 | 46 809 | 3 074 173 | 2 840 |
| **Net cash utilised in investing activities** | | **(8 436 677 030)** | **(7 254 693 244)** | **(3 508 443 843)** | **(542 599 747)** |
| **Cash flows from financing activities** | | | | | |
| Proceeds from borrowings** | 28.1 | 30 481 475 960 | 12 976 782 482 | 7 230 636 921 | 1 672 041 429 |
| Repayment of borrowings** | 28.1 | (21 275 918 149) | (11 014 641 400) | (9 070 510 218) | (885 715 403) |
| Capital injection | | - | 4 536 558 987 | - | 175 319 000 |
| Dividend paid | | (1 001 091 150) | (1 850 730 156) | (141 469 881) | (130 532 295) |
| Interest paid | 25 | (5 077 299 318) | (1 315 287 443) | (1 589 187 121) | (120 027 026) |
| Lease payments | | (79 117 355) | (50 375 370) | (35 951 410) | (3 994 256) |
| **Net cash generated / (utilized) in financing activities** | | **3 048 049 988** | **3 282 307 100** | **(3 606 481 709)** | **707 091 449** |
| Net (decrease)/ increase in cash and cash equivalents | | (2 735 558 167) | (9 542 112 295) | 701 822 239 | (557 366 200) |
| Cash and cash equivalents at the beginning of the period | | 1 026 452 650 | 3 292 504 916 | 138 149 751 | 116 491 619 |
| Net effect of exchange rates on cash and bank balances | | 2 030 963 761 | 7 276 060 029 | (518 113 746) | 579 024 332 |
| **Cash and cash equivalents at the end of the period** | | **321 858 244** | **1 026 452 650** | **321 858 244** | **138 149 751** |
| **Cash and cash equivalents comprise:** | | | | | |
| Bank and cash balances | | 832 304 881 | 1 026 452 650 | 832 304 881 | 138 149 751 |
| Bank overdraft | | (510 446 637) | - | (510 446 637) | - |
| | | **321 858 244** | **1 026 452 650** | **321 858 244** | **138 149 751** |

*Historical cost financial results are provided only as supplementary information. The primary financial statements are the inflation adjusted results. The auditor's opinion relates only to the inflation adjusted financial statements.

** Refer to note 28.1 for restatement to show movements in borrowings on a gross basis.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 1. GENERAL INFORMATION

Tanganda Tea Company Limited, (the Company) is a limited liability company incorporated in Zimbabwe and is listed on the Zimbabwe stock exchange. The financial statements are presented in the Zimbabwe Dollar (ZWL), the functional currency of the Company.

The financial statements and comparatives have been restated in line with International Accounting Standard ("IAS") 29 - Financial Reporting in Hyperinflationary economies.

## 2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board("IASB") and interpretations issued by the IFRS interpretations Committee. In addition, the financial statements have also been prepared in accordance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange requirements.

### 2.1 Going Concern

The Directors assess the ability of the Company to continue in operational existence in the foreseeable future at least twice per annum at each reporting date. As at 30 September 2023 and subsequently as at the date of reporting, the Directors assessed the Company's ability to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is appropriate.

The Company's financial performance is considered positive in historic terms and reported a loss in inflation adjusted terms for the 12 months ended 30 September 2023 which is as a result of price distortions within the local economy arising from the continuous depreciation in the local currency in the 3rd quarter of the financial year before various measures by the government to manage liquidity through suppressing the supply of the local currency on the market. The accelerated depreciation of the ZWL in the various months during the year resulted in losses due to the indexing of expenditures recognised exceeding income recognised in those months. The various measures by the government resulted in mopping up excess liquidity which then brought sanity and demand for the local currency resulting in some stability in the exchange rate. In addition, the loss in inflation adjustment terms is a result of the IAS 29 monetary adjustments which are non-cash in nature. The method in determining the monetary adjustment is further detailed in note2.2: Hyperinflation adjustments. The gross profit margin declined significantly in inflation adjusted terms due to the timing of sales for the company's Agriculture produce that is Macadamia and Avocados which are sold in the last 6 months of the financial year whilst cost of production mainly for the Agriculture inputs are incurred in the first 3 months of the financial year. The bulk of the production costs are inflated using a higher adjustment factor compared to the revenues thereby leading to a lower gross profit margin.

The Directors will continue to assess the impact of the volatile economic environment on the Company's operational and financial performance This will be mainly focused on continuous assessment of exchange rate volatility, its impact on supplies, employees, lenders and other stakeholders as well as the impact of other micro and macro-economic indicators. The Directors are also looking at diversifying the markets for the Company's products.

The Company's projections show that the Company has sufficient capital, liquidity and positive future performance outlook to continue meeting its short-term obligations and as a result it is appropriate to prepare these financial statements on a going concern basis even considering the impact of the local economic volatility. The projections have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the sign off date.

The Directors believe that under the current economic environment in Zimbabwe, a continuous assessment of such ability of the Company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption.

### 2.2 Basis of preparation

The financial statements are prepared from statutory records that are maintained under the historical cost basis except for biological assets and certain financial instruments which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements are showing both inflation adjusted and historical financial information with the inflation adjusted being the primary set, the historical cost financial statements have been provided as supplementary information and as a result the auditors have not expressed an opinion on them.

The Company adopted IAS 29 following the pronouncement by the local accounting regulatory board, Public Accountants and Auditors Board ("PAAB") on 11 October 2019 requiring entities operating in Zimbabwe with financial periods ending on or after 1 July 2019 to prepare and present financial statements in line with requirements of IAS 29. The financial statements have been prepared under the current cost basis as per the provisions of IAS 29.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 2. STATEMENT OF COMPLIANCE (continued)

### 2.2 Basis of preparation (continued)

**Hyperinflation adjustments**

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 (Financial Reporting in Hyper Inflationary Economies) compliant. The conversion factors have been computed from the consumer price index (CPI) data prepared by the Zimbabwe National Statistics Agency (ZIMSTAT) as reported on the Reserve Bank of Zimbabwe website except the last 8 months of February to September 2023 which were estimated by the Directors in line with IAS 29. The Directors have utilized the official interbank exchange rates in this determination.

Caution should be taken in considering the financial results due to the use of the estimated ZWL consumer price index for the months of February to September 2023 due to the absence of official government statistics on ZWL inflation.

The restatement factors used to restate the financial results are as follows:

| Date | Indices | Adjustment factor |
|---|---|---|
| CPI as at 30 September 2023 | 94 465.26 | 1.00 |
| CPI as at 30 September 2022 | 12 713.12 | 7.43 |
| CPI as at 1 October 2018 (for opening balances) | 64.06 | 1 474.66 |
| Average CPI 2023 | 41 636.32 | |
| Average CPI 2022 | 6 795.18 | |

The main procedures applied in the above-mentioned restatement of transactions and balances are as follows:

- All comparative figures as of and for the period ended 30 September 2022 are restated by applying the change in the index from 30 September 2022 to 30 September 2023;
- Monetary assets and liabilities are not restated because they are already stated in terms of the measuring unit current at the statement of financial position date;
- Non-monetary assets and liabilities that are not carried at amounts current at the financial reporting date and components of shareholders' funds are restated by applying the change in index from the date of transaction, or if applicable, from the date of their most recent revaluation to the statement of financial position date, 30 September 2023;
- Biological assets and produce on bearer plants were not restated as they are fair valued;
- Depreciation is based on the restated amounts and inflation adjusted assets are assessed for impairment;
- All trading stocks are valued at Net Realisable Value which is the current unit of measurement;
- Consumable stocks and prepayments were aged using date of purchase and then restated by applying the respective monthly indices;
- Income statement transactions, except for depreciation charge explained above, are restated by applying the change in the index from the month of the transactions to the statement of financial position date;
- Cost of sales in comprehensive income for the current year are restated by applying the change in the general price index from the dates when opening inventory and purchases occurred and all product stocks are stated at net realisable value which represent the current measuring unit;
- Expense line items (which consists of employee costs, occupancy costs and other operating costs) were segregated into monthly totals and then the applicable monthly adjustment factor was used to hyper inflate the amount;
- Net gain or loss arising from the net monetary asset or liability positions are included in the statement of comprehensive income;
- Deferred tax is recomputed based on restated balances and current income tax expenses are restated for movements in the general price index on a monthly basis; and
- All items in the cash flow statement are expressed in terms of the measuring unit current at the statement of financial position date.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**2. STATEMENT OF COMPLIANCE (continued)**

**2.2 Basis of preparation (continued)**

**Fair value**

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company, considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**3. ADOPTION OF NEW AND REVISED STANDARD AND INTERPRETATIONS**

**3.1 New and amended IFRS standards that are effective for the current year**

In the current year, the Company adopted new or revised accounting standards or interpretations that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the amounts or disclosures reported in these financial statements.

**IFRS 17** ***Insurance Contracts***

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It considers market interest rates and the impact of policyholders 'options and guarantees.

The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

**Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements Disclosure of Accounting Policies**

The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

**Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**3. ADOPTION OF NEW AND REVISED STANDARD AND INTERPRETATIONS (continued)**

**3.1 New and amended IFRS standards that are effective for the current year (continued)**

**Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules**

The Company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the Company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

**Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates**

The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

**3.2 New and revised IFRS Standards in issue but not yet effective**

The directors do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Company in future periods, except if indicated.

**Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The amendments are not expected to have any impact on the entity's financial statements.

**Amendments to IAS 1 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-current***

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

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments. The amendments are not expected to have a material impact on the entity's financial statements.

**Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants**

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. The amendments are not expected to have a material impact on the entity's financial statements.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 3. ADOPTION OF NEW AND REVISED STANDARD AND INTERPRETATIONS (continued)

### 3.2 New and revised IFRS Standards in issue but not yet effective (continued)

**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements**

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement

**Liquidity risk information**

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The amendments are not expected to have a material impact on the entity's financial statements.

**Amendment to IFRS 16 Leases - Lease Liability in a Sale and Leaseback**

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16. The amendments are not expected to have a material impact on the entity's financial statements.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

The policies adopted in the preparation of these financial statements are shown below and are consistent with those of the previous year, unless otherwise stated.

### 4.1 Foreign currency translation

Transactions incurred in other currencies other than the functional currency were recognised at the prevailing auction rate from 1 October 2021 to 9 May 2022 and subsequently at the prevailing interbank rate at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Gains and losses arising on exchange are recognised in the statement of profit or loss and other comprehensive income.

### 4.2 Property, plant and equipment

Property, plant and equipment are carried at original or deemed cost less accumulated depreciation and any recognised impairment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.2 Property, plant and equipment (continued)**

Bearer plants are included in plant property and equipment. Before maturity, bearer plants are measured at their accumulated cost. Plantation development expenditure on bearer plants is capitalized until maturity at which point depreciation commences. Income recognized from produce from immature plantation is accounted for in other income. After maturity bearer plants are measured at cost less accumulated depreciation and any impairment losses. Any impairment loss is recognised in profit or loss. The useful life of the bearer plants is determined in order to depreciate them and this is re-evaluated each year.

The company's bearer plants comprise avocado, coffee, macadamia and tea. Avocado trees have expected useful lives of 30 years. Macadamia trees have expected useful lives of 40 years, while coffee bushes have expected useful lives of 5 years. The tea bushes have an indefinite useful life but this has been limited to 50 years for the purpose of depreciation. The useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support these useful lives. Avocados take on average 5 years to mature, Macadamia nuts take 7 years on average to mature and coffee take on average 3 years to mature.

At the end of each reporting date an impairment test is performed on all Bearer plants to assess whether the carrying amount will be recoverable and in instances where the amount is not recoverable, an impairment is recognised to align the carrying amount to the recoverable amount.

Depreciation is not provided on freehold land. Depreciation on other assets is calculated on a straight-line basis with the exception of motor vehicles, furniture and fittings which is calculated using the reducing balance method so as to allocate their cost to their residual values over their estimated useful lives as follows:

| | |
|---|---|
| Buildings and improvements | 50 years |
| Dams | 50 years |
| Motor vehicles | 2 - 10 years |
| Tractors | 6 - 10 years |
| Plant and machinery | 15 - 25 years |
| Furniture and fittings | 2 - 10 years |
| Office and computer equipment | 2 - 5 years |
| Tea plantations | 50 years |
| Macadamia plantations | 40 years |
| Avocado plantations | 30 years |
| Coffee plantations | 5 years |

For financial reporting purposes dams are reported under land and buildings on the PPE note, plant and machinery, furniture and fittings, office equipment and computer equipment are classified under furniture and equipment whilst tractors are combined and reported under the motor vehicles category.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial period.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of assets are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income.

**4.3 Biological assets**

The Company's biological assets comprise of gum and wattle plantations, livestock and produce growing on the bearer plants. Gum and wattle plantations are measured at their fair value less point of sale costs. Where there is no market determined prices for the plantation or produce to determine the fair value, the present value of expected net cash flows from plantations, discounted at a current market determined pre-tax rate, are used to determine fair value.

Produce growing on bearer plants is measured at fair value less costs to sell with changes recognised in profit or loss.

Livestock is measured at fair value. Fair value is determined by reference to the market price and these valuations were carried out by a professional valuator.

**4.4 Intangible assets**

These comprise of trademarks which are valued at historical cost less accumulated impairment losses. Trademarks have an indefinite useful life and are therefore not amortised. Events and circumstances are evaluated at the end of each reporting period to determine whether an indefinite useful life is supported.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.4 Intangible assets (continued)**

**4.4.1 Internally generated intangible assets - Research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated impairment losses.

**4.5 Impairment of non-financial assets**

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets, affected by impairment, are reviewed for possible reversal of impairment at each reporting date.

**4.6 Financial instruments**

**4.6.1 Initial recognition**

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

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would consider when pricing the asset or liability.

**4.6.2 Classification of financial assets and financial liabilities**

The Company classifies its financial instruments in the following categories:

- At fair value through profit and loss ("FVTPL"),
- At fair value through other comprehensive income ("FVTOCI")
- At amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the company's business model for managing the financial assets and their contractual cash flow characteristics.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.6 Financial instruments (continued)**

**4.6.2 Classification of financial assets and financial liabilities (continued)**

Equity instruments that are held for trading are classified as FVTPL, for other equity instruments, the company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

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

**4.6.3 Measurement**

**Financial assets and liabilities at amortized cost**

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

**Financial assets and liabilities at FVTPL**

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

**Impairment of financial assets at amortized cost**

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses.

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost.

For trade receivables, the Company applies the simplified approach as permitted by IFRS 9 which requires expected lifetime losses to be recognized from initial recognition of receivables.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

**Definition of default**

Critical to the determination of Expected Credit Loss (ECL) is the definition of default. The definition of default is used in measuring the amount of the lifetime ECL. ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- The financial asset that are at least 120 days past due on any material credit obligation to the Company; or
- The financial asset is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the borrower is unlikely to pay its credit obligation, the Company considers both qualitative and quantitative indicators. The information assessed depends on the type of the asset and sources of information to assess default which are either developed internally or obtained from external sources.

**Write-off**

Financial assets are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.6 Financial instruments (continued)**

**4.6.3 Measurement (continued)**

**Derecognition**

**Financial assets**

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

**Financial liabilities**

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

**4.7 Inventories**

Inventories are stated at the lower of cost or net realisable value, with the exception of agricultural produce which is valued at net realisable value. The cost of the finished goods and work in progress comprises raw materials, direct labour, and other direct costs related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. The methods of valuation are as follows:

**Agricultural produce**

Agricultural produce is valued at fair value less costs to sell at point of harvest in line with IAS 41. This is considered the cost of those inventories at that date for application of IAS 2.

**Finished goods**

The cost in relation to finished goods for resale includes the cost of agricultural produce, (as disclosed above), and the cost of packaging materials, direct labour and an appropriate portion of factory overheads. The finished goods are accounted for on a first in first out basis (FIFO).

**Other inventories**

All other inventories are valued at the lower of cost, taken on a weighted average basis, and net realisable value.

**4.8 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income.

When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the statement of comprehensive income.

**4.9 Bank and cash balances**

Bank and cash balances include cash on hand, deposits held with financial institutions, short term highly liquid investments with short term maturities of three months or less and bank overdrafts.

**4.10 Share capital**

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

**4.11 Current and deferred income tax**

The tax expense comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**4.11 Current and deferred income tax (continued)**

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**4.12 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**4. 13 Borrowings**

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

**4.14 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, in the ordinary course of the Company's activities. Revenue is shown net of value added tax, rebates and discounts. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the entity and specific criteria have been met for each of the Company's activities as described below:

**Sale of goods**

Sales of goods are recognised when the Company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of these products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the product in accordance with sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the revenue has met the criteria specified within IFRS 15 with specific reference to the five-step model for each of the company's activities.

**Right of return**

Revenue from expected returns is not recognised until it is certain that no returns will be made. IFRS 15 requires that revenue for expected returns only be recognised when the period ends and no returns are made. Thus, this qualifies as a sale with a right of return, as the customer has the right to return the goods and in return receive a full refund of the consideration paid. This only applies to domestic sales as export sales do not have any returns.

The Company updates the measurement of the refund liability at the end of each reporting period for changes in expectations about the amount of refunds and recognises corresponding adjustments as revenue or reductions of revenue. The asset is presented separately from the liability. An asset recognised for an entity's right to recover products from a customer on settling a refund liability are initially measured by reference to the former carrying amount of the product less any expected costs to recover those products.

At year end the entity recognises a refund liability by creating a provision of returns based on the expected rate of return based on history relating to the year-end sales.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 4.14 Revenue recognition (continued)

**Interest income**

Interest income is recognised on a time apportionment basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### 4.15 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases which are defined as leases with a lease term of 12 months or less. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the company's incremental borrowing rate.

- Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is presented as a separate line in the company's statement of financial position.

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

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the Company's statement of financial position.

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 4.16 Employee benefits

**Pension obligations**

The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The contributions are recognised as employee benefit expense when due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employees the benefits relating to employee service in the current and prior periods.

**National Social Security Authority Pension Fund**

The Company and its employees also contribute to the National Social Security Authority Scheme. This is a defined benefit social security scheme which was promulgated under the National Social Security statutory instrument. The Company obligations under the scheme are limited to specific contributions as legislated from time to time.

The Company's contributions to the pension plans are charged to the statement of comprehensive income.

**Termination benefits**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or, whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The Company's senior executives analyse, on a regular basis, currency and interest rate exposures and re-evaluate financial risk management strategies against regularly revised economic forecasts. Compliance with exposure limits is reviewed at the Board of Directors' meetings.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with IFRS requires the company to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund income and expenses and disclosure of contingent resources and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. While the estimates are based on the most reliable data available, actual results, in the near term, could differ significantly from those estimates depending upon certain events and uncertainties, including:

The timing and extent of losses the Company incurs as a result of future failures of entities that are closed;

- The ability to recover receivables based on the trends;
- Expectations of the liquidation of entities and
- The probability of recovery through successful lawsuits as appropriate against relevant parties.

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

**(a) Functional currency**

The financial statements are presented in Zimbabwe Dollar (ZWL) which is the functional currency of the Company. Adoption of the ZWL as a functional currency was done effective the 22nd of February 2019 following the promulgation of Statutory Instrument 33 of 2019 (SI 33/19).

The Directors assessed that the ZWL remained the functional currency of the entity. Historic foreign currency-based transactions have been translated using the applicable interbank rate.

**(b) Financial Instruments**

**Significant increase of credit risk**: ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company considers qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 1 and note 3 for more details.

**Establishing Company assets with similar credit risk characteristics**: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflect the similar credit risk characteristics of that Company of assets. Re segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### (b) Financial Instruments (continued)

**Models and assumptions used:** The Company uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

### (c) Useful lives and residual values of property,plant and equipment

The Company's management determines the estimated useful lives and residual values for its property, plant and equipment at the end of each reporting period. The remaining useful lives and residual values are reassessed based on business trends, technological developments, asset condition and management's plans. The useful lives and residual values so determined involved the exercise of significant levels of judgement based on data that is not readily observable.

### (d) Valuation of biological assets

Biological assets are based on estimated fair values. Fair value is based on expected future cash flows discounted at internal cost of borrowings adjusted for inherent risks associated with Company operations. Discounted net cash flows for gum and wattle are limited to 7 years. Fruit on the tree is valued at fair value less cost to sale after also considering maturity status of the fruit growing on the bearer plant.

The entity's agricultural operations are subject to the usual agricultural hazards such as fire, wind, insects and other natural phenomena/ occurrences. Management considers adequate preventive measures are in place to mitigate against the hazards. Forces of nature such as temperature and rainfall may also affect yields. Nevertheless, unexpected factors affecting harvestable agricultural produce may result in re-measurement or changes in harvests in future accounting periods. Management therefore tests biological assets for impairment at each reporting date and estimates may differ from actual results.

### (e) Income tax

The Company is subject to income taxes in Zimbabwe. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of the business. The Company recognizes liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the current year, the entity applied a tax rate of 15.45% (September 2022:15.45%) in line with the provisions of Section 14(3) (c) of the Income Tax Act which allows a reduced tax rate for exporters of more than 51% of production.

### (f) Hyperinflation accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and in the manner required by the Companies and other Business Entities Act (Chapter 24:31). The financial statements are based on the statutory records, which are maintained under the historical cost convention, these are restated to take account of the effects of inflation in accordance with International Accounting Standard 29, 'IAS 29' (Financial Reporting in Hyperinflationary Economies). Refer to note 2.2, 'Basis of preparation' for judgements used.

### (g) Use of interbank spot rate

In preparing the financial statements, transactions incurred in other currencies other than the functional currency were recognised at the prevailing interbank rate at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Gains and losses arising on exchange are recognised in the statement of profit or loss and other comprehensive income.

On 26 March 2020, the Reserve Bank of Zimbabwe (RBZ), fixed the ZWL to US$ exchange rate at a rate of ZWL25: US$1, to provide for greater certainty in the pricing of goods and services in the economy. Subsequently, in June of 2020, the Monetary Policy Committee announced the introduction of a formal market-based foreign exchange trading system (the foreign exchange auction trading system). Exchange control circular no. 3 of 2022 dated 9 May 2022 was issued by the Reserve bank of Zimbabwe. The circular highlighted that all surrender of export and domestic sales in foreign currency shall be sold to the Reserve Bank of Zimbabwe at the prevailing interbank rate as determined by the willing buyer willing seller mechanism and prior to this announcement all export receipts were being liquidated at the auction rate.

The mid-term monetary policy of August 21, 2020 standardized export earnings retention to seventy percent across all sectors. The Company's retention was eighty percent prior to this announcement. Local sales in foreign currency were subject to twenty percent mandatory liquidation at point of sale. Retention was reduced from seventy percent to sixty percent effective 8 January 2021. In his mid-term monetary policy review of 11 August 2022, the Governor of the Reserve Bank of Zimbabwe increased the exports retention percentage from 60% to 75% for the Agriculture sector that is those in tobacco, cotton, tea, coffee and horticulture.

### Determining appropriateness of use of interbank spot rate

In determining the appropriateness of use of the interbank rate of exchange to translate transactions incurred in other currencies other than the functional currency, the company considered the following factors:

- The company is a net exporter and has not accessed foreign currency from any other market except from own generated resources;
- Twenty five percent of export receipts are compulsorily liquidated at prevailing auction market rates;
- Imports and other operational requirements are funded from own generated funds; and
- The company's operations are considered essential services and, in the event own generated resources would have been inadequate, it would have participated on the auction market for allocation.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 6. SEGMENT INFORMATION

For purposes of resource allocation and assessment of segment performance in line with IFRS 8 Operating segments, the company is organized into two operating segments as detailed below:

**Agriculture -** The division based in the Chipinge district, consist of five estates inter-cropped with tea, coffee, avocados and macadamia nuts. Tea and coffee are processed in bulk form for sale, either on the international market or to the Beverage Division for local and regional packed tea sales.

**Beverage -** The division consists of a tea blending and packaging plant as well as a distribution warehouse in Mutare. Packed tea from the factory is sold and distributed through distribution depots in Harare, Bulawayo, Gweru and Mutare. Packed tea is also exported into various regional markets. Major Company brands include Tanganda, Stella, Silver, Joko, tinga mira water, Tanganda special blend, Tanganda Tips, Fresh leaves, Tanganda Healthi Green, Nella Rooibos bags, Natra Fresh Rooibos (leaf and bags) and High Country Coffee.

**Segment Revenue**

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Agriculture | 73 861 559 601 | 49 872 632 697 | 35 530 865 826 | 4 383 397 974 |
| Beverage | 65 476 948 127 | 46 875 672 942 | 25 601 333 957 | 3 418 181 915 |
| Intersegment Revenue^ | (10 348 118 255) | (5 980 327 990) | (3 889 699 053) | (448 738 126) |
| **External Revenue** | **128 990 389 473** | **90 767 977 649** | **57 242 500 730** | **7 352 841 763** |

Depreciation and amortization expense.

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Agriculture | 2 802 797 052 | 3 903 066 072 | 62 236 680 | 25 322 687 |
| Beverage | 726 745 733 | 1 055 451 881 | 18 598 692 | 7 538 254 |
| **Total Depreciation for reportable segments** | **3 259 542 785** | **4 958 517 953** | **80 835 372** | **32 860 941** |

**Operating profit/ (loss)**

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Agriculture** | 5 417 941 460 | 8 103 227 411 | 30 510 892 252 | 3 147 119 146 |
| Beverage | 6 977 858 982 | 16 367 389 722 | (3 100 879 495) | 1 580 758 599 |
| **Total Operating profit for reportable segments** | **12 395 800 442** | **24 470 617 133** | **27 410 012 757** | **4 727 877 745** |

**Operating profit /(loss) includes fair value adjustments on biological assets.

| **Segment Assets^^** | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Agriculture | 131 704 175 671 | 160 893 374 797 | 40 602 527 096 | 8 470 619 846 |
| Beverage | 36 496 675 588 | 22 764 073 096 | 18 344 790 346 | 1 782 086 383 |
| **Total** | **168 200 851 259** | **183 657 447 893** | **58 947 317 442** | **10 252 706 229** |

| **Segment Liabilities^^** | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Agriculture | 12 862 524 028 | 11 940 419 378 | 12 862 524 028 | 1 607 055 098 |
| Beverage | 8 393 717 914 | 2 265 700 181 | 8 393 717 914 | 304 939 459 |
| **Total** | **21 256 241 942** | **14 206 119 559** | **21 256 241 942** | **1 911 994 557** |

^ Inter -segment revenue represents unprocessed agriculture produce transferred to the beverage division for further processing and sale that is bulk tea before its blended into the various brands sold by Tanganda.

^^ Excluded from Segment assets and liabilities are centrally administered assets such as bank and cash balances, tax assets and balances and other assets and liabilities which are centralized.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 6. SEGMENT INFORMATION (continued)

The accounting policies of the reportable segments are the same as the whole company accounting policies. Segment operating profit represents segment profit before allocation of central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

**Reconciliation of information on reportable segments to IFRS measures**

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Total revenue for reportable segments | 139 338 507 728 | 96 748 305 639 | 61 132 199 783 | 7 801 579 889 |
| Elimination of Intersegment revenue | (10 348 118 255) | (6 010 047 990) | (3 889 699 053) | (448 738 126) |
| **Consolidated revenue** | **128 990 389 473** | **90 738 257 649** | **57 242 500 730** | **7 352 841 763** |

Depreciation and amortisation expense

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Total Depreciation expense for reportable segment | 3 529 542 785 | 4 958 517 953 | 80 835 372 | 32 860 941 |
| Depreciation on admin assets | 1 907 366 324 | 122 165 561 | 46 974 478 | 1 239 799 |
| Total depreciation expense | 5 436 909 109 | 5 080 683 514 | 127 809 850 | 34 100 740 |

**Reconciliation of information on reportable segments to IFRS measures**

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Total operating profit for reportable segments | 12 395 800 442 | 24 470 617 133 | 27 410 012 757 | 4 727 877 745 |
| Finance Income | 5 643 222 | 46 809 | 3 074 173 | 2 840 |
| Administration and other operating costs | (23 017 680 917) | (18 610 435 505) | (8 177 037 683) | (1 102 246 831) |
| Finance costs | (5 097 139 197) | (1 330 761 310) | (1 597 700 597) | (121 224 755) |
| Exchange gains/(loss) | 1 993 980 520 | 16 986 443 621 | (722 967 864) | 1 352 000 803 |
| Monetary loss | (3 187 957 107) | ( 7 831 825 315) | - | - |
| Consolidated (loss)/ profit before tax | (16 907 353 037) | 13 684 085 433 | 16 915 380 786 | 4 856 409 802 |

The above income and costs are not monitored per reportable segment.

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Total assets for reportable segments | 168 200 851 259 | 183 657 447 893 | 58 947 317 442 | 10 252 706 229 |
| Admin assets | 6 654 059 408 | 2 429 380 019 | 1 334 652 723 | 178 470 481 |
| Consolidated total assets | 174 854 910 667 | 186 086 827 912 | 60 281 970 165 | 10 431 176 710 |
| ***Liabilities*** | | | | |
| Total liabilities for reportable segments | 21 256 241 942 | 14 206 119 559 | 21 256 241 942 | 1 911 994 557 |
| Admin liabilities | 33 983 656 174 | 34 210 856 773 | 17 559 368 955 | 2 363 002 408 |
| Consolidated total liabilities | 55 239 898 116 | 48 416 976 332 | 38 815 610 897 | 4 274 996 965 |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 7. PROPERTY, PLANT AND EQUIPMENT

**Cost or valuation – INFLATION ADJUSTED**

| | Land & buildings ZWL | Furniture & equipment ZWL | Motor vehicles ZWL | Tea Plantations ZWL | Coffee Plantations ZWL | Macadamia Plantations ZWL | Avocado Plantations ZWL | Total ZWL |
|---|---|---|---|---|---|---|---|---|
| **Cost as at 1 October 2021** | **42 016 410 612** | **24 864 909 163** | **5 289 716 318** | **5 689 049 499** | **2 593 430 593** | **33 135 902 081** | **25 272 468 317** | **138 861 886 585** |
| Impairment reversal | - | - | - | - | - | 53 066 249 | - | 53 066 249 |
| Additions | 1 231 150 458 | 3 888 927 013 | 151 491 682 | - | 391 080 963 | 625 112 693 | 722 248 218 | 7 010 011 027 |
| Disposals | - | (212 092 485) | (2 399 102) | (648 802) | - | (215 939 598) | - | (431 079 987) |
| Reclassifications | (158 905 618) | 1 252 917 356 | (923 387 295) | (7 018 548) | (6 272 361) | 6 415 533 448 | (6 572 866 982) | - |
| Transfer from biological assets | 1 317 072 | 910 724 | 138 020 | 173 669 | 91 032 | 1 223 082 | 593 657 | 4 447 256 |
| **Cost as at 30 September 2022** | **43 089 972 524** | **29 795 571 771** | **4 515 559 623** | **5 681 555 818** | **2 978 330 227** | **40 014 897 955** | **19 422 443 210** | **145 498 331 128** |
| Additions | 1 704 172 428 | 1 466 161 254 | 2 015 139 390 | - | 525 732 834 | 1 283 408 489 | 1 729 127 784 | 8 723 742 179 |
| Disposals | (3 612 916) | (158 138 088) | (666 002 508) | (258 578 638) | (920 267 317) | - | - | (2 006 599 467) |
| **Cost as at 30 September 2023** | **44 790 532 036** | **31 103 594 937** | **5 864 696 505** | **5 422 977 180** | **2 583 795 744** | **41 298 306 444** | **21 151 570 994** | **152 215 473 840** |
| **Accumulated depreciation** | | | | | | | | |
| **Balance as at 1 October 2021** | **(4 963 321 968)** | **(13 597 255 251)** | **(3 667 203 724)** | **(751 641 016)** | **(2 044 401 880)** | **(3 523 506 692)** | **(3 711 567 266)** | **(32 258 897 797)** |
| Elimination on disposal of assets | - | 86 221 584 | 2 377 050 | 95 847 | - | 7 197 300 | - | 95 891 781 |
| Charge for the year | (762 385 843) | (1 668 658 080) | (279 922 025) | (113 809 582) | (546 960 342) | (833 316 546) | (841 561 298) | (5 046 613 716) |
| **Balance as at 30 September 2022** | **(5 725 707 811)** | **(15 179 691 747)** | **(3 944 748 699)** | **(865 354 751)** | **(2 591 362 222)** | **(4 349 625 938)** | **(4 553 128 564)** | **(37 209 619 732)** |
| Elimination on disposal of assets | 957 062 | 145 043 118 | 171 322 970 | 47 500 270 | 920 267 322 | - | - | 1 285 090 742 |
| Charge for the year | (775 474 335) | (1 919 881 947) | (396 067 272) | (118 401 853) | (489 132 151) | (1 018 975 662) | (686 387 795) | (5 404 321 015) |
| **Balance as at 30 September 2023** | **(6 500 225 084)** | **(16 954 530 576)** | **(4 169 493 001)** | **(936 256 334)** | **(2 160 227 051)** | **(5 368 601 600)** | **(5 239 516 359)** | **(41 328 850 005)** |
| **Carrying amount as at 30 September 2022** | **37 364 264 713** | **14 615 880 024** | **570 810 924** | **4 816 201 065** | **386 968 004** | **35 665 272 016** | **14 869 314 649** | **108 288 711 396** |
| **Carrying amount as at 30 September 2023** | **38 290 306 952** | **14 149 064 361** | **1 695 203 504** | **4 486 720 846** | **423 568 693** | **35 929 704 844** | **15 912 054 635** | **110 886 623 835** |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 7. PROPERTY, PLANT AND EQUIPMENT (continued)

**Cost or valuation - HISTORICAL**

| | Land & buildings ZWL | Furniture & equipment ZWL | Motor vehicles ZWL | Tea Plantations ZWL | Coffee Plantations ZWL | Macadamia Plantations ZWL | Avocado Plantations ZWL | Total ZWL |
|---|---|---|---|---|---|---|---|---|
| **Cost as at 1 October 2021** | **435 900 666** | **83 039 730** | **13 967 789** | **3 860 012** | **9 667 460** | **84 182 271** | **54 116 202** | **684 734 130** |
| Impairment reversal | - | - | - | - | - | 35 988 | - | 35 988 |
| Additions | 110 935 201 | 258 852 183 | 11 853 410 | - | 38 879 254 | 54 430 816 | 49 988 635 | 524 939 499 |
| Disposals | - | (143 835) | (1 627) | (440) | - | (146 444) | - | (292 346) |
| Reclassifications | (106 135) | 850 310 | (626 121) | (4 642) | (4 929) | 4 351 659 | (4 457 126) | 3 016 |
| **Cost as at 30 September 2022** | **546 729 732** | **342 598 388** | **25 193 451** | **3 854 930** | **48 541 785** | **142 854 290** | **99 647 711** | **1 209 420 287** |
| Additions | 337 889 091 | 1 131 528 351 | 1 273 435 640 | - | 295 392 528 | 528 865 714 | 307 088 260 | 3 874 199 584 |
| Disposals | (2 450) | (107 237) | (94 876 793) | (175 348) | (624 054) | - | - | (95 785 882) |
| **Cost as at 30 September 2023** | **884 616 373** | **1 474 019 502** | **1 203 752 298** | **3 679 582** | **343 310 259** | **671 720 004** | **406 735 971** | **4 987 833 989** |
| **Accumulated depreciation** | | | | | | | | |
| **Balance as at 1 October 2021** | **(6 146 693)** | **(13 026 059)** | **(4 825 974)** | **(508 974)** | **(1 270 665)** | **(2 152 684)** | **(2 322 510)** | **(30 253 559)** |
| Elimination on disposal of assets | - | 58 473 | 1 612 | 65 | - | 4 881 | - | 65 031 |
| Charge for the year | (14 598 872) | (12 870 461) | (2 656 530) | (77 634) | (177 549) | (1 650 354) | (964 584) | (32 995 984) |
| **Balance as at 30 September 2022** | **(20 745 565)** | **(25 838 047)** | **(7 480 892)** | **(586 543)** | **(1 448 214)** | **(3 798 157)** | **(3 287 094)** | **(63 184 512)** |
| Elimination on disposal of assets | 649 | 98 357 | 23 353 963 | 32 211 | 624 054 | - | - | 24 109 234 |
| Charge for the year | (14 967 457) | (36 897 943) | (67 272 164) | (77 603) | (4 636 909) | (1 936 556) | (964 584) | (126 753 216) |
| **Balance as at 30 September 2023** | **(35 712 373)** | **(62 637 633)** | **(51 399 093)** | **(631 935)** | **(5 461 069)** | **(5 734 713)** | **(4 251 678)** | **(165 828 494)** |
| Carrying amount as at 30 September 2022 | 525 984 167 | 316 760 341 | 17 712 559 | 3 268 387 | 47 093 571 | 139 056 133 | 96 360 617 | 1 146 235 775 |
| Carrying amount as at 30 September 2023 | 848 904 000 | 1 411 381 869 | 1 152 353 205 | 3 047 647 | 337 849 190 | 665 985 291 | 402 484 293 | 4 822 005 495 |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 8. RIGHT OF USE ASSETS*

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| **Opening balance 1 October** | **124 394 115** | **-** | **4 033 635** | **-** |
| Additions | - | 158 463 912 | - | 5 138 391 |
| Depreciation | (32 588 096) | (34 069 797) | (1 056 634) | (1 104 756) |
| **Carrying amount 30 September** | **91 806 019** | **124 394 115** | **2 977 001** | **4 033 635** |
| | | | | |
| Comprising | | | | |
| Cost | 158 463 912 | 158 463 912 | 5 138 391 | 5 138 391 |
| Accumulated Depreciation | (66 657 893) | (34 069 797) | (2 161 390) | (1 104 756) |
| | **91 806 019** | **124 394 115** | **2 977 001** | **4 033 635** |

*The company only has property leases.

## 9. INTERNALLY GENERATED INTANGIBLE ASSETS

**Trade and brand names**

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Balance as at 1 October 2021 | 182 969 501 | 182 969 501 | 124 141 | 124 141 |
| Balance as at 30 September 2022 | 182 969 501 | 182 969 501 | 124 141 | 124 141 |
| Impairment | (182 969 501) | - | (124 141) | - |
| **Balance as at 30 September 2023** | **-** | **182 969 501** | **-** | **124 141** |

The directors have re-assessed the useful lives of intangible assets and have concluded that the intangible assets have come to the end of their useful life.

## 10. OTHER FINANCIAL ASSETS

The Company entered into a Memorandum of Understanding with various bottlers who utilise Post Consumer polyethylene terephthalate (PC-PET) to invest in Zimbabwe PET Recycling Company Limited, whose main objective is to institutionalise the collection and recycling of PC-PET on an industry-wide basis. Each company holds an equal shareholding in the company. The company's main objective is to collect and recycle of the PC-PET with each company to the agreement responsible for the contribution of an agreed amount toward financing the operations of the company. This investment is classified as a financial asset accounted for under IFRS 9 Fair value through profit or loss investment since its part to the agreement holds less than 10% of the shareholding. Its fair value is determined using level 3 inputs. The value of the investment is:

**Cost or valuation**

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Balance as at 1 October 2022 | 54 009 688 | 19 658 205 | 7 269 137 | 692 340 |
| Cash contribution | - | 50 563 327 | - | 6 576 797 |
| Monetary adjustment | - | (16 124 844) | - | - |
| Impairment | (54 009 688) | - | (7 269 137) | - |
| **Balance as at 30 September 2023** | **-** | **54 009 688** | **-** | **7 269 137** |

Management assessed the fair value of the investment and concluded that the asset should be fully impaired due to recurring losses being incurred by the entity with no prospects of generating profits in the short term.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 11. INVENTORIES

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Raw and packaging materials | 5 321 758 952 | 5 615 286 933 | 2 077 988 620 | 570 669 876 |
| Finished goods | 635 803 286 | 1 645 199 029 | 2 319 085 801 | 221 426 518 |
| Consumables | 13 754 529 878 | 14 799 447 201 | 7 049 307 173 | 1 180 084 628 |
| Agricultural produce | 12 448 213 590 | 17 007 318 986 | 12 448 213 590 | 2 289 006 594 |
| | **32 160 305 706** | **39 067 252 149** | **23 894 595 184** | **4 261 187 616** |

Inflation adjusted cost of inventories recognised as an expense through the income statement was ZWL24 243 152 and in September 2022 cost of inventories reversed through the income statement was ZWL 70 427 982. There were no write offs recognised as an expense due to shrinkage for both periods.

Historic cost of inventories recognised as an expense through the income statement was ZWL 4 138 667 and in September 2022 cost of inventories reversed through the income statement was ZWL 1 778 149. There were no write offs recognised as an expense due to shrinkage for both periods.

### 12. BIOLOGICAL ASSETS

Biological assets comprise of gum and wattle plantations, livestock and produce growing on the bearer plants. The present value of expected net cash flows from plantations, discounted at the cost of capital, was used to determine fair value of timber plantations. The fair value for livestock was determined by reference to the market price and these valuations were carried out by a professional valuer independent to the Company.

Produce growing on bearer plants is measured at fair value less costs to sell with changes recognised in profit or loss as the produce grows. As for tea, the 14 day round green leaf plucking cycle was applied, as 14 days' green leaf is deemed to be growing on the bearer plant as at reporting date. Average selling prices are discounted in line with maturity profile.

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Livestock | 2 426 103 900 | 2 495 161 175 | 2 426 103 900 | 335 822 500 |
| Timber plantations | 3 932 300 600 | 5 609 587 974 | 3 932 300 600 | 754 991 652 |
| | **6 358 404 500** | **8 104 749 149** | **6 358 404 500** | **1 090 814 152** |

#### 12.1 Timber plantations

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Valuation as at 1 October | 5 609 587 974 | 3 697 822 033 | 754 991 652 | 130 832 083 |
| Transfer to Property, plant and equipment | - | (4 447 256) | - | (3016) |
| Fair valuations | (1 625 868 599) | 5 944 768 039 | 3 060 372 090 | 616 499 856 |
| Additions | 312 937 473 | 132 765 920 | 165 975 382 | 10 980 424 |
| Disposals | (364 356 248) | (4 161 320 762) | (49 038 524) | (3 317 695) |
| **Valuation as at 30 September** | **3 932 300 600** | **5 609 587 974** | **3 932 300 600** | **754 991 652** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**12. BIOLOGICAL ASSETS (continued)**

**12.2 Livestock**

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Opening balance | 2 495 161 175 | 1 056 296 281 | 335 822 500 | 37 412 208 |
| Births | 387 207 020 | 230 123 137 | 52 114 000 | 8 150 568 |
| Recoveries | 2 377 600 | - | 320 000 | - |
| Promotions | 1 026 034 705 | 438 863 762 | 138 093 500 | 15 543 804 |
| Deaths | (130 337 060) | (48 032 472) | (17 542 000) | (1 701 228) |
| Donations | (8 916 000) | (4 940 950) | (1 200 000) | (175 000) |
| Transfers | (5 706 240) | (3 865 460) | (768 000) | (136 908) |
| Sales | (2 499 474 290) | (192 890 735) | (336 403 000) | (6 831 860) |
| Fair value adjustments | 1 159 756 990 | 1 019 607 612 | 2 255 666 900 | 283 560 916 |
| **Closing balance** | **2 426 103 900** | **2 495 161 175** | **2 426 103 900** | **335 822 500** |

The entity is exposed to financial risks arising from changes in commodity prices. The entity does not anticipate that commodity prices will decline significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in commodity prices. The entity reviews its outlook for commodity prices regularly in considering the need for active financial risk management.

Fair values of green tea leaf, macadamia nuts, coffee beans and avocado fruit on bearer plants is determined using Level 2 inputs on the fair value hierarchy, whilst fair values for timber plantations and livestock is determined using level 3 inputs. For livestock, the entity engages third party qualified valuers to perform the valuation.

During the dry season the risk of damage from fire is significant. The entity reduces this risk in the best possible manner by implementing appropriate fire prevention measures such as clearing underbrush ahead of the dry season, constructing fire breaks and 24-hour surveillance. Climate and weather changes pose the risk of damage and affect productivity and quality. Nurseries and young plantations are covered in winter to minimise frost damage. Other mitigating measures include irrigation and other good agricultural practices such as pruning and fertilisation depending on seasons. In addition, nurseries are insured. The entity has not obtained insurance coverage for the plantations as the premium will be excessive in relation to the expected losses.

Produce on bearer plants comprise of green leaf on the tea bushes as at year end as all the other crops that is macadamia, coffee and avocados had been harvested by 30 September. Produce growing on bearer plants is measured at fair value less cost to sell.

**13. PRODUCE ON BEARER PLANTS**

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Produce on bearer plants | 1 203 265 950 | 1 083 614 753 | 1 203 265 950 | 145 843 170 |

Produce on bearer plants

Tea bushes on plantation*

| | INFLATION ADJUSTED ZWL | HISTORICAL COST ZWL |
|---|---|---|
| Balance as at 1 October 2021 | 787 333 933 | 27 856 543 |
| Movement in fair valuation | 296 280 820 | 117 986 627 |
| Balance as at 30 September 2022 | 1 083 614 753 | 145 843 170 |
| Movement in fair valuation | 119 651 197 | 1 057 422 780 |
| **Balance as at 30 September 2023** | **1 203 265 950** | **1 203 265 950** |

*The other crops that is macadamia, coffee and avocados had been harvested by 30 September 2023 as a result they had nil value.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 14. TRADE AND OTHER RECEIVABLES

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Gross trade receivables | 21 997 006 242 | 25 759 868 927 | 21 997 006 242 | 3 467 007 931 |
| Less: expected credit loss | (2 807 859 579) | (374 516 743) | (2 807 859 579) | (50 406 022) |
| Trade receivables | 19 189 146 663 | 25 385 352 184 | 19 189 146 663 | 3 416 601 909 |
| Prepayments | 3 449 884 466 | 2 013 498 423 | 3 296 101 844 | 119 191 461 |
| Other receivable | 683 168 647 | 755 823 904 | 683 168 647 | 101 725 963 |
| | **23 322 199 776** | **28 154 674 511** | **23 168 417 154** | **3 637 519 333** |

As of 30 September 2023, trade receivables of ZWL2 807 859 579 (September 2022: Inflation adjusted ZWL 374 516 743: Historic ZWL 50 406 022) were past due and were impaired. The impaired receivables were in respect of various local customers facing liquidity challenges. The ageing of these receivables is as follows:

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| 3 to 6 months | 136 944 487 | 76 793 805 | 136 944 487 | 10 335 640 |
| Over 6 months | 2 670 915 092 | 297 722 938 | 2 670 915 092 | 40 070 382 |
| | **2 807 859 579** | **374 516 743** | **2 807 859 579** | **50 406 022** |

As of 30 September 2023, Nil trade receivables (30 September 2022: historic Nil: Inflation adjusted Nil) were past due but not impaired.

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

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| United States Dollars | 19 752 475 096 | 20 105 705 448 | 19 752 475 096 | 2 706 016 884 |
| ZWL | 3 569 724 680 | 8 048 969 063 | 3 415 942 058 | 931 502 449 |
| | **23 322 199 776** | **28 154 674 511** | **23 168 417 154** | **3 637 519 333** |
| **Movement in allowance for doubtful debts** | | | | |
| Balance at the beginning of the year | 374 516 743 | 204 844 320 | 50 406 022 | 7 247 566 |
| Impairment (reversed)/recognised | 2 433 342 837 | 169 672 423 | 2 757 453 558 | 43 158 456 |
| **Balance at the end of the year** | **2 807 859 580** | **374 516 743** | **2 807 859 580** | **50 406 022** |

The average credit periods on sale of goods and services are 45 to 90 days for agriculture and 14 to 30 days for beverage.

The entity measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the various subsidiaries' industries, and forecast conditions at the reporting date. The entity has recognised a loss allowance of 100% against all receivables over 120 days past due, unless under exceptional circumstance, as these are generally irrecoverable.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 14. TRADE AND OTHER RECEIVABLES (continued)

The following details the risk profile of trade receivables based on the Company's provision matrix.

### INFLATION ADJUSTED

| | <30 | 30 | 60 | 90 | >120 | Total |
|---|---|---|---|---|---|---|
| **30 September 2023** | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL |
| Expected credit losses | 0.42% | 0.70% | 1.05% | 1.39% | 100% | 12.76% |
| Estimated carrying amount at default | 5 533 276 771 | 7 997 422 608 | 5 451 126 727 | 261 064 814 | 2 754 115 322 | 21 997 006 243 |
| Lifetime ECL | (23 115 567) | (55 765 694) | (57 015 719) | (3 640 788) | (2 754 115 322) | (2 893 653 090) |
| Adjustment for forward looking information | - | - | - | - | - | 85 793 510 |
| **Balance** | **5 500 161 204** | **7 941 656 914** | **5 394 111 008** | **257 424 026** | **-** | **19 189 146 663** |
| | | | | | | |
| **30 September 2022** | | | | | | |
| Expected credit losses | 0.64% | 1.29% | 2.58% | 5.15% | 100% | 1.81% |
| Estimated carrying amount at default | 17 925 867 715 | 5 283 440 308 | 1 982 324 453 | 254 722 541 | 313 513 910 | 25 759 868 927 |
| Lifetime ECL | (39 960 487) | (23 555 775) | (13 257 037) | (2 271 321) | (313 513 910) | (392 558 530) |
| Adjustment for forward looking information | - | - | - | - | - | 18 041 786 |
| **Balance** | **17 885 907 228** | **5 259 884 533** | **1 969 067 416** | **252 451 220** | **-** | **25 385 352 184** |

### HISTORICAL COST

| | 30 | 60 | 90 | >120 | Total | |
|---|---|---|---|---|---|---|
| **30 September 2023** | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL |
| Expected credit losses | 0.42% | 0.70% | 1.05% | 1.39% | 100% | 12.76% |
| Estimated carrying amount at default | 5 533 276 771 | 7 997 422 608 | 5 451 126 727 | 261 064 814 | 2 754 115 322 | 21 997 006 243 |
| Lifetime ECL | (23 115 567) | (55 765 694) | (57 015 719) | (3 640 788) | (2 754 115 322) | (2 893 653 089) |
| Adjustment for forward looking information | - | - | - | - | - | 85 793 510 |
| **Balance** | **5 500 161 204** | **7 941 656 914** | **5 394 111 008** | **257 424 026** | **-** | **19 189 146 663** |
| | | | | | | |
| **30 September 2022** | | | | | | |
| Expected credit losses | 0.64% | 1.29% | 2.58% | 5.15% | 100% | 1.81% |
| Estimated carrying amount at default | 2 412 633 609 | 711 095 600 | 266 800 061 | 34 282 980 | 42 195 681 | 3 467 007 931 |
| Lifetime ECL | (5 378 262) | (3 170 360) | (1 784 258) | (305 696) | (42 195 681) | (52 834 257) |
| Adjustment for forward looking information | - | - | - | - | - | 2 428 235 |
| **Balance** | **2 407 255 347** | **707 925 240** | **265 015 803** | **33 977 284** | **-** | **3 416 601 909** |

## 15. FINANCIAL INSTRUMENTS PER CATEGORY

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| **Financial assets as per statement of financial position** | | | | |
| Trade and other receivables excluding prepayments | 19 872 315 310 | 26 141 176 088 | 19 872 315 310 | 3 518 327 872 |
| Favourable cash and cash equivalents | 832 304 881 | 1 026 452 650 | 832 304 881 | 138 149 751 |
| **Total** | **20 704 620 191** | **27 167 628 738** | **20 704 620 191** | **3 656 477 623** |
| | | | | |
| **Financial liabilities as per statement of financial position** | | | | |
| Trade and other payables excl provisions | 21 469 701 338 | 15 372 797 468 | 21 469 701 338 | 2 069 017 156 |
| Borrowings | 13 583 206 667 | 7 226 222 576 | 13 583 206 667 | 972 573 698 |
| Bank overdraft | 510 446 637 | - | 510 446 637 | - |
| Lease liability | 208 475 350 | 230 769 581 | 208 475 350 | 31 059 163 |
| **Total** | **35 771 829 992** | **22 829 789 625** | **35 771 829 992** | **3 072 650 017** |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 16. CAPITAL AND RESERVES

### 16.1 Share capital

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| **Authorised** | | | | |
| 400 000 000 ordinary shares of ZWL 0.01 each | 1 996 705 991 | 1 996 705 991 | 4 000 000 | 4 000 000 |
| **Issued and fully paid up** | | | | |
| 261 064 590 (2021: 261 064 590) ordinary shares of ZWL 0.01 each | 1 749 770 112 | 1 749 770 112 | 2 610 646 | 2 610 646 |

The authorised share capital of the Company is ZWL 4 000 000 divided into 400 000 000 ordinary shares of ZWL 0.01 each.

The issued share capital of the Company is ZWL 2 610 646 divided into 261 064 590 ordinary shares of ZWL 0.01 each.

### 16.1a Earnings per share

The Company's headline earnings per share in ZWL cents were (ZWL6,811) (2022: ZWL3,390), whilst the headline earnings per share in historic terms were ZWL5,765 (2022: ZWL1,600). Inflation adjusted basic and diluted earnings per share in ZWL cents were (ZWL6,532) (2022: ZWL1,658), whilst in historic terms the basic and diluted earnings per share were ZWL5,919 (2022: ZWL1,599).

### 16.2 Directors' beneficial interests

At 30 September 2023 the direct and indirect beneficial interests of the Directors in the ordinary shares of the Company are shown below:

**Fully paid ordinary shares**

| | 30 September 2023 | 30 September 2022 |
|---|---|---|
| Hebert Nkala | - | - |
| Livingstone T. Gwata | - | - |
| Stewart P. Cranswick | 85 184 | 85 184 |
| Simon J Hammond | - | - |
| Bruce H. Henderson | - | - |
| Rufaro A. Maunze | - | - |
| Mathew J.S. Moxon | - | - |
| Timothy J.G. Fennell | - | - |
| Henry Nemaire | 9 684 | 9 684 |
| Kwirirai Chigerwe | 864 | 864 |

### 16.3 Share premium

Share premium arose from the difference between consideration and nominal value of shares issued.

### 16.4 Non-distributable reserve

The non-distributable reserve arose as a net effect of the restatement of assets and liabilities previously denominated in Zimbabwean Dollars on 1 February 2009.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 17. DEFERRED TAX

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| The analysis of the deferred tax liability is as follows: | | | | |
| Biological assets | 616 029 124 | 970 874 697 | 616 029 124 | 130 669 542 |
| Property, plant and equipment | 15 275 481 245 | 15 831 387 523 | 165 730 021 | 76 391 262 |
| Inventory | 1 629 799 912 | 2 464 040 876 | 352 747 637 | 177 620 030 |
| Expected credit losses and prepayments | (410 054 668) | 173 160 731 | (433 814 305) | (7 789 383) |
| Provisions | (296 131 075) | (641 069 887) | (296 131 075) | (86 281 277) |
| Right of use asset | 14 184 030 | 19 218 890 | 459 947 | 623 197 |
| Lease liability | (32 209 442) | (35 653 900) | (32 209 442) | (4 798 642) |
| Unrealised exchange gains | 727 299 008 | 670 227 762 | 727 299 008 | 90 205 622 |
| | **17 524 398 134** | **19 452 186 692** | **1 100 110 915** | **376 640 351** |

The movement in deferred liability during the year is as follows:

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Balance at the beginning of the year | 19 452 186 692 | 14 159 662 926 | 376 640 352 | 15 212 629 |
| (Credit)/debit to profit or loss | (1 927 788 558) | 5 292 523 766 | 723 470 563 | 361 427 722 |
| **Balance at the end of the year** | **17 524 398 134** | **19 452 186 692** | **1 100 110 915** | **376 640 351** |

## 18. BORROWINGS

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| **Secured** | | | | |
| Bank loans | 14 093 653 304 | 7 226 222 576 | 14 093 653 304 | 972 573 698 |
| | | | | |
| **Long term borrowings** | | | | |
| Bank loans | 6 930 282 023 | - | 6 930 282 023 | - |
| Short term borrowings | | | | |
| Current portion of long-term borrowings | 6 652 924 644 | 7 226 222 576 | 6 652 924 644 | 972 573 698 |
| Bank overdraft | 510 446 637 | - | 510 446 637 | - |
| **Total borrowings** | **14 093 653 304** | **7 226 222 576** | **14 093 653 304** | **972 573 698** |

**Exposure per lender**

| | Interest rate | 30 September 2023 ZWL | Terms and Conditions |
|---|---|---|---|
| **Non-current portion of long term borrowings** | | | |
| AFC Commercial Bank | 11.00% | 1 002 236 858 | a |
| ZB Bank | 8.50% | 5 928 045 165 | c |
| **Total long-term borrowings** | | **6 930 282 023** | |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**18. BORROWINGS (continued)**

**Exposure per lender**

| | Interest rate | 30 September 2023 ZWL | Terms and Conditions |
|---|---|---|---|
| **Current portion of long term borrowings** | | | |
| AFC Commercial Bank | 11.00% | 637 787 122 | a |
| ZB Bank | 8.50% | 3 507 558 209 | c |
| | | 4 145 345 331 | |
| | | | |
| **Short term borrowings** | | | |
| Ecobank | 24.66% | 2 507 579 313 | b |
| | | | |
| Bank overdraft | | | |
| Ecobank overdraft facility | 75% | 510 446 637 | b |

**Overall effective interest rate**

The overall weighted average interest rate on the bank borrowings is 11.79% (September 2022: 48.66%) per annum.

**Terms and conditions**

**Bank Loans**

**a. AFC Commercial Bank**

The medium-term working capital loan owed to AFC Commercial Bank was USD300 000 converting to ZWL 1 640 023 980 at interbank rate. The loan bears an all-inclusive interest of 11.00% per annum and matures on 30 July 2025.

The facility is unsecured however, the following conditions are applicable:

- To channel at least USD500 000 proceeds per quarter through the bank over the tenor of the facility.

**b. Ecobank Zimbabwe Limited**

The composite amount owed to Ecobank Zimbabwe Limited was ZWL 3 018 025 950. This was made up of the following loans:

- The USD 2 million working capital facility – This has an outstanding balance of USD360 794 converting to ZWL 1 972 370 763. The loan bears an all-inclusive interest rate of 11% per annum and has a maturity date of 31 October 2023.
- The USD1 000 000 working capital facility – The facility was drawn in ZWL at the interbank rate. The outstanding balance as at 30 September 2023 was ZWL 535 208 550. The loan bears an all-inclusive interest rate of 75% per annum with a maturity date of 31 October 2023.
- The ZWL510 446 637 overdraft facility- The overdraft facility bears an interest rate of 75% annually and matures on 31 October 2023.

The loan is guaranteed by:

- Registration of a Notarial Special Covering Bond valued at USD1 Million over equipment financed by the Bank.
- Cession of insurance policy over the financed assets above.
- An irrevocable letter of undertaking to be executed by the Borrower wherein the Borrower undertakes to process CD1s with a minimum of USD 2 million and receive export proceeds through Ecobank Zimbabwe Limited.

**c. ZB Bank Limited**

The medium-term asset finance loan owed to ZB Bank Limited as at 30 September 2023 was USD1 725 998 converting to ZWL 9 435 603 374 at interbank rate.

The facility is unsecured however, the following conditions are applicable:

- The Borrower undertakes to cede 33% of export proceeds amounting to USD500 000 per month to the bank.
- The loan bears an all-inclusive interest rate of 8.5% per annum with a maturity date of 31 January 2026.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 19. TRADE AND OTHER PAYABLES

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Trade payables | 12 556 018 811 | 11 385 322 874 | 12 556 018 811 | 1 532 344 936 |
| Social security and other taxes | 826 632 357 | 1 291 203 760 | 826 632 357 | 173 782 471 |
| Accrued expenses | 8 087 050 170 | 2 696 270 834 | 8 087 050 170 | 362 889 749 |
| Provisions | 1 916 705 988 | 4 149 319 661 | 1 916 705 988 | 558 454 867 |
| | **23 386 407 326** | **19 522 117 129** | **23 386 407 326** | **2 627 472 023** |

All trade and other payables are due within twelve months after the period end. The credit period on purchases ranges from 1 to 45 days and payments are made within the same time frames.

## 20. LEASE LIABILITIES

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Opening balance | 230 769 581 | - | 31 059 163 | - |
| Additions | - | 160 357 507 | - | 5 190 514 |
| Interest Expense | 19 839 879 | 15 473 874 | 8 513 477 | 1 197 729 |
| Rental Payments | (79 117 355) | (50 375 370) | (35 951 410) | (3 994 256) |
| Revaluation adjustment | 36 983 245 | 105 313 570 | 204 854 120 | 28 665 176 |
| | 208 475 350 | 230 769 581 | 208 475 350 | 31 059 163 |
| Less current portion | (70 256 048) | (54 559 931) | (70 256 048) | (7 343 194) |
| **Non current portion** | **138 219 302** | **176 209 650** | **138 219 302** | **23 715 969** |
| | | | | |
| **Maturity profile** | | | | |
| On demand | 70 256 048 | 54 559 931 | 70 256 048 | 7 343 194 |
| Between one and two years | 76 466 043 | 59 382 529 | 76 466 043 | 7 992 265 |
| Between two and three years | 61 753 259 | 64 631 408 | 61 753 259 | 8 698 709 |
| Between three and four years | - | 52 195 713 | - | 7 024 995 |
| | **208 475 350** | **230 769 581** | **208 475 350** | **31 059 163** |

The total cash outflow for leases amounted to ZWL558 578 514 (2022 - ZWL47 519 807)

### 20.1 Amounts recognised in profit or loss

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Depreciation on right of use asset | (32 588 093) | (34 069 797) | (1 082 546) | (1 082 546) |
| Interest expense on lease liabilities | 19 839 879 | 15 473 874 | 8 513 477 | 1 197 729 |
| Rental payments relating to short term leases | 37 145 116 | 27 221 573 | 17 152 605 | 1 956 074 |
| Rental payments relating to variable leases* | 1 140 370 964 | 450 065 251 | 505 484 499 | 41 569 476 |

*Some lease of premises to which the company is a lessee contain variable lease payment terms that require payments to be agreed each month and has go no fixed payment terms. Overally the variable lease payments constitute approximately 90% of the total lease payments and the company expect this ratio to remain constant in future years.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 21. CURRENT TAX LIABILITY

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Short term liability | | | | |
| Zimbabwe Revenue Authority | 26 964 002 | 1 985 680 354 | 26 964 002 | 267 251 730 |
| **Total current tax liability** | **26 964 002** | **1 985 680 354** | **26 964 002** | **267 251 730** |

The liability of ZWL 26 964 002 is in respect of corporate tax payable.

## 22. REVENUE

The following is an analysis of the Company's revenue for the year from continuing operations;

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Agricultural produce | 63 651 458 747 | 43 892 304 707 | 31 641 166 773 | 3 934 659 848 |
| Packed tea and coffee | 3 882 825 813 | 43 200 635 026 | 24 139 101 106 | 3 175 994 398 |
| Water | 61 456 104 912 | 3 675 037 916 | 1 462 232 851 | 242 187 517 |
| | **128 990 389 473** | **90 767 977 649** | **57 242 500 730** | **7 352 841 763** |

### 22.1 Revenue per product

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Bulk tea | 44 368 872 649 | 28 167 478 786 | 17 884 474 668 | 2 031 732 891 |
| Macadamia | 15 150 797 316 | 7 800 635 794 | 10 978 606 164 | 993 161 588 |
| Avocados | 2 783 946 327 | 6 216 417 562 | 2 613 414 970 | 829 454 357 |
| Coffee | 1 209 825 054 | 1 707 772 564 | 286 035 589 | 80 311 012 |
| Packed tea | 61 593 398 415 | 43 200 635 026 | 24 017 125 993 | 3 175 994 398 |
| Water | 3 883 549 712 | 3 675 037 917 | 1 462 843 346 | 242 187 517 |
| | **128 990 389 473** | **90 767 977 649** | **57 242 500 730** | **7 352 841 763** |

## 23. GROSS PROFIT

The following is an analysis of the Company's gross profit for the year from continuing operations:

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Agricultural produce | 26 767 664 845 | 14 204 608 765 | 21 328 545 840 | 2 205 881 904 |
| Packed Tea and coffee | 7 309 074 385 | 15 459 864 557 | 11 081 039 301 | 2 470 689 009 |
| Water | 662 466 142 | 548 693 694 | 335 904 908 | 87 688 445 |
| | **34 739 205 372** | **30 213 167 016** | **32 745 490 049** | **4 764 259 358** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 24. OTHER INCOME

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Loss on disposal of property, plant and equipment and Biological assets | (491 505 591) | (4 557 908 706) | 407 941 789 | (3 650 880) |
| Other fair value adjustments | - | (377 682 689) | - | (14 287 047) |
| Net livestock movement **(Note 12)** | (69 057 275) | 1 437 747 091 | 2 090 281 400 | 298 410 292 |
| Net sundry income | 255 009 947 | 1 593 723 952 | 259 900 095 | 67 564 813 |
| (Loss)/Gain on fair value adjustments of biological assets **(Note 12)** | (1 625 868 599) | 5 944 768 039 | 3 060 372 090 | 616 499 856 |
| Gain on fair value for produce on bearer plants | 3 828 217 807 | 296 280 820 | 1 588 906 768 | 117 986 627 |
| Foreign exchange gains/ (losses) | 1 993 980 359 | 16 986 443 621 | (722 967 864) | 1 352 000 803 |
| | **3 890 776 648** | **21 323 372 127** | **6 684 434 278** | **2 434 524 464** |

### 25. NET FINANCE COSTS

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Interest expense: | | | | |
| - Bank borrowings | (5 047 905 124) | (1 310 689 217) | (1 583 368 889) | (119 656 233) |
| - Accounts payable | (29 394 194) | (4 598 226) | (5 818 231) | (370 793) |
| - Lease liabilities | (19 839 879) | (15 473 867) | (8 513 477) | (1 197 729) |
| | **(5 097 139 197)** | **(1 330 761 310)** | **(1 597 700 597)** | **(121 224 755)** |
| Interest income: | | | | |
| - Short-term bank deposits | 5 643 222 | 46 809 | 3 074 173 | 2 840 |
| | 5 643 222 | 46 809 | 3 074 173 | 2 840 |
| **Net finance costs** | **(5 091 495 975)** | **(1 330 714 501)** | **(1 594 626 424)** | **(121 221 915)** |
| | | | | |
| Interest paid: | | | | |
| - Bank borrowings | (5 047 905 124) | (1 310 689 217) | (1 583 368 889) | (119 656 233) |
| - Accounts payable | (29 394 194) | (4 598 226) | (5 818 232) | (370 793) |
| **Interest paid** | **(5 077 299 318)** | **(1 315 287 443)** | **(1 589 187 121)** | **(120 027 026)** |

### 26. OPERATING PROFIT

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Operating profit before tax is after deducting the following: | | | | |
| Audit fees | 1 365 165 693 | 863 228 798 | 718 773 409 | 68 989 023 |
| Depreciation | 5 404 321 016 | 5 046 613 709 | 127 809 850 | 34 100 740 |
| Employee costs - non-manufacturing | 21 982 551 125 | 13 650 667 195 | 9 113 716 373 | 1 086 307 094 |
| Expected credit loss **(Note 14)** | 2 433 342 836 | 169 672 424 | 2 757 453 557 | 43 158 456 |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 27. INCOME TAX CHARGE

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Current income tax | 2 074 183 400 | 4 062 117 118 | 740 260 819 | 320 250 185 |
| Deferred tax (credit)/expense | (1 927 788 558) | 5 292 523 765 | 723 470 563 | 361 427 722 |
| **Total Income tax expense** | **146 394 842** | **9 354 640 883** | **1 463 731 382** | **681 677 907** |

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the basic tax rate as follows:

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| (Loss)/ profit before income tax | (16 907 353 037) | 12 161 411 050 | 16 915 380 786 | 4 651 271 084 |
| Tax calculated at statutory | | | | |
| Applicable rates (15.45%) | (2 612 186 044) | 1 878 938 007 | 2 613 426 331 | 718 621 382 |
| Effect of permanent differences: | | | | |
| - Non deductible expenses | 2 478 818 315 | 1 758 936 455 | 1 091 990 447 | 126 542 191 |
| - Other permanent differences | 279 762 571 | 5 716 766 421 | (2 241 685 396) | (163 485 666) |
| | 146 394 842 | 9 354 640 883 | 1 463 731 382 | 681 677 907 |

## 28. CASH GENERATED FROM OPERATIONS

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| (Loss)/profit before income tax | (16 907 353 037) | 13 684 085 433 | 16 915 380 786 | 4 856 409 802 |
| Adjustment for non-cash items | | | | |
| Depreciation | 5 436 909 109 | 5 080 683 514 | 127 809 850 | 34 100 740 |
| Profit/(loss) on disposal of biological assets, property, plant and equipment | 491 505 591 | 4 557 908 706 | (407 941 789) | 3 650 880 |
| Net fair value adjustments | (2 133 291 772) | (7 301 113 261) | (6 739 560 258) | (1 018 609 728) |
| Impairment of non current assets | 236 979 195 | (36 944 412) | 7 393 256 | (35 988) |
| Net finance costs | 5 091 495 975 | 1 330 714 501 | 1 594 626 424 | 121 221 915 |
| Other non-cash movements | (24 493 606 478) | - | - | - |
| Net exchange gains/(losses) | 19 651 052 292 | (7 168 852 819) | 15 173 474 131 | (550 307 034) |
| Cash (utilised in)/generated from operations before working capital changes | (12 626 309 125) | 10 146 481 662 | 26 671 182 400 | 3 446 430 587 |
| Changes in working capital: | | | | |
| Decrease/(increase) in inventories and produce in bearer plants | 10 615 513 054 | (14 393 049 443) | (19 633 407 569) | (3 415 923 670) |
| Decrease/(Increase) in trade and other receivables | 4 832 474 734 | (7 822 361 434) | (18 999 413 826) | (2 939 542 722) |
| Increase in trade and other payables | 3 864 290 192 | 10 336 241 788 | 20 758 935 302 | 2 302 467 955 |
| | 6 685 968 855 | (1 732 687 427) | 8 797 296 307 | (606 567 850) |
| Tax paid | (4 032 899 980) | (3 837 038 724) | (980 548 516) | (115 290 052) |
| Net cash inflow/(outflow) from operations | 2 653 068 875 | (5 569 726 151) | 7 816 747 791 | (721 857 902) |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 28. CASH GENERATED FROM OPERATIONS

### 28.1 RESTATEMENT OF STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2022

In the prior period the statement of cashflows presented the movement in borrowings net of proceeds and repayment of borrowings. As a result, in order to comply with IAS 7: Statement Of Cash Flows, the 2022 figures have been restated in order to show proceeds separately and repayments separately.

| | As previously reported | | Restated | |
|---|---|---|---|---|
| | INFLATION ADJUSTED | HISTORICAL COST | INFLATION ADJUSTED | HISTORICAL COST |
| | 30 September 2022 | 30 September 2022 | 30 September 2022 | 30 September 2022 |
| Increase in borrowings | 1 962 142 082 | 786 326 026 | - | - |
| Proceeds from borrowings | - | - | 12 976 782 482 | 1 672 041 429 |
| Repayment of borrowings | - | - | (11 014 641 400) | (885 715 403) |

## 29. RELATED PARTY TRANSACTIONS

Related party transactions relate to transactions between the company and fellow group companies in the Meikles group prior to the unbundling of Tanganda Tea Company Limited as at 31 January 2022. These transactions were incurred during the normal course of business.

The following transactions were carried out with related parties:

| | As previously reported | | Restated | |
|---|---|---|---|---|
| | INFLATION ADJUSTED | HISTORICAL COST | INFLATION ADJUSTED | HISTORICAL COST |
| | 30 September 2022 | 30 September 2022 | 30 September 2022 | 30 September 2022 |
| **(i) Sales of goods:** | | | | |
| TM Supermarkets | - | 2 384 959 103 | - | 98 114 885 |
| Meikles Limited | - | 4 021 302 | - | 164 570 |
| | **-** | **2 388 980 405** | **-** | **98 279 455** |

| | INFLATION ADJUSTED | HISTORICAL COST | INFLATION ADJUSTED | HISTORICAL COST |
|---|---|---|---|---|
| | 30 September 2022 | 30 September 2022 | 30 September 2022 | 30 September 2022 |
| **Sales of goods:** | | | | |
| **(ii) Purchases of goods and services:** | | | | |
| Meikles Guard Services | - | 76 704 489 | - | 3 152 942 |
| Thomas Meikle Properties | - | 13 487 285 | - | 552 731 |
| | **-** | **90 191 774** | **-** | **3 705 673** |

**(iii) Compensation of Executive Directors and key management personnel**

The short-term benefits represent remuneration of executive Directors and other members of key management for continuing operations during the year.

| | INFLATION ADJUSTED | HISTORICAL COST | INFLATION ADJUSTED | HISTORICAL COST |
|---|---|---|---|---|
| | 30 September 2022 | 30 September 2022 | 30 September 2022 | 30 September 2022 |
| Short-term benefits | 17 803 727 527 | 8 696 171 666 | 4 134 270 987 | 509 546 312 |
| **(iv) Remuneration of directors** | | | | |
| Directors fees and expenses | 998 605 898 | 357 886 345 | 563 555 198 | 28 369 286 |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 30. RETIREMENT BENEFITS OBLIGATIONS

**Meikles Limited Pension Fund**

The Company and its employees contribute to a defined contribution plan which is administered by a separate board of trustees. This fund is subject to the Pension and Provident Funds Act (Chapter 24:09).

**National Social Security Authority (NSSA) Scheme**

The Company 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 Company's obligations under the scheme are limited to specific contributions legislated from time to time. Contributions to the schemes recognised in the income statement are as follows:

| | INFLATION ADJUSTED | HISTORICAL COST | INFLATION ADJUSTED | HISTORICAL COST |
|---|---|---|---|---|
| | 30 September 2022 | 30 September 2022 | 30 September 2022 | 30 September 2022 |
| Meikles Company Pension Fund | 3 683 683 841 | 1 588 685 825 | 855 402 174 | 93 087 974 |
| NSSA | 860 989 472 | 344 782 849 | 199 933 626 | 20 202 318 |
| | 4 544 673 313 | 1 933 468 674 | 1 055 335 800 | 113 290 292 |
| Number of employees at year end | 4 586 | 4 890 | 4 586 | 4 890 |

## 31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

### 31.1 Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities traded on the Zimbabwe Stock Exchange.

**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

**Level 3** – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non-listed equity investments.

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or financial liability is not actively traded, the Company establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

For complex instruments, the Company may use proprietary models, which are usually developed from recognised valuation models. Some or all the inputs into these models may be derived from market prices or rates or are estimates based on assumptions.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants consider when entering into a transaction. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statement of financial position.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

### 31.1 Fair value hierarchy (continued)

The following table represents assets and liabilities recognised at fair value in the statement of financial position of the Company.

| September 2023 | | | | |
|---|---|---|---|---|
| **Assets** | **Level 1 ZWL** | **Level 2 ZWL** | **Level 3 ZWL** | **Total carrying amount ZWL** |
| Biological assets | - | - | 6 185 778 051 | 6 185 778 051 |
| Produce on bearer plants | - | - | 1 203 265 950 | 1 203 265 950 |

| Inflation Adjusted September 2022 | | | | |
|---|---|---|---|---|
| **Assets** | **Level 1 ZWL** | **Level 2 ZWL** | **Level 3 ZWL** | **Total carrying amount ZWL** |
| Biological assets | - | - | 8 104 749 149 | 8 104 749 149 |
| Other financial assets | - | - | 54 009 688 | 54 009 688 |
| Produce on bearer plants | - | - | 1 083 614 753 | 1 083 614 753 |

| Historical Cost September 2022 | | | | |
|---|---|---|---|---|
| **Assets** | **Level 1 ZWL** | **Level 2 ZWL** | **Level 3 ZWL** | **Total carrying amount ZWL** |
| Biological assets | - | - | 1 090 814 152 | 1 090 814 152 |
| Other financial assets | - | - | 7 269 137 | 7 269 137 |
| Produce on bearer plants | - | - | 145 843 170 | 145 843 170 |

**Valuation technique**

| | | | INFLATION ADJUSTED | | HISTORICAL | |
|---|---|---|---|---|---|---|
| | | | 2023 | 2022 | 2023 | 2022 |
| **Type** | **Valuation Technique** | **Significant Unobservable Inputs** | **Significant Unobservable Inputs Range** | **Significant Unobservable Inputs Range** | **Significant Unobservable Inputs Range** | **Significant Unobservable Inputs Range** |
| **Cattle- which comprise of bulls, cows, heifers, steers and claves** | Fair market price | Age, weight | 1-8 years | 1-8 years | 1-8 years | 1-8 years |
| **Gum and wattle** | Cost approach - The valuation is based on cost per cubic metre of wood | Cost per cubic metre Average life cycle of the tree Discounting factor Volume per chord Chords per hectare Number of trees per chord | 1 cubic metre cost ZWL54 667.47 Maturity 7 years Discount rate 71.3% 1 chord has a volume of 3.47 cubic metres 25 trees per chord | 1 cubic metre cost ZWL7000 Maturity 7 years Discount rate 21.8% 1 chord has a volume of 3.47 cubic metres 25 trees per chord | 1 cubic metre cost ZWL54 667.47 Maturity 7 years Discount rate 71.3% 1 chord has a volume of 3.47 cubic metres 25 trees per chord | 1 cubic metre cost ZWL7000 Maturity 7 years Discount rate 21.8% 1 chord has a volume of 3.47 cubic metres 25 trees per chord |
| **Other financial assets** | Net Assets value | Asset and liabilities carrying amounts | - | - | - | - |
| **Produce on bearer plants** | Fair market price | Weight, market price, tea plucking cycle | 1-14 dayplucking cycle | 1-14 day plucking cycle | 1-14 day plucking cycle | 1-14 day plucking cycle |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

### 31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

#### 31.1 Fair value hierarchy (continued)

The table below presents the sensitivity of profit or loss before tax due to changes in market prices to the valuation of biological assets (livestock and timber plantations) and produce on bearer plants.

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Effect on profit before tax +10% | | | | |
| Livestock | (6 905 728) | 143 773 227 | 209 028 140 | 29 841 029 |
| Timber plantations | (162 586 860) | 594 476 804 | 288 774 564 | 61 649 986 |
| Produce on bearer plants | 11 965 120 | 29 628 083 | 105 742 278 | 11 798 663 |
| | | | | |
| Effect on profit before tax (-10%) | | | | |
| Livestock | (6 905 728) | (143 774 713) | (209 028 140) | (29 841 029) |
| Timber plantations | (162 586 860) | (594 476 804) | (288 774 564) | (61 649 986) |
| Produce on bearer plants | (11 965 120) | (29 628 083) | (105 742 278) | (11 798 663) |

The table below presents the sensitivity of fair values due to changes in inputs to the valuation of other financial assets

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| **Effect on fair value +5%** | | | | |
| Other financial assets | - | 2 700 486 | - | 363 457 |
| | | | | |
| **Effect on fair value (-5%)** | | | | |
| Other financial assets | - | (2 700 486) | - | (363 457) |

### 32. FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise interest-bearing borrowings, financial assets, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk, foreign currency risk, and liquidity risk. The Board reviews and agrees policies for managing each of these risks and the Company's management of these are summarised below:

#### 32.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss.

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to debt impairment is managed within acceptable levels. For transactions that are not denominated in the functional currency of the relevant operating unit, credit terms are specified contractually within the regulations laid down by the Reserve Bank of Zimbabwe.

There is no concentration risk as the Company trades with a wide range of customers with different risk profiles. Credit limits are set by the Company to avoid exposure to a single customer.

Where it sees fit, the Company can from time to time ask for collateral security from debtors. This is done after assessing the customers' ability to honour their obligations and the level of exposure. Collateral can be bank guarantees, properties or other assets.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, the Company's Audit and Finance Committee approves all counterparties, sets and monitors exposure limits and terms of engagement.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

## 32. FINANCIAL RISK MANAGEMENT (continued)

### 32.1 Credit risk (continued)

**Trade Receivables**

Customer credit risk is managed by each division subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits defined in accordance with this assessment. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are granted short term credit terms.

### 32.2 Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to variable lending rates. The Company's policy is to manage its interest cost by limiting exposure to variable lending rates and where borrowings are required, to borrow at favourable and fixed rates of interest.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates. There is no material impact on the Company's equity.

| | INFLATION ADJUSTED | | HISTORICAL COST* | |
|---|---|---|---|---|
| | 30 September 2023 ZWL | 30 September 2022 ZWL | 30 September 2023 ZWL | 30 September 2022 ZWL |
| Effect on profit before tax | | | | |
| Increase of 3% | (152 914 176) | (39 922 839) | (47 931 018) | (3 636 743) |
| Decrease of 3% | 152 914 176 | 39 922 839 | 47 931 018 | 3 636 743 |

### 32.3 Foreign Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of significant imports and exports, the Company's statement of financial position can be affected significantly by movements in foreign currency exchange rates. The Company also has transactional currency exposures. Such exposure arises from the sale or purchase by an operating unit in currencies other than the unit's functional currency. The Company's limits exposure to exchange rate fluctuations by either pre-paying for purchases or retaining stock until the foreign currency to settle the related liability has been secured.

### 32.3 Foreign Currency risk

The inflation-adjusted carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

**Inflation adjusted 30 September 2023**

| | Liabilities ZWL Equivalent | Assets ZWL Equivalent | Net position ZWL Equivalent |
|---|---|---|---|
| USD | (19 833 536 552) | 17 852 856 367 | (1 980 680 185) |
| | (19 833 536 552) | 17 852 856 367 | (1 980 680 185) |

**Inflation adjusted 30 September 2022**

| | Liabilities ZWL Equivalent | Assets ZWL Equivalent | Net position ZWL Equivalent |
|---|---|---|---|
| South African Rand | (1 488 785 247) | - | (1 488 785 247) |
| USD | (12 250 238 230) | 20 239 407 042 | 7 989 168 812 |
| Great Britain Pound | (36 896 949) | - | (36 896 949) |
| | (13 775 920 426) | 20 239 407 042 | 6 463 486 616 |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**32. FINANCIAL RISK MANAGEMENT (continued)**

**32.3 Foreign Currency risk (continued)**

**Historical Cost 30 September 2022**

| | Liabilities ZWL Equivalent | Assets ZWL Equivalent | Net position ZWL Equivalent |
|---|---|---|---|
| South African Rand | (200 374 865) | - | (200 374 865) |
| USD | (1 648 753 463) | 2 724 011 715 | 1 075 258 252 |
| Great Britain Pound | (4 965 942) | - | (4 965 942) |
| | (1 854 094 270) | 2 724 011 715 | 869 917 445 |

The following table demonstrates the sensitivity of the Company's results to a reasonably possible change in the ZWL closing exchange rate against the following currencies, with all other variables held constant.

**Inflation adjusted 30 September 2023**

| | Change in rate | Effect on profit before tax ZWL | Effect on equity ZWL |
|---|---|---|---|
| USD | +10% | (198 068 019) | (167 466 510) |
| | -10% | 198 068 019 | 167 466 510 |

**Inflation adjusted 30 September 2022**

| | Change in rate | Effect on profit before tax ZWL | Effect on equity ZWL |
|---|---|---|---|
| South African Rand | +10% | (148 878 528) | (125 876 794) |
| | -10% | 148 878 528 | 125 876 794 |
| USD | +10% | 798 916 880 | 675 484 222 |
| | -10% | (798 916 880) | (675 484 222) |
| Great Britain Pound | +10% | (3 689 693) | (3 119 634) |
| | -10% | 3 689 693 | 3 119 634 |

Historic 30 September 2022

| | Change in rate | Effect on profit before tax ZWL | Effect on equity ZWL |
|---|---|---|---|
| South African Rand | +10% | (20 037 487) | (16 941 695) |
| | -10% | 20 037 487 | 16 941 695 |
| USD | +10% | 107 525 825 | 90 913 085 |
| | -10% | (107 525 825) | (90 913 085) |
| Great Britain Pound | +10% | (496 594) | (419 870) |
| | -10% | 496 594 | 419 870 |

**32.4 Liquidity risk**

Liquidity risk is the risk that the Company may fail to meet its payment obligations when they fall due. The Company identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps. The table below analyses the Company's non-derivative financial assets and liabilities into relevant maturity Groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual un-discounted cash flows;

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**32. FINANCIAL RISK MANAGEMENT (continued)**

**32.4 Liquidity risk (continued)**

**Inflation Adjusted Liquidity profiling as at 30 September 2023:**

| *Liabilities* | Up to 1 month ZWL | 1 to 6 months ZWL | 6 months to 1 year ZWL | 1 to 5 years ZWL | Total ZWL |
|---|---|---|---|---|---|
| Trade and other payables (excl provisions) | (4 014 781 423) | (16 195 919 490) | (1 259 000 425) | - | (21 469 701 338) |
| Borrowings | (2 788 671 746) | (1 526 698 995) | (2 337 553 903) | (6 930 282 023) | (13 583 206 667) |
| Bank Overdraft | (510 446 637) | - | - | - | (510 446 637) |
| Lease liability | (5 630 070) | (28 754 226) | (35 871 752) | (138 219 302) | (208 475 350) |
| **Total liabilities** | **(7 319 529 876)** | **(17 751 372 711)** | **(3 632 426 080)** | **(7 068 501 325)** | **(35 771 829 992)** |
| *Assets* | | | | | |
| Trade and other receivables (Excl prepayments) | 5 705 976 990 | 14 166 338 320 | - | - | 19 872 315 310 |
| Cash and bank | 832 304 881 | - | - | - | 832 304 881 |
| Total assets | 6 538 281 871 | 14 166 338 320 | - | - | 20 704 620 191 |
| **Liquidity gap** | **(781 248 005)** | **(3 585 034 391)** | **(3 632 426 080)** | **(7 068 501 325)** | **(15 067 209 801)** |

**Liquidity profiling as at 30 September 2022:**

| *Liabilities* | Up to 1 month ZWL | 1 to 6 months ZWL | 6 months to 1 year ZWL | 1 to 5 years ZWL | Total ZWL |
|---|---|---|---|---|---|
| Trade and other payables (Inc tax liability excl provisions) | (7 412 948 646) | (6 452 358 773) | (1 507 490 049) | - | (15 372 797 468) |
| Borrowings | (1 743 775 320) | (4 412 053 341) | (1 070 393 915) | - | (7 226 222 576) |
| Lease liability | (4 372 239) | (22 330 156) | (27 857 534) | (176 209 652) | (230 769 581) |
| **Total liabilities** | **(9 161 096 205)** | **(10 886 742 270)** | **(2 605 741 498)** | **(176 209 652)** | **(22 829 789 625)** |
| *Assets* | | | | | |
| Trade and other receivables (Excl prepayments) | 4 510 919 098 | 21 630 256 991 | - | - | 26 141 176 089 |
| Cash and bank | 1 026 452 650 | - | - | - | 1 026 452 650 |
| **Total assets** | **5 537 371 748** | **21 630 256 991** | **-** | **-** | **27 167 628 739** |
| **Liquidity gap** | **(3 623 724 457)** | **10 743 514 721** | **(2 605 741 498)** | **(176 209 652)** | **4 337 839 114** |

**Historical Liquidity profiling as at 30 September 2023:**

| *Liabilities* | Up to 1 month ZWL | 1 to 6 months ZWL | 6 months to 1 year ZWL | 1 to 5 years ZWL | Total ZWL |
|---|---|---|---|---|---|
| Trade and other payables (excl provisions) | (4 014 781 423) | (16 195 919 490) | (1 259 000 425) | - | (21 469 701 338) |
| Borrowings | (2 788 671 746) | (1 526 698 995) | (2 337 553 903) | (6 930 282 023) | (13 583 206 667) |
| Bank Overdraft | (510 446 637) | - | - | - | (510 446 637) |
| Lease liability | (5 630 070) | (28 754 226) | (35 871 752) | (138 219 302) | (208 475 350) |
| **Total liabilities** | **(7 319 529 876)** | **(17 751 372 711)** | **(3 632 426 080)** | **(7 068 501 325)** | **(35 771 829 992)** |
| *Assets* | | | | | |
| Trade and other receivables (Excl prepayments) | 5 705 976 990 | 14 166 338 320 | - | - | 19 872 315 310 |
| Cash and bank | 832 304 881 | - | - | - | 832 304 881 |
| **Total assets** | **6 538 281 871** | **14 166 338 320** | **-** | **-** | **20 704 620 191** |
| **Liquidity gap** | **(781 248 005)** | **(3 585 034 391)** | **(3 632 426 080)** | **(7 068 501 325)** | **(15 067 209 801)** |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

**32. FINANCIAL RISK MANAGEMENT (continued)**

**32.4 Liquidity risk (continued)**

**Liquidity profiling as at 30 September 2022:**

| *Liabilities* | Up to 1 month ZWL | 1 to 6 months ZWL | 6 months to 1 year ZWL | 1 to 5 years ZWL | Total ZWL |
|---|---|---|---|---|---|
| Trade and other payables (excl provisions) | (997 705 067) | (868 419 754) | (202 892 335) | - | (2 069 017 156) |
| Borrowings | (234 693 852) | (593 816 062) | (144 063 784) | - | (972 573 698) |
| Lease liability | (588 457) | (3 005 405) | (3 749 332) | (23 715 969) | (31 059 163) |
| **Total liabilities** | **(1 232 984 376)** | **(1 465 241 221)** | **(350 705 451)** | **(23 715 969)** | **(3 072 650 017)** |
| *Assets* | | | | | |
| Trade and other receivables (Excl prepayments) | 607 122 355 | 2 911 205 517 | - | - | 3 518 327 872 |
| Cash and bank | 138 149 751 | - | - | - | 138 149 751 |
| **Total assets** | **745 272 086** | **2 911 205 517** | **-** | **-** | **3 656 477 603** |
| **Liquidity gap** | **(487 712 290)** | **1 445 964 296** | **(350 705 451)** | **(23 715 969)** | **583 830 586** |

**33. CONTINGENT EVENT**

**Land tenure**

According to the Constitution Amendment Act, all agricultural land properties that were gazetted with a Section 5 notice since June 2000 became State land. In the case of Tanganda Tea Company Limited this amount to approximately 76.7% of the Company's estates. The government is yet to formally adopt a land policy that governs the future of land tenure with respect to corporate agriculture. The new policy will determine whether the Company will have to apply for long term leases or revert to use of title deeds. The risk that government will designate and allocate the remaining Tanganda Tea Company Limited land to other farmers is mitigated significantly by the agreement between Tanganda Tea Company Limited and the Government of Zimbabwe and court orders issued in this regard.

**34. SUBSEQUENT EVENTS**

No events occurred subsequent to year end which had a material impact on the entity's operations.

# SHAREHOLDER INFORMATION

| | Holders | | Shares | |
|---|---|---|---|---|
| | Number | % | Number | % |
| **Analysis of ordinary shareholdings at 30 September 2023** | | | | |
| **Type of holder** | | | | |
| Non-taxable companies | 1,657 | 12.96 | 194,809,730 | 74.62 |
| Individuals | 10,425 | 81.55 | 10,034,181 | 3.84 |
| FCDA residents | 50 | 0.39 | 5,633,198 | 2.16 |
| Insurance companies | 27 | 0.21 | 378,352 | 0.14 |
| Nominee companies | 422 | 3.30 | 25,935,632 | 9.93 |
| Non-residents | 15 | 0.12 | 4,013,266 | 1.54 |
| Pension funds | 188 | 1.47 | 20,260,231 | 7.77 |
| Total | 12,784 | 100.00 | 261,064,590 | 100.00 |
| **Size of holdings** | | | | |
| 1 – 5 000 | 11,974 | 93.66 | 3,091,942 | 1.18 |
| 5 001 – 10 000 | 231 | 1.81 | 1,565,348 | 0.60 |
| 10 001 – 50 000 | 378 | 2.96 | 7,099,328 | 2.72 |
| 50 001 – 100 000 | 67 | 0.52 | 4,436,791 | 1.70 |
| 100 001 – 500 000 | 92 | 0.72 | 20,046,860 | 7.68 |
| Exceeding 500 000 | 42 | 0.33 | 224,824,321 | 86.12 |
| **Totals** | **12,784** | **100.00** | **261,064,590** | **100.00** |

| **Top ten shareholders** | **No. of shares** | **%** |
|---|---|---|
| **At 30 September 2023** | | |
| Meikles Consolidated Holdings (Private) Limited | 127,601,590 | 48.88 |
| Mega Market (Private) Limited | 24,208,716 | 9.27 |
| Old Mutual Life Assurance Company Zimbabwe Limited | 18,824,127 | 7.21 |
| Stanbic Nominees (Private) Limited – account 140043470003 | 6,892,818 | 2.64 |
| Stanbic Nominees (Private) Limited – account 110008090011 | 5,507,355 | 2.11 |
| London Register- Meikles Africa Limited | 4,101,209 | 1.57 |
| Stanbic Nominees 150045520001 | 3,743,649 | 1,43 |
| Meikles Pension Fund – ABC | 2,846,010 | 1.09 |
| Old Mutual Zimbabwe Limited | 2,467,965 | 0.95 |
| Mundell Family Trust | 2,466,231 | 0.94 |
| **Total for top ten shareholders** | **198,659,670** | **76.10** |
| Other | 62,404,920 | 23.90 |
| **Total** | **261,064,590** | **100.00** |

| **Top ten shareholders** | **No. of shares** | **%** |
|---|---|---|
| **At 30 September 2022** | | |
| Meikles Consolidated Holdings (Private) Limited | 127,601,590 | 48.88 |
| Mega Market (Private) Limited | 24,271,116 | 9.30 |
| Old Mutual Life Assurance Company Zimbabwe Limited | 21,876,397 | 8.38 |
| Stanbic Nominees (Private) Limited – account 140043470003 | 6,794,718 | 2.60 |
| London Register- Meikles Africa Limited | 4,101,209 | 1.57 |
| Old Mutual Zimbabwe Limited | 2,966,684 | 1.14 |
| Meikles Pension Fund – ABC | 2,846,010 | 1.09 |
| Stanbic Nominees (Private) Limited – NNR account 140043470002 | 2,528,575 | 0.97 |
| Mundell Family Trust | 2,466,231 | 0.94 |
| Meikles Limited Demerger Tax | 2,094,868 | 0.80 |
| **Total for top ten shareholders** | **197,547,398** | **75.67** |
| Other | 63,517,192 | 24.33 |
| **Total** | **261,064,590** | **100.00** |

# CORPORATE INFORMATION

**Tanganda Tea Company Limited**

Registration Number 742/30

**Registered Office**
Physical Address
15 Vumba Road
Mutare
Zimbabwe
Telephone: +263 (2020) 60831
VOIP: +263 (242) 8677 447521
email: letstalktea@tangandatea.com
Website: www.tangandatea.com

**Business Address**
194 Mutare Road
Msasa
P.O. Box 10078
Harare
Zimbabwe
Telephone: +263 (242) 447525
VOIP: +263 (242) 8677 447523

**Transfer Secretaries**
ZB Transfer Secretaries
21 Natal Road
Belgravia
P.O. Box 2540
Harare
Zimbabwe
Telephone: +263 (242) 759660/9
email: rmutakwa@zb.co.zw

**Auditors**
Deloitte & Touche (Chartered Accountants)
West Block, Borrowdale Office Park
Borrowdale Road
Borrowdale
P.O. Box 267
Harare
Zimbabwe
Telephone: +263 (242) 8677 000261
email: deloitte@deloitte.co.zw

**Legal Practitioners**
Bere Brothers
Suite No. 3 Manica Centre
P.O. Box 365
Mutare
email: mail@berebrothers.co.zw

**Legal Practitioners**
Scanlen & Holderness
CABS Centre, 74 Jason Moyo Avenue
P.O. Box 155 & 631
Harare
email: scanlen@mweb.co.zw

**Principal Bankers**
AFC Commercial Bank
Hurudza House
14-16 Nelson Mandela Avenue
P.O. Box 369
Harare
Zimbabwe
Telephone: +263 (242) 774400
email: customerservice@afcholdings.co.zw

**Principal Bankers**
Ecobank Zimbabwe Limited
Block A Sam Levy's Office Park
2 Piers Road
P.O. Box Bw 1464, Borrowdale
Harare
Zimbabwe
Telephone: +263 (242) 858058
email: ecobankenquiries@ecobank.com

**Principal Bankers**
NMB Bank Limited
9 Plymouth Road
P.O. Box 2564
Southerton
Harare
Zimbabwe
Telephone: +263 (242) 8688 003347
email: enquiries@nmbz.zo.zw

**Principal Bankers**
Standard Chartered Bank Zimbabwe Limited
1st Floor, Africa Unity Square Building
68 Nelson Mandela Avenue
P.O. Box 373
Harare
Zimbabwe
Telephone: +263 (242) 758078
email: contactus.zw@sc.com

**Principal Bankers**
ZB Bank Limited
1st Floor, 21 Natal Road
Avondale
P.O. Box 3198
Harare
Zimbabwe
Telephone: +263 (242) 8677 002001
email: help@zb.co.zw

**Company Secretary**
Sharon Nyasha Kodzanai
email: investorrelations@tangandatea.com

# NOTICE OF MEETING

Notice is hereby given that the ninety-fourth ANNUAL GENERAL MEETING of members of Tanganda Tea Company Limited will be convened at the Country Club, 1 Brompton Close, Newlands, Harare, on Thursday 7 March 2024 at 09.00 hours to transact the business below. Shareholders will be asked to connect and attend the meeting virtually. The meeting login instructions are at the end of this notice.

**ORDINARY BUSINESS**

**1. ANNUAL FINANCIAL STATEMENTS AND REPORTS**

**1.1** To receive, consider and adopt the Company Financial Statements for the year ended 30 September 2023 together with reports of the Directors and Auditors thereon.

**2. DIVIDEND**

**2.1** To confirm Directors resolution not to declare a dividend having considered the need to preserve cashflow and to reinvest into the business.

**3. DIRECTORATE**

**3.1** To consider the re-appointment of the following Director who retires by rotation and being eligible offers himself for re-election:

**Bruce Hendrik Henderson**

**3.2** To consider the re-appointment of the following Director who retires by rotation and being eligible offers herself for re-election:

**Rufaro Audrey Maunze**

**3.3** To consider the re-appointment of the following Director who retires by rotation and being eligible offers himself for re-election:

**Matthew John Stewart Moxon**

**4. DIRECTORS' FEES**

**4.1** To confirm Directors' fees amounting to ZWL 563,555,198 for the year ended 30 September 2023.

**5. AUDITORS' FEES AND APPOINTMENT OF AUDITORS**

**5.1** To approve the auditors' fees of ZWL 718,773,409 for the Company for the year ended 30 September 2023.

**5.2** To appoint Ernst & Young Chartered Accountants (Zimbabwe) as the auditors of the Company for the year ending 30 September 2024.

**Note 1.** The Company has adopted the requirements of the Companies and Other Business Entities Act [Chapter 24:31] Section 191(11) and the ZSE Listings requirements (Statutory Instrument 134/2019) Section 69(6) from the date of enactment. Messrs. Deloitte & Touche have been the Company's independent auditors for more than ten years. Deloitte & Touche stepped down as the auditors of the Company, in view of the requirements of Section 69(6) of the ZSE Listings Requirements. The Board of Directors recommends the appointment of Messrs. Ernst & Young as the new auditors for the Company's ensuing financial year.

**Note 2.** In terms of the Companies and Other Business Entities Act [Chapter 24:31] a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not to be a member of the Company and shall not be a director or officer of the Company. Proxy forms must be lodged with the secretary not less than forty-eight (48) hours before the time of holding of the meeting.

**By order of the Board**

Kodzanai

**Sharon N. Kodzanai**
**Company Secretary**
**14 February 2024**

# LOGIN INSTRUCTIONS

May you please ensure that you have downloaded the ZOOM application and follow the login instructions below:

Meeting ID: 831 8945 1097

1. Password: Shareholders to contact the Transfer Secretaries on the following numbers +263772862956 and +263773668857.

2. Write your username on Zoom in the format below:

XXXXXX SHAREHOLDER NAME

Where XXXXXX is your shareholder number.

If you have any challenges, kindly contact us on +263772862956 and +263773668857

# FORM OF PROXY

**For the ninety-fourth Annual General Meeting of the Members of Tanganda Tea Company Limited to be convened at the Country Club, 1 Brompton Close, Newlands, Harare, on Thursday 7 March 2024 at 09.00 hours to transact the business below. Shareholders will be asked to connect and attend the meeting virtually. The meeting login instructions are at the end of this note.**

I/We ______________________________________________

(Name/s in block letters)

of ______________________________________________

being the holder of ______________________________ shares in the Company hereby appoint

______________________ of ______________________________

or failing him/her

______________________ of ______________________________

As my/our proxy to act for me/us at the AGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2) in accordance with the following instructions:

| Resolution | For | Against | Abstain |
|---|---|---|---|
| ***Ordinary Resolution number 1***<br>1.1 To receive, consider and adopt the financial statements for the year ended 30 September 2023 together with the reports of the Directors and Auditors thereon. | | | |
| ***Ordinary Resolution number 2***<br>2.1 To confirm Directors resolution not to declare a dividend having considered the need to preserve cashflow and to reinvest into the business. | | | |
| ***Ordinary Resolution number 3***<br>3.1 To consider the re-appointment of the following Director who retires by rotation and being eligible offers himself for re-election: **Bruce Hendrik Henderson** | | | |
| ***Ordinary Resolution number 3***<br>3.2 To consider the re-appointment of the following Director who retires by rotation and being eligible offers herself for re-election: **Rufaro Audrey Maunze** | | | |
| ***Ordinary Resolution number 3***<br>3.3 To consider the re-appointment of the following Director who retires by rotation and being eligible offers himself for re-election: **Matthew John Stewart Moxon** | | | |
| ***Ordinary Resolution number 4***<br>4.1 To confirm Directors' fees amounting to ZWL 563,555,198 for the year ended 30 September 2023. | | | |
| ***Ordinary Resolution number 5***<br>5.1 To approve the auditors' fees of ZWL 718,773,409 for the Company for the year ended 30 September 2023.<br>5.2 To appoint Ernst & Young Chartered Accountants (Zimbabwe) as the auditors of the Company for the year ending 30 September 2024. | | | |

Every person present and entitled to vote at the AGM shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

Please read the notes appearing on the reverse hereof.

Signed at ______________________ on ______________________ 2024

Signature(s) ______________________________________________

Assisted by me ______________________________________________

Full name(s) of signatory/ies if signing in a representative capacity (see note 2) (please use block letters)

# INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. In terms of the Companies and Other Business Entities Act, a Member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his or her stead. No Director or Officer of the company may be appointed as a proxy for a Member. A proxy need not be a member of the Company.

2. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory/ies.

3. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
   i. Under a power of attorney
   ii. On behalf of a company
   unless that person's power of attorney or authority is deposited at the offices of the Company's Zimbabwe transfer secretaries, not less than forty-eight (48) hours before the meeting.

4. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.

5. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.

6. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.

7. In order to be effective, completed proxy forms must reach the Company's transfer secretaries not less than 48 hours before the time appointed for the holding of the meeting.

8. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are the same as those on the share register.

9. Please be advised that the number of votes to which a member is entitled is determined by the number of shares recorded in the share register 48 hours before the time appointed for the holding of the meeting.

**OFFICE OF THE ZIMBABWE TRANSFER SECRETARIES**

ZB Transfer Secretaries
21 Natal Road
Avondale
P O Box 2540
Harare
Zimbabwe
Telephone 263 242 759660/9

## NOTES

# NOTES