# CFI HOLDINGS LIMITED



# ANNUAL REPORT 2023

# FINANCIAL HIGHLIGHTS

## For the 5 year period 30 September 2019 - 2023

### INFLATION-ADJUSTED

| | 2023 ZWL | 2022 ZWL | 2021 ZWL | 2020 ZWL | 2019 ZWL |
|---|---|---|---|---|---|
| **CONSOLIDATED RESULTS** | | | | | |
| Revenue | 201,990,662,782 | 58,433,763,803 | 41,884,070,966 | 23,444,348,331 | 18,024,103,910 |
| Group (loss) profit before taxation | (125,229,779,769) | (3,063,022,103) | (886,373,879) | 2,676,840,639 | 2,302,624,256 |
| (Loss) profit attributable to equity holders of the parent | (92,728,437,520) | (4,882,529,607) | (1,744,195,475) | 1,488,687,260 | 1,609,797,356 |
| Total shareholders' equity (Group's net asset value) | (84,910,366,990) | 7,904,207,832 | 12,786,737,440 | 14,126,637,040 | 12,734,927,864 |
| Group's total assets | 146,530,347,447 | 36,861,918,544 | 25,218,592,284 | 23,145,608,071 | 21,614,572,808 |
| Cash (utilised through) generated from operating activities | (90,531,759,708) | (10,586,608,687) | 374,108,882 | (4,805,269,025) | (2,082,430,825) |
| Capital expenditure | (5,082,488) | (22,676,340) | 639,852,987 | 494,560,979 | 281,766,897 |
| Cash resources net of borrowing | (106,708,355,231) | (13,524,533,560) | (2,378,247,570) | (2,073,813,560) | (4,143,574,048) |
| **ORDINARY SHARE PERFORMANCE** | | | | | |
| Shares in issue | 106,820,875 | 106,820,875 | 106,820,875 | 106,820,875 | 106,820,875 |
| (Loss) earnings per share (ZWL cents) | (86,807.41) | (4,570.76) | (1,632.82) | 1,396.75 | 1,508.71 |
| Diluted (loss) earnings per share (ZWL cents) | (86,807.41) | (4,570.76) | (1,632.82) | 1,396.75 | 1,508.71 |
| Net asset value per share (ZWL) | (794.89) | 73.99 | 119.70 | 132.26 | 117.09 |
| Market price at year end (ZWL) | 2,200.00 | 357.61 | N/A | N/A | N/A |
| Industrial index | 126,642.42 | 14,771.65 | 8,580.16 | 5,213.30 | 232.78 |
| **FINANCIAL STATISTICS** | | | | | |
| Net interest cover (times) | (12.94) | (5.03) | (0.04) | 0.95 | 1.03 |
| Ordinary shareholders' equity to total assets - % | (57.95) | 21.44 | 50.70 | 61.03 | 58.92 |
| Return on total assets - % | (63.28) | (13.25) | (6.92) | 6.43 | 7.45 |
| Return on ordinary shareholders' equity - % | 109.21 | (61.77) | (13.64) | 10.54 | 12.64 |
| Return on capital employed - % | 1,241.08 | (41.67) | (13.77) | 10.54 | 12.64 |
| Debt to equity ratio - % | (141.17) | 179.51 | 26.82 | 15.92 | 34.49 |
| Current asset ratio -% | 70.97 | 159.52 | 174.06 | 185.22 | 257.95 |

### HISTORICAL

| | 2023 ZWL | 2022 ZWL | 2021 ZWL | 2020 ZWL | 2019 ZWL |
|---|---|---|---|---|---|
| **CONSOLIDATED RESULTS** | | | | | |
| Revenue | 193,640,524,069 | 25,292,373,090 | 7,834,014,139 | 1,920,324,644 | 177,397,474 |
| Group (loss) profit before taxation | (129,564,857,031) | (5,819,169,110) | 306,941,379 | 401,566,241 | (10,673,059) |
| (Loss) profit attributable to equity holders of the parent | (100,019,788,740) | (4,890,394,057) | 196,411,712 | 275,519,286 | (12,170,040) |
| Total shareholders' equity (Group's net asset value) | (93,399,360,114) | 4,596,593,034 | 2,591,286,578 | 1,537,641,991 | 145,699,516 |
| Group's total assets | 138,041,354,327 | 27,015,415,475 | 5,188,957,691 | 2,788,789,689 | 308,394,633 |
| Cash (utilised through) generated from operating activities | (92,735,225,931) | (10,492,471,041) | (103,701,940) | (186,392,693) | (38,264,329) |
| Capital expenditure | (4,388,016) | (8,527,386) | 107,019,874 | 34,134,256 | 1,963,403 |
| Cash resources net of borrowing | (106,708,355,232) | (11,426,608,280) | (528,077,233) | (303,866,490) | (79,946,684) |
| **ORDINARY SHARE PERFORMANCE** | | | | | |
| Shares in issue | 106,820,875 | 106,820,875 | 106,820,875 | 106,820,875 | 106,820,875 |
| (Loss) earnings per share (ZWL cents) | (93,633.19) | (4,578.13) | 183.87 | 257.93 | (11.42) |
| Diluted (loss) earnings per share (ZWL cents) | (93,633.19) | (4,578.13) | 183.87 | 257.93 | (11.42) |
| Net asset value per share (ZWL) | (874.35) | 43.03 | 24.26 | 14.39 | 1.36 |
| Market price at year end (ZWL) | 2,200.00 | 357.61 | N/A | N/A | N/A |
| Industrial index | 126,642.42 | 14,771.65 | 8,580.16 | 5,213.30 | 232.78 |
| **FINANCIAL STATISTICS** | | | | | |
| Net interest cover (times) | (13.19) | (5.73) | 2.94 | 3.07 | 0.74 |
| Ordinary shareholders' equity to total assets - % | (67.66) | 17.01 | 49.94 | 55.14 | 47.24 |
| Return on total assets - % | (72.46) | (18.10) | 3.79 | 9.88 | (3.95) |
| Return on ordinary shareholders' equity - % | 107.09 | (106.39) | 7.58 | 17.92 | (8.35) |
| Return on capital employed - % | 107.09 | (106.39) | 7.58 | 17.92 | (8.35) |
| Debt to equity ratio - % | (128.34) | 260.80 | 29.39 | 21.42 | 58.17 |
| Current asset ratio -% | 65.10 | 122.55 | 147.93 | 123.91 | 140.05 |

N/A: The company was under Zimbabwe Stock Exchange suspension from 1 January 2018 until 11 October 2021, consequently market prices were unavailable at Statement of Financial Position dates for periods 2019 to 2021.

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Note: IFC means Inside Front Cover
IBC means Inside Back Cover

CFI Holdings Limited has its origins in the Farmers' Co-operative Society which commenced business in 1908, principally to market maize. The M.S. Kobenhavn, the largest sailing ship of its kind at the time, was chartered to carry 51 901 bags of maize from Beira to London.

## OUR GOAL

"Our goal is to increase shareholder wealth by nurturing businesses that will continually outperform the market norm". In order to achieve this, CFI Holdings Limited is invested in highly focused, synergistic businesses that seek to maintain a balance of activities that offer substantial growth.

These activities include:-

| | | |
|---|---|---|
| ❖ Retail | - | Farming inputs |
| | - | Building supplies and general hardware |
| | - | Veterinary products and technical services |
| ❖ Farming | - | Cereal production (mainly maize and soya beans) |
| | - | Horticultural production |
| | - | Poultry breeding and rearing |
| ❖ Milling | - | Stock feeds milling |
| | - | Maize and flour milling |
| | - | Vitamin and mineral supplements production |
| | - | Snack foods production |
| | - | Downpacking of various FMCG goods (rice, salt and other dry goods) |
| ❖ Properties | - | Property management and development |

## OUR STRATEGIC INTENT

To offer ever improving quality in our products and services to satisfy the needs of all our stakeholders:

These include our:-

⇨ Customers
⇨ Employees
⇨ Suppliers
⇨ Regulatory authorities
⇨ Shareholders

# CORPORATE INFORMATION

| | |
|---|---|
| Directors | I. V. Pasi (Group Chairperson)<br>S. Zinyemba (Deputy Group Chairperson)<br>S. N. Chibanguza (Acting Group Chief Executive Officer)*<br>T. Dumba (Acting Group Finance Director)*<br>A. Denenga<br>A. S. Hamilton (Alternate: R. L. Hamilton)<br>P. Muzani<br>W. E. Munakopah<br><br>* - Executive Directors |
| Group Company Secretary & Legal Counsel | P. Hare |
| Transfer Secretaries | First Transfer Secretaries (Private) Limited<br>1 Armagh Avenue, Eastlea, Harare, Zimbabwe<br>Telephone: +263 (242) 782 869 / 72<br>fts@mercantileholdings.co.zw |
| Auditors | Baker Tilly Chartered Accountants (Zimbabwe) |
| Bankers | AFC Bank<br>CBZ Bank Limited<br>Central African Building Society (CABS)<br>FBC Bank Limited<br>Nedbank Limited<br>NMB Bank Limited<br>Ecobank Limited<br>Steward Bank Limited<br>People's Own Savings Bank (POSB) |
| Legal Advisors | Nyawo Ruzive Legal Practitioners<br>1 Wynne Street<br>Harare, Zimbabwe |
| Registered Office | 1 Wynne Street, Harare, Zimbabwe |
| Postal Address | P.O. Box 510, Harare, Zimbabwe |
| Telecommunications | Telephone +263 (242) 791260 / 790685<br>Telefax +263 (242) 790499<br>Email: panganayi@cfi.co.zw<br>Website: www.cfigroup.co.zw |

## GROUP STRUCTURE

- **CFI HOLDINGS LIMITED BOARD**
  - **CFI OPERATIONAL BOARD**
    - **Retail Division**
      - Farm & City
      - Vetco
    - **Farming Division**
      - Glenara Estates
      - Hubbard Zimbabwe
      - Crest Breeders
      - Suncrest
    - **Milling Division**
      - Agrifoods
      - Agrimix
      - Victoria Foods
    - **Properties Division**
      - Saturday Retreat Estate

# GROUP MANAGEMENT

## GROUP EXECUTIVES

| | |
|---|---|
| Shingirayi N. Chibanguza | Acting Group Chief Executive Officer |
| Tariro Dumba | Acting Group Finance Director |
| Panganayi Hare | Group Company Secretary & Legal Counsel |

## CORPORATE SERVICES

| | |
|---|---|
| Rutendo Chidemo | Acting Group Human Resources Manager |
| Muchanaka Zuwirai | Group Finance Manager |
| Tanaka Hofisi | Group Treasurer |
| Eve Muguza | Group ICT Manager |
| Edward Mandisodza | Acting Group Internal Audit Manager |

## DIVISIONAL MANAGEMENT

### RETAIL DIVISION

**CFI Retail & Vetco**

| | |
|---|---|
| Tapiwa Nhari | General Manager |
| Brian Zimbeva | Finance Manager |

### FARMING DIVISION

**Glenara Estates**

| | |
|---|---|
| Tapuwa Chukucha | Finance Manager |
| Antoinette Moyo | Administrator |

### MILLING DIVISION

**Agrifoods, Agrimix & Hubbard Zimbabwe**

| | |
|---|---|
| Lewis Chirenje | Operations Manager |
| Simbarashe Chikava | Finance Manager |

**Victoria Foods**

| | |
|---|---|
| Cliff Mukumba | Operations Manager |
| Shadreck Kwendavaviri | Finance Manager |
| Lenmore Mushambi | Production Manager |

## PROPERTIES DIVISION

| | |
|---|---|
| Vimbai Mudzongo | Acting Properties Manager |

**Saturday Retreat and Lot A Of The Rest**

| | |
|---|---|
| George Chambara | Finance Manager |

# NOTICE TO SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the twenty eighth (28th) Annual General Meeting ("AGM") of CFI Holdings Limited (the Company) will be held in the Farm & City Boardroom, 1 Wynne Street, Harare on Thursday 28 March 2024 at 11:00 am, for the purpose of transacting the following business:

**ORDINARY BUSINESS**

**1. Financial Statements**

To receive and adopt financial statements for the year ended 30 September 2023, together with the reports of the Directors and Auditors thereon.

**2. Re-election of Directors**

To re-elect the following directors by individual resolutions in terms of Section 201 of the **Companies and Other Business Entities Act [Chapter 24:31]:**

**2.1** To re-elect Mr S.D Zinyemba who retires by rotation in terms of the Articles of Association and being eligible, offers himself for re-election.

Mr Zinyemba serves as the co-founder and current Chief Executive Officer of Bellevue Abattoir & Butcheries Group. Prior to this role, he gained experience as a Bank Examiner in the Bank Licensing Supervision and Surveillance Division at the Reserve Bank of Zimbabwe. With a background in international business, holding a Bachelor's degree from NKU, USA, and a Masters' in Business Intelligence from CUT, ZW, Mr. Zinyemba also brings extensive expertise in the energy, construction, and logistics sectors. Currently, he is actively pursuing a Doctorate in Business Administration.

**2.2** To re-elect Ms P Muzani who retires by rotation in terms of the Articles of Association and being eligible, offers herself for re-election.

Ms. Muzani has a long association with the Group with extensive experience of 13 years in the retail business. Ms. Muzani is currently studying towards a Masters in Business Administration.

**3. Directors Remuneration**

To confirm directors' fees for the year ended 30 September 2023.

**4. Auditors Fees and Appointment**

**4.1** To approve the remuneration of the auditors for the year ended 30 September 2023.

**4.2** To reappoint Messrs Baker Tilly Chartered Accountants (Zimbabwe), who have been the Company's external auditors for 6 years. Mr Richard Mandeya (PAAB Number 0965) has served as the engagement audit partner to the Company for 1 year.

**EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS**

**Election of Directors**

At each AGM, one third of the directors (other than the Managing Director), or, if their number is not a multiple of three, then the number nearest to but not being less than one third shall retire. The directors retiring from office shall be eligible for re-election (Articles 68 and 69).

No person other than a director retiring at the meeting shall, unless recommended by other directors, be eligible for the office of director unless, not less than seven nor more than twenty-one clear days before the date appointed for the meeting, there shall have been given to the Secretary notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected (Article 70).

**Notes**

1. 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 be a member of the company.
2. In terms of clause 50 of the Company's Articles of Association, instruments of proxy must be lodged at the registered office of the company at least 48 hours before the time appointed for holding of the meeting.
3. Members are requested to advise the Transfer Secretaries in writing of any change in address.

**By order of the Board**

**P. Hare**
**Group Company Secretary & Legal Counsel**
**1 March 2024**

**Directors' Responsibility**
The Company's Directors are responsible for the preparation and fair presentation of the Group's financial statements. The principal accounting policies applied in the preparation of these financial statements are consistent with those applied in the previous annual financial statements. No significant changes arise from new and revised International Financial Reporting Standards (IFRS) which became effective for reporting periods commencing on or after 1 January 2023.

**Cautionary Statement- Reliance on all Financial Statements prepared in Zimbabwe for 2019-2023**
The Directors would like to advise users to exercise caution in their use of these financial statements due to the impact of the technicalities arising from functional currency changes in February 2019, and its consequent impact on the usefulness of the financial statements for 2019 - 2023 financial periods.

Whilst Directors have exercised due care and applied reasonable judgments they deemed appropriate in the preparation and presentation of these financial statements, the Directors advise the need for interpretation caution and remind users that there are significant challenges in ascertaining the underlying business performance in an environment of hyperinflation, multiple exchange rates and numerous changes in economic policies.

**Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)**
Effective July 2019, the Public Accountants and Auditors Board (PAAB) advised that conditions for adopting IAS 29 were satisfied. IAS 29 requires that inflation-adjusted financial statements become the entity's primary financial statements. Historical cost financial statements have been presented only as complementary financial information.

**External Auditor's Audit Opinion**
These Group inflation adjusted financial statements have been audited by the Group's external auditors, Baker Tilly Chartered Accountants (Zimbabwe), who have issued a qualified audit opinion. The auditor's report on the Group's financial statements is available for inspection at the Company's registered office. The engagement audit partner is Mr. Richard Mandeya (PAAB Number 0965).

**Economic Environment**
Continuing on from prior year, the operating environment remained challenging, characterized by hyperinflation, unstable exchange rates and intermittent power outages. The first half of the year saw stable conditions following tough fiscal and monetary policy interventions instituted in the last quarter of FY2022. However, the second half of the year was met with exchange rate volatility characterized by a rapid widening of the gap between exchange rates quoted on the official banking platform and rates on the alternative market. Policy interventions in June 2023, though stabilizing exchange rate movements, tightened liquidity with the unintended consequence of straining funding for business operations.

Year-on-year (Y-O-Y) inflation declined from 56.1% as at 30 September 2022 closing at 18.4% as at 30 September 2023, whilst average month-on-month inflation for the period was 1.5% (2022:3.8%). The exchange rate disparities and the use of blended inflation figures imposed significant performance translation challenges on both historical and inflation adjusted accounts. The distortions largely affect recorded revenues and profit for the period.

Despite normal rains received during the 2022/23 farming season, consumer spending power declined from prior year following the knock-on effects of the high cost of inputs and depressed producer prices. Notwithstanding, the Group welcomes certain policy measures implemented by the Government of Zimbabwe through the liberalization of grain marketing to the benefit of millers, farmers and consumers.

**Financial Performance**
Group inflation-adjusted revenues for the year increased by 245.7% from ZWL 58.43 billion in the previous year to ZWL 201.99 billion reflective of the mismatch between rapid inflation of the ZWL during the year period as compared to the subdued official inflation statistics. Overall, retail operations contributed 76.3% (2022- 79.8%), whilst milling operations contributed 20.1% (2022 – 18.0%) and farming operations accounted for 3.4% (2022 – 2.2%) of Group turnover.

Expenses increased in real terms, as a consequence of these expenses being pegged by suppliers and service providers in USD, but converted to ZWL at prevailing parallel market exchange rates. On the other hand, selling prices were determined in line with official exchange rates, which consistently lagged behind market rates. The Group incurred unrealized exchange losses of ZWL 139.5 billion (2022 - ZWL 7.2 billion) on its foreign currency denominated loans and creditors. Consequently, the Group posted a loss before tax of ZWL125.23 billion against a loss before tax of ZWL3.06 billion from prior year.

The Group invested ZWL2.29 billion (2022 – ZWL648.8 million) into property, plant and equipment, mostly in company motor vehicles and capitalized Victoria Foods plant spares, as well as center-pivot irrigation equipment at Glenara Estates.

**Sustainable Business Practices**

Your Board continues to strive to ensure that its business strategies and its values are constantly aligned with sustainable business practices guided by the Global Reporting Initiatives (GRI)'s Sustainability Reporting Guidelines. As the Group continued to make strides over the year in understanding its role and impact on the environment and community, your Board is tasked with furthering strategies to advance its sustainability priorities.

**Future Prospects**

The operating environment is forecasted to remain challenging and complex in the medium term aggravated by the now prevailing El Nino induced 2023/24 phenomenon. This is set to reduce agricultural output in the region. Given that the agricultural sector is a mainstay to the Group's operations, proactive management practices will therefore be employed to ensure the Group's survival in these difficult times.

Going forward, in the short to medium term, the Group will prioritise continued investments in its milling operations in order to underpin its long-term competitiveness. Long term focus remains directed towards the development of low-cost housing delivery in Harare South in support of Government's Vision 2030 development goals. The Group will therefore maintain its efforts to resolve all issues affecting its interests in its land banks to make way for progressive, orderly infrastructure deployment and service delivery to the various settlements.

Your Board also aims to continuously strengthen its human capital base, improve business models to be adaptive to the changing environment and to strengthen its operational systems for the benefit of all stakeholders.

**Dividend Declaration**

In view of the reported losses and current debt position, your Board will not declare a dividend for the year ended 30 September 2023.

**Acknowledgement and Appreciation**

I wish to record my sincere appreciation to management and staff for their fortitude and resilience in serving our customers' various needs during these trying times. I also wish to thank our shareholders, customers, suppliers and financiers for their enduring support to the Group, which has made the ongoing business turnaround strategy possible. Lastly, I would also like to record my gratitude and appreciation to my fellow Directors for their valuable contributions, guidance and stewardship.

**Ms. I.V. Pasi**
**Chairperson**
**19 December 2023**

## Operations Review

### Farm & City Centre (FCC)

The division struggled under the weight of a difficult operating environment, characterized by unstable multiple exchange rates, high interest rates and reduced consumer spending. As a result, overall sales volumes for the entity's key volume drivers fell by 15% from prior year. Following the announcement of the 2023/2024 drought caused by the El Nino phenomenon, sales of key agricultural volume drivers such as fertilizers and chemicals are forecasted to remain depressed.

### Glenara Estates

The Estate established 550 hectares of white maize and 236 hectares of soya beans during the period. Table potato prices realised per kg declined by 8% relative to prior year due to a flood of supply to the potato market and a reduction in consumer buying power. The Estate's cattle breeding and pen fattening operations were maintained with reasonable success.

## Property Development

### Saturday Retreat

In February 2023, the Supreme Court ruled in favour of Crest Breeders International confirming the entity's rights in Saturday Retreat Estate. The entity is seized with implementing its development strategy as the Group looks to enhance its synergies with the retail unit and diversify its portfolio.

### Langford Estates

The legal proceedings remain pending before the relevant tribunals. The market will be updated on further progress in due course.

## Milling Operations

### Agrifoods

Sales volumes increased by 31% from prior year on the back of improved raw material availability on the local market from a good 2022/2023 agricultural harvest. Agrifoods continues to reassert its presence in the market, and efforts to improve demand for its products are ongoing as the entity claws back its market share.

### Victoria Foods (VF)

Volumes declined by 14%, weighed down mainly by intermittent power cuts affecting production. Additionally, the maize mill was seriously affected by raw materials supply challenges during the period. Apart from supply challenges, raw materials prices also rose from prior year level ultimately depressing the division's financial performance.

### Poultry Division

Crest Poultry Group's other units, being Crest Breeders, Hubbard Zimbabwe and Suncrest Chickens, remained under care and maintenance during the period. Joint ventures leveraging the Group's poultry infrastructure and brands are still being pursued.

**S. N. Chibanguza**
**Acting Group Chief Executive Officer**
**19 December 2023**

**INTRODUCTION**
The CFI Holdings Limited Group ("CFI") is committed to the principles of transparency, accountability, and integrity in its dealings with all its stakeholders. Directors and employees are required to observe the highest ethical standards, ensuring the business practices are conducted in a manner which, in all reasonable circumstances, is beyond reproach.

The primary objective of any system of corporate governance is to ensure that directors and managers, to whom the running of large corporations has been entrusted by the shareholders, carry out their responsibilities faithfully and effectively, placing the interests of the corporation ahead of their own. This process is facilitated through the establishment of appropriate reporting and control structures.

**DECLARATION OF DIRECTORS**
During the year under review, no Director had any material interests which could cause significant conflict of interest with the Group's objectives.

**BOARD STRUCTURE AND RESPONSIBILITIES**
The Board of Directors of CFI includes non-executive directors who are chosen for their independence, business acumen and skills. As a holding company, CFI adopts a decentralised approach with regard to day-to-day running of its businesses. The Board meets regularly and monitors the performance of Executive Management. It addresses a range of key issues and ensures that debate on matters of policy, strategy and performance is critical, informed and constructive.

**AUDIT COMMITTEE**
**Members:** S.D. Zinyemba (Chair), P. Muzani, A. Denenga

The Committee consists of three Non-Executive Directors. An Independent Non-Executive Director chairs the Committee. The Board is satisfied with the level of competency of the Committee members. The internal and external auditors have unrestricted access to the Committee and, in addition, representatives attend all Audit Committee meetings. The Audit Committee reviews the effectiveness of internal controls in the Group with reference to the findings of internal and external auditors. Other areas covered include the review of important accounting issues, specific disclosures in the financial statements, financial reports and major audit recommendations.

**HUMAN RESOURCES AND REMUNERATION COMMITTEE**
**Members:** I.V. Pasi (Chair), A.S. Hamilton (Alternate: R.L. Hamilton), P. Muzani, W.E. Munakopah and S.N. Chibanguza

The Committee consists of four Non-Executive Directors and the Acting Group Chief Executive Officer. The Board is satisfied with the level of competency of the Committee members.

The terms of reference of the Committee are to determine the Group's policy on the remuneration of Executive Directors including individual salaries, share options and other terms of the remuneration packages. The Committee also considers, at Board level, remuneration levels across the Group and oversees general staff welfare issues.

**FINANCE AND INVESTMENT COMMITTEE**
**Members:** A. Denenga (Chair), S.D. Zinyemba, A.S. Hamilton (Alternate: R.L. Hamilton) and S.N. Chibanguza

The Committee consists of three Non-Executive Directors and the Acting Chief Executive Officer. The Board is satisfied with the level of competency of the Committee members. The committee's objective is to assist the Board of Directors in fulfilling its overall responsibilities with respect to the financial affairs of the Group. Specific areas relate to the Group's investment policies and guidelines, capital needs and financing arrangements, major asset acquisitions or enhancement and asset disposals as well as evaluation of the Group's risk management framework.

**NOMINATIONS COMMITTEE**
**Members:** I. Pasi (Chair), S.D. Zinyemba, A. Denenga, W.E. Munakopah and S. N. Chibanguza

The Committee consists of four Non-Executive Independent Directors and the Acting Chief Executive Officer. The Board is satisfied with the level of competency of the Committee members.

The terms of reference of the Committee are to consider the composition of the Board and its Committees and make appropriate recommendations to the Board regarding the retirement, appointment and replacement of Directors. The Committee also reviews and recommends the appropriate changes to the Group's corporate governance policies

**DIRECTORATE**

**Itai V. Pasi (36) Independent Non-executive Chair**
Ms. Itai Valerie Pasi is a registered Legal Practitioner, Notary Public and Conveyancer (Law Society of Zimbabwe) as well as a Barrister-at-Law and Solicitor in Ontario, Canada (Law Society of Ontario). Ms Pasi's legal career spans over a decade and she has, over the years, served in both private practice an in-house counsel roles. Her expertise extends to technology, privacy, property, corporate and commercial law. She is the holder of a Master of Business Administration (MBA) degree, with merit, from the University of Gloucestershire (UK), Bachelor of Business Science in Management Studies (Honours) (B. Bus. Sci) and a Bachelor of Laws (LLB) degree, both obtained from the University of Cape Town (South Africa). In addition, she was conferred with an Immigration Practitioner Diploma: Laws, Policies and Procedures from the Canadian Society of Immigration Consultants (Canada) and is a Certified Information Privacy Professional/Canada (CIPP/C) with the International Association of Privacy Professionals (IAPP). She is the founder of Minana Sky Immigration Consultancy (Private) Limited.

**Shingirai D. Zinyemba (36) – Independent Non-executive Deputy Chair**
Mr Zinyemba serves as the co-founder and current Chief Executive Officer of Bellevue Abattoir & Butcheries Group. Prior to this role, he gained experience as a Bank Examiner in the Bank Licensing Supervision and Surveillance Division at the Reserve Bank of Zimbabwe. With a background in international business, holding a Bachelor's degree from NKU, USA, and a Masters' in Business Intelligence from CUT, ZW, Mr. Zinyemba also brings extensive expertise in the energy, construction, and logistics sectors. Currently, he is actively pursuing a Doctorate in Business Administration.

**Shingirai N. Chibanguza (38) – Acting Group Chief Executive Officer**
Mr. Chibanguza is the current Acting Group Chief Executive Officer for CFI Holdings Limited. Mr. Chibanguza is a businessman with over 18 years of experience in different fields including retail, hospitality, mining, manufacturing, farming, finance, logistics and properties, having worked for and founded several family businesses. Mr. Chibanguza sits on several boards and, has in the past sat on several Boards for listed companies including Rainbow Tourism Group Limited and Hwange Colliery Limited. He is a holder of a Master in Business Intelligence from Mt Carmel Institute of Business Intelligence (ZW).

**Aaron Denenga (37) - Non-Executive Director**
Aaron was born in Zimbabwe and attended Peterhouse in Marondera where he was the Head of School in 2003. He attended the University of Pretoria where he graduated with a Bachelors in Law. He has worked for the Regional office of the United Nations Office on Drugs and Crime as Assistant Regional Project Coordinator. He has also worked for Nisela Capital, a financial advisory firm based in Sandton, Pretoria with key work in public private partnerships and agricultural acquisitions. Aaron resigned from his post to take over his family's farm in Beatrice, Zimbabwe where he has been awarded National Young Farmer of the Year for two consecutive years, 2017 - 2018, and is a spokesman for youth in farming. He is also a registered Financial Advisor in South Africa and a member of the Institute of Risk Management South Africa

**Alexander S. Hamilton (34) – Non –executive Director**
Alexander was born in the United Kingdom and is a director of several companies there. He is the founder of City Estates in Brighton & Hove and co-manages a billion-dollar property portfolio. He is a skilled administrator holding several qualifications.

**Richmond L. Hamilton (31) – Non-Executive Director**
Mr. Hamilton was born and educated in the United Kingdom. He has extensive international business experience and co-manages a billion-dollar property portfolio. Mr. Hamilton also serves on a number of other boards internationally.

**Primrose Muzani (30) – Non-Executive Director**
Ms. Muzani has a long association with the Group with extensive experience of 13 years in the retail business. Ms. Muzani is currently studying towards obtaining a Masters in Business Administration.

**Waraidzo E. Munakopah (37) – Non-Executive Director**
Ms Munakopah is a human resources practitioner who holds among other qualifications a Master of Science in Development Studies from the Women University in Africa. She is an experienced, resourceful and agile human capital and governance professional.

## FINANCIAL STATEMENTS

The Directors of CFI are responsible for preparing financial statements and other information presented in the annual report in a manner that fairly presents the state of affairs and results of the operations of the Company and the Group. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting their findings thereon. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They are based on appropriate accounting policies and are supported by reasonable and prudent judgement and estimates. The Directors have no reason to believe that the Group's operations will not continue as going concerns in the year ahead as explained in note 31 on page 70.

## INTERNAL CONTROL

The Group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets. Internal auditors have been tasked to ensure adherence to internal controls and systems through a program that is designed to cover areas of risk.

## TIP OFFS ANONYMOUS

The Group relaunched a Tip Offs Anonymous initiative in 2016 to which all stakeholders are able to confidentially report any inappropriate behaviour. All suppliers, customers and employees have easy access to this facility in order to deter fraud and any other malpractices.

## STRATEGIC PLANNING PROCESS AND MANAGEMENT REPORTING

Annual strategic plans are compiled at business unit level and are reviewed by the CFI Board. There are comprehensive management reporting disciplines in place, which include the preparation of annual budgets by all operating units. These are reviewed and updated quarterly to reflect changes in the economy. The relevant company board of directors approve individual operational budgets, while the Group budget is reviewed by the CFI Board. Monthly results and the financial status of operating units are reviewed against approved budgets.

## WORKER PARTICIPATION

Each operating company in the Group has a workers council to deal with issues that affect employees directly and materially. These include collective bargaining mechanisms and structures to drive productivity improvements. These are designed to achieve good employer/employee relations through effective sharing of relevant information, consultation and the identification and resolution of conflict.

## ENVIRONMENT

Environmental awareness is an integral element of the Group's operations.

Business units are encouraged to protect and enhance the environment.

# DIRECTORS' RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

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

The principal accounting policies of the Group are consistent with those applied in the previous year and conform to International Financial Reporting Standards (IFRS).

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. The CFI Group maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit Committee has met the external auditors to discuss their reports and the results of their work, which includes assessments of the relative strengths and weaknesses of key control areas. In a growing group of the size, complexity and diversity of CFI Holdings, it is not uncommon that occasional breakdowns in established control procedures may occur. Any such breakdowns have been reported to the Group's Audit Committee and ultimately, the Board.

**PREPARER OF FINANCIAL STATEMENTS**

These annual financial statements have been prepared under the supervision of the Acting Group Finance Director, Mr. Tariro Dumba CA (Z), PAAB number 0817.

The financial statements for the year ended 30 September 2023, which appear on pages 27 to 70 have been approved by the Board of Directors and are signed on its behalf by:

**I. V. Pasi**
**Group Chairperson**
**19 December 2023**

**S. N. Chibanguza**
**Acting Group Chief Executive Officer**

**COMPANY SECRETARY'S CERTIFICATION**

I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by the public entity in terms of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) of the Republic of Zimbabwe, and all such returns are true, correct and up to date.

**Panganayi Hare**
**Group Company Secretary and Legal Counsel**
**19 December 2023**

# DIRECTORS' REPORT

**REPORT OF DIRECTORS**
The Directors have the pleasure of presenting their report, together with the audited financial statements for the year ended 30 September 2023.

**GROUP OPERATING RESULTS**
The results for the year are set out in the attached financial statements and are commented upon in the Reports of the Chairperson and the Group Chief Executive Officer.

**SHARE CAPITAL**
In terms of resolutions approved by Shareholders at meetings in January 1997, February and October 2001, March 2004 and 15 September 2008, the unissued shares of the Company are controlled as follows: -

| | |
|---|---|
| Set aside for issue to: - | |
| Zimbabwe Farmers Union buying scheme | 1 600 000 |
| Executive Management share option scheme | 10 907 380 |
| Under the control of the Directors | 80 671 745 |
| **Unissued at 30 September 2023** | **93 179 125** |

During the year the unissued number of shares remained at 93 179 125 ordinary shares of (ZWL) 1 cent each. No new shares were issued during the year (2022: Nil) and the number of shares in issue at year end was 106 820 875 (2022: 106 820 875)

**DUNNET INVESTMENTS (PRIVATE) LIMITED– EMPLOYEES' WORKERS TRUST**
Dunnet Investments (Private) Limited is the workers' trust vehicle established in 1996 to provide a scheme for worker participation in both the equity and profits of the Company. Through the initial donation and subsequent shares bought in the Company, the Trust acquired a 1.87% shareholding in CFI Holdings Limited. Dividends received through its shareholding are administered by a Board of Trustees for the benefit of workers.

**BORROWING POWERS**
In terms of the Articles of Association, the borrowing powers of the Company and its subsidiaries (excluding inter-company borrowings) are limited in aggregate to a sum not exceeding three times the aggregate of the issued share capital of the Group including capital and revenue reserves.

The level of borrowings throughout the year was adequately covered in this respect. The Directors may exercise all the power of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

**RESERVES**
Movements in reserves are shown in the statement of changes in equity in the notes to these financial statements.

**PROPERTY, PLANT AND EQUIPMENT**
Capital expenditure for the year to 30 September 2023 was ZWL2.29 billion (2022 – ZWL648.8 million). Budgeted capital expenditure for the year ending 30 September 2024 is ZWL17.95 billion.

**DIVIDENDS**
In view of the need to conserve capital, the Board considers it inappropriate to declare a dividend for the period ended 30 September 2023.

**DIRECTORATE AND THEIR INTERESTS**
The names of the Directors of the Company during the year are set out under the Corporate Governance section. No Director confirmed having, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses except as disclosed in note 25.

Executive Directors have employment contracts with the Company or its subsidiaries. The direct and indirect beneficial interests of the Directors in the shares of the Company are given on the inside back cover (IBC) of this Report.

**AUDITORS**
Members will be asked to fix the remuneration of Baker Tilly Zimbabwe for the past audit and to confirm their appointment for the ensuing year.

**ANNUAL GENERAL MEETING**
The twenty eighth (28th) Annual General Meeting of the Company will be held at 11:00 am on Friday 29 March 2024 at the Farm & City Complex, 1st Floor – Farm & City Boardroom, 1 Wynne Street, Harare.

**I. V. Pasi**
**Group Chairperson**

**S. N. Chibanguza**
**Acting Group Chief Executive Officer**

# SUSTAINABILITY REPORT

For the year ended 30 September 2023

## INTRODUCTION

CFI Holdings Limited (the Group) values future generations and their need for a clean and safe environment. As such, we have taken steps to mainstream sustainability into our operations. Operating sustainably is a strategic value proposition for the Group. We strive to uphold high standards that protect our brands and value chains through sustainable business practices. While the Group's primary object is to make a profit, we recognise that this must come at a sustainable cost. Our operations thus strive to track our direct economic and indirect economic impacts to the societies in which we operate.

Although the Zimbabwe Stock Exchange (ZSE) Listing Requirements (Statutory Instrument 134 of 2019) have regulated mandatory compliance with the Global Reporting Initiative (GRI) Standards for financial periods starting 1 January 2024, the Group chose earlier adoption of sustainability reporting. However, the report is not yet fully compliant with the GRI Standards. The Group seeks to fully achieve compliance with GRI Standards and ZSE requirements in the report for the year ending 30 September 2024.

## SUSTAINABILITY STRATEGIES

### Health and Nutrition

Through our products and services, we seek to help consumers and society to access affordable nutritional products for humans, animals and crops, as a means to end hunger and improve health.

### Environmental Stewardship

We care for the environment in which we operate and strive to ensure that generations to come benefit from the decisions we make today. Being a predominantly agriculture-focused Group, we understand the impact that climate changes have on business, society and the world. Thus, we aim to promote the following values:

- **Sustainable sourcing**
  Engaging in business with suppliers who respect human rights, promote employee rights in the workplace and whose business operations respect the environment.

- **Promotion of low-impact farming**
  Supporting farmers to grow low carbon, responsible food, using less harmful pesticides and protecting the environment in their operations.

- **Promoting the circular economy**
  Ensuring that our stakeholders recycle as much as possible, reduce food waste and managing emissions from our operations..

### Our People and Society

The Group presents various opportunities for its surrounding communities and employees. The Group seeks to create an atmosphere of respect and equal opportunity while helping solve our local development challenges. The Group also strives to ensure that employees are retained, trained and work in safe and healthy working environments. Its organisational culture always promotes inclusivity, diversity and respect for the communities in which we operate.

### Suppliers and Agriculture

The Group maintains mutually beneficial relationships with its suppliers. Being aware that the supply chain poses environmental and social risks, we select and evaluate suppliers carefully before sourcing products and services from them. As far as possible, we source from local suppliers to reduce our environmental carbon footprint.

## MATERIALITY ANALYSIS

The Group applies the principle of materiality to assess the critical areas which directly relate to its business model and those that significantly affect the decisions of stakeholders. This report therefore focuses on the issues, opportunities and challenges that are material to our business and stakeholders. Material topics are those that can reasonably be considered important to reflect the Group's economic, social and environmental impacts and the influence they have on the decisions of stakeholders.

### Materiality process

Identifying material issues is a Group-wide process which requires input from business unit management on the issues acknowledged as critical to the business. The topics presented in this report were also identified as material and relevant to the Group based on an assessment of similar topics reported by businesses in similar sectors in the Country, a contextual assessment of global and local issues affecting both businesses and society and issues raised by stakeholders.

Where material issues are considered to be of high impact, Group management will devise appropriate remedies and update stakeholders through the Annual Report, regular updates and press releases. During the year, the following topics were identified as material to the business and to stakeholders:

| Economic | Environmental | Social |
|---|---|---|
| Economic performance | Raw materials | Employee welfare |
| Production costs | Energy | Health and safety |
| Supply chain | Water | Customer quality |
| Indirect economic impact | Waste management | Employment |
| Anti-competitive behaviour | Environmental compliance | Training and education |

**Stakeholder Analysis and Engagement**

The Group values sustainable relations with stakeholders and business partners and upholds shared values in a spirit of inclusivity and responsiveness to foster strong relational capital and trust. We believe that sustainable relationships are critical for long term value creation and business success. Our stakeholders and the relationships we have built over the decades continue to inform how we manage corporate and enterprise risk, as well as business development.

**Methods used to engage stakeholders**

**Email:** Each entity has an email address for use by our customers and other stakeholders. A dedicated person is assigned duties to respond to issues raised by stakeholders on this platform.

**Telephone:** Each of the Group's entities has dedicated telephone numbers for public communications.

**Meetings:** Physical meetings are regularly held with our main stakeholders such as suppliers, regulators, customers. Issues raised in these meeting are promptly attended to.

**Gatherings:** Field days, seminars, trainings. Field days are an important part of customer engagement. During these field days we get to hear of our customers concerns and we also give them expert advice from our Branch Managers, Vet Doctor, Vet nurse, Agronomists and stockfeeds experts from our sister company Agrifoods where necessary.

**Print & Electronic/Radio Media:** We engage with our stakeholders using print media (newpapers, posters), electronic platforms (whatsapp groups, Facebook, X (Twitter), Instagram, fliers) and radio as these have a wide reach.

## Stakeholder Analysis and Engagement

During the year we engaged with various stakeholders whose issues informed contents of this report. Below is a summary of how we engaged various stakeholders:

| STAKEHOLDER | STAKEHOLDER INTERESTS / CONCERN | ACTIVITIES TO ADDRESS STAKEHOLDER ISSUES | MEANS OF ENGAGEMENT |
|---|---|---|---|
| Government of Zimbabwe | • Compliance with Zimbabwe's laws and regulations on environmental protection<br>• Occupational Safety and Health of workers<br>• Upholding of Human Rights | • Complying with licence requirements for all emission sources<br>• Provision of PPE<br>• Creating safe workplaces<br>• Implementation of human rights policies<br>• Upholding worker's rights<br>• Adhering to food safety regulations | •Licenses and permits |
| Shareholders | • Return on investment<br>• Maintaining good corporate image | • Process optimisation | • Reports<br>• Meetings |
| Employees | • Jobs and fair wages<br>• Professional development<br>• Safe working environment | • Provision of employment and good working conditions<br>• Training and development<br>• Graduate Trainee programmes | • Training events<br>• On-going engagement meetings |
| Communities | • Employment<br>• Protection of the biophysical environment<br>• Socio-economic development<br>• Corporate Social Responsibility Programs | • Employment creation<br>• Prevention of pollution<br>• Engaging in CSR programs in the communities we do business in. | • Inclusive business with farmers<br>• Environmental monitoring<br>• Trainings<br>• Exhibitions<br>• Radio programs |
| Customers | • High quality products<br>• Adherence to food safety standards<br>• Environmental<br>• Stewardship of waste resource<br>• After sales support<br>• Value<br>• Quality shopping experience<br>• Low prices<br>• Loyalty programs<br>• Accessibility | • Maintaining an environmental management plan.<br>• Maintaining after sales support.<br>• Competitive sourcing of products. | • Provision of information through product labelling<br>• Sustainability report<br>• Information and capacity building sessions<br>• Use of different media channels<br>• Press publications, in-store communication and online channels. |
| Suppliers | • Mutually beneficial relationships<br>• Payments on time | • Inclusion of local suppliers in the supply chain<br>• Paying suppliers on time<br>• Implementation of procurement procedures | • Training and education of suppliers<br>• Meeting with suppliers on mainstreaming, quality, safety, health and environmental sustainability |
| Contractors | • Contractor's safety when doing work<br>• Timely payment for services rendered | • Induction and briefings of contractors before the commencement of work<br>• Engagement of contractors in the supply chain | • Meetings with Contractors |

## Our Contribution to Sustainable Development Goals (SDGS)


**1 NO POVERTY**

We provide employment that enables workers to sustain their families, thereby contributing to poverty alleviation.

We provide farming inputs through our retail division, to empower farmers to generate income and reduce poverty in all areas of the country including in rural communities.

**2 ZERO HUNGER**

Our farming division undertakes production at a scale of 800 hectares, of cereals as a means of facilitating food security.

**5 GENDER EQUALITY**

Employment of women in our operations and recognition in decision-making positions.

Non-discrimination employment.

**6 CLEAN WATER AND SANITATION**

Prevention of water pollution and responsible use of agrochemicals in our farming operations

**7 AFFORDABLE AND CLEAN ENERGY**

Installation of Solar technologies in our retail stores at Farm & City

**8 DECENT WORK AND ECONOMIC GROWTH**

Employment conditions that respect human rights.

**9 INDUSTRY INNOVATION AND INFRASTRUCTURE**

Innovation in manufacturing processes at Agrifoods and Victoria Foods.

**10 REDUCED INEQUALITIES**

Adoption of income and fiscal policies to empower and support employees.

**3 GOOD HEALTH AND WELL-BEING**

We have developed dust control measures within our factory operations at Agrifoods and Victoria Foods.

**4 QUALITY EDUCATION**

We facilitated training on ruminant production with farmers.

We offered training opportunities for members of staff.

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

We have implemented energy saving processes including Variable Speed Drives (VSDs) and metering energy consumption.

**13 CLIMATE ACTION**

We have made deliberate purchases of low emitting coal to reduce Sulphur Dioxide emissions.

**14 LIFE BELOW WATER**

We take careful steps to enhance the water quality of any residual effluent arising from our operations.

**15 LIFE ON LAND**

We implement sustainable farming practices and advocate for prevention of deforestation and environmental degradation. Our farming operations co-exist with natural resources and biodiversity.

**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**

We promote fair labour practices within the workforce and foster harmonious relationships with the workforce.

**17 PARTNERSHIPS FOR THE GOALS**

We ensure that all SDGs are relevant to each and every business unit and that all business units understand their contribution to SDGs.

**Our Products**

The Group prides itself in the provision of genuine and quality goods to the Zimbabwean market. As an agro-based conglomerate, we provide to the local market a wide range of products and services as captured on page 2 of this report. In the process, we support large commercial farmers/contractors, small scale farmers, communal farmers as well as urban farmers. We also service our customers and consumers with quality products from end to end in the agro-value chain and beyond, from farming inputs to food products.


Victoria Foods products portfolio

Agrifoods feeds

Farming activities

Farm & City retail section

**Product Improvements**

The Group engages in ongoing activities necessary to improve its products and services. During the year, Farm & City Centre, in partnership with Superfert Fertilizer introduced a new product, Calcium and Ammonium Nitrate to Zimbabwean farmers. This is an improvement to Ammonium Nitrate in terms of performance and pricing.

### Service Portfolio

Apart from selling its merchandise, the Group also trains and educates its customers regarding the use of a number of products sold, and also offers after-sales services. To support our farming inputs business, we have in-house agronomists and veterinarians who give expert advice to existing, new and potential farmers. On an ongoing basis, the Group embarks on farmer training programs on broiler management, ruminants management, and general good farming practices.

**Above: FCC Branch manager training farmers at the ZITF in Bulawayo**

**Above: Farm & City Centre poultry customer visit in Bulawayo**

### Our People

People are the greatest resource of any organisation. At CFI Holdings Limited, we value our people, their diversity and unique talents. We believe in the development of our employees' skills, incorporating their ideas in our products and services as well as allowing them to grow in the Group. The Group provides equal opportunities for employment and does not discriminate based on gender, race or ethnicity, religions, beliefs and culture. These values are reflected in our business units and the diversity of our workforce.

Below are the Group's employment statistics

| Gender | 2023 | % | 2022 | % |
|---|---|---|---|---|
| Males | 1309 | 73.8 | 1107 | 72.7 |
| Females | 465 | 26.2 | 416 | 27.3 |
| **Total** | **1774** | **100.0** | **1523** | **100.0** |

### Policy on employment

The Group has updated its human resources policies to be in line with Labour Amendment Act 11/2023 enacted during the year. More specifically, the Group updated its sexual harassment and leave policies in line with legislation. Further to this, the Group ensured compliance against legislation in respect of worker exploitation and child labour. The Group holds to the highest regard human rights as enshrined in the Constitution of Zimbabwe and the Labour Act (Chapter 28:01). Further the Group conforms to legislation and best practices in relation to gender pay equity.

### Graduate training and retention

The Group has thriving graduate trainee programs with the below overall objectives:

- provide trainees with a working knowledge of all departmental activities, process and procedures used at the business Unit /and or group.
- provide trainees with hands-on training in the department/unit that they are likely to work after the training period.
- instill Group values and cultivate acceptable attitudes.

### Membership to Professional Bodies including those related to Sustainability

The Group recognizes that certain jobs and functions may be enhanced by participation of the employees in professional and technical associations. In this regard, the Group pays for annual subscriptions to approved professional/technical associations relevant to the employee's development upon presentation of invoice/receipt.

### Sports Clubs

In an effort to promote both mental and physical wellness, the Group sponsors sporting activities, with a number of units having their own sporting teams for various disciplines such as basketball, volleyball and soccer.

**Occupational Safety and Health – OSH**

**Management Approach**

The Group prioritises Occupational Safety and Health (OSH) throughout its business units, putting in place a variety of measures to deal with occupational hazards. We prioritise hazard identification and risk assessment (HIRA).

**Dust**

Our goal is to produce products without releasing dust to the environment or surrounding communities. The Group has put in place several measures to reduce the risks and challenges that may emanate from the dust and emissions generated processes. The measures and controls which are managed through a risk ranking matrix to determine probability or likelihood against the category of consequence severity are as follows:

- Provision of personal protective equipment (PPE).
- The use of dust collectors and chimneys in the production plants.
- Good housekeeping practices.
- The use of wind breaks on the offloading pits.
- Measuring and monitoring the emissions.
- Watering of coal deposits.
- Use of aspiration systems to minimize dust emissions from the plants.

**An Example of a Wind break at Victoria Foods**

**OSH Indicators and Performance**

We are developing a robust set of OSH indicators, which we will track and present in the FY2024 sustainability report. Currently the Group tracks the following:

- Number of medical cases.
- Number of first aid cases.
- Number of lost time injuries.
- Number of fatalities.
- Lost time injury frequency rate (LTIFR).
- Number of man hours worked without a fatality.
- Number of contractors injured.
- Number of contractor fatalities.

Through our Safety, Health, Environment and Quality (SHEQ) department, we are working on developing a comparable database of SHEQ performance indicators which we can use to track progress and benchmark our performance in line with best practices. In this Report, we have used the existing system of tracking OSH indicators. We will enhance this with some GRI indicators and apply it within all our business units.

We are happy to report that there were no fatalities during the year ended 30 September 2023.

Given the realisation of the need for strengthened efforts on OSH, we have instituted a number of measures for hazard identification, risk assessment and determination of controls. The main goal is to have a workplace safety culture in order to achieve zero harm. This is done through the understanding of the root causes to most of our serious workplace injuries and regularly surveying the workplace for potential safety hazards in equipment and work design. The current measures the Group has taken are as follows:

- Training of employees on OSH issues.
- The use of safety signs in our plants as a tool to enhance safety in the workplace.
- Ensuring that employees have the right tools.
- Regular equipment inspections.
- Strict reporting of all incidents to come up with corrective actions. is has been done through an open dialogue where we have made it easy for employees to come and report OSH concerns.
- Provision of all the required personal protective equipment.
- Coming up with pre-task risk assessments to reduce on the job injuries.

**Our Environmental Performance**

**Climate Change and Emissions - Management Approach**

Climate change is one of the biggest challenges affecting humanity today. Increasing global warming and erratic rainfall patterns are of concern to the Group, mainly affecting the Group's farming operations. As such, these material issues are actively tracked.

Starting FY2024, the Group will track the carbon footprint for all its business units. Furthermore, our engineers are tasked with facilitating the Group's migration towards renewable energy as evidenced by the deployment of renewable energy to our retail division. The Group offsets emissions through solar energy, thereby proving that a green economy is possible.

We shall report our full carbon footprint in FY2024, as the Group looks to train employees on identifying emission sources, activity data, emission factors and methodologies for calculating carbon footprints.

## Energy

### Management Approach

The Group uses different energy sources as follows:

a) **ZESA** - This is our main power source for most operations, with lower usage for shops with solar backup options.

b) **Diesel powered generators** - These are mostly used work as an alternative to ZESA in cases of load-shedding. The Group has been focused on cleaner sources of alternative power.

c) **Solar** – The Group has rolled out a programme to install solar systems for shops and offices, with 44% of shops already using the power source by year-end. In the medium to long-term, the Group plans to invest in solar farms to sustain its manufacturing activities.

d) **LP Gas** - This is used mostly for cooking in branches. This option is cheaper than using electricity and is a more reliable source especially with the prevailing power cuts.

e) **Coal** - Agrifoods uses coal to operate its boilers and kitchens. Management is tasked with investing in more efficient sources.

**CFI Head Office Data Centre solar system**

Below is a list of initiatives we are pursuing to reduce our energy consumption:

- Adoption of solar energy in all the retail branches.
- Use of energy saving bulbs for lighting where practical.
- Use of natural lighting instead of artificial lighting in certain areas of our operations where this is practicable
- Undertaking power factor correction.
- Use of capacitor banks for power factor correction.
- Use of variable speed drives.
- Use of borehole water to minimize municipal water consumption.
- For the boilers, use of Hwange coal with less sulphur dioxide emission content.

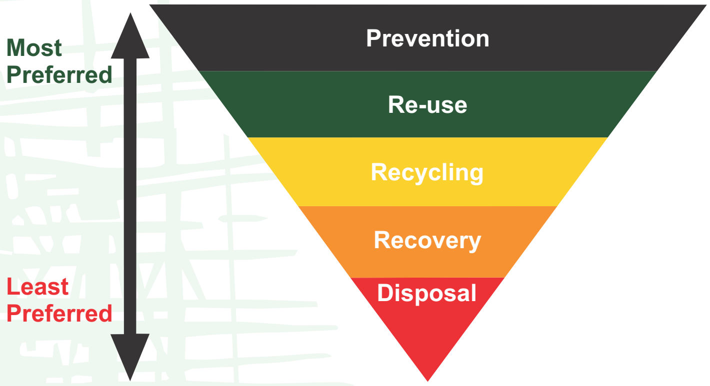
## Water

### Management Approach

The Group appreciates the value of water and has been promoting efficient irrigation systems, water saving techniques and climate-smart agriculture. We use water from multiple sources including rain, groundwater, surface and municipal. We are working on developing capacities for metering water resources as a means for sustainability and cutting costs. We also intend to send all our water for regular testing to ensure that water resources are safe for us.

### Waste Management

Our waste management plans follow a hierarchy of control steps to reduce, re-use and recycle waste before earmarking for ultimate disposal.




### Methods of Disposal of waste

The Group advocates for efficient and safe waste disposal. Over the year, the Group rolled out key waste management initiatives. Waste segregation was encouraged in all units, thus developing a culture of recycling. Making use of the end to end value chain, the Group implores the use of the life-cycle assessment of a product as some waste is used as raw material in other of the Group's operations down the value chain.

The Group also intends to incorporate recyclable materials in its waste management processes to achieve the goal of clean production. A more robust waste management plan will be drawn and implemented in due course.

**Environmental Compliance**

| Legal Compliance | 2023 | 2022 |
|---|---|---|
| Number of lawsuits or legal proceedings | 0 | 0 |
| Number of incidents requiring legal action | 0 | 0 |

**Implementation of the Precautionary Principle**
We adhere to the precautionary principle and believe that we must take preventive measures even if there is no scientific evidence to confirm hazard. This applies to the introduction of new products and services, which we deploy upon undertaking due diligence.

**Corporate Social Responsibility (CSR)**
The Group prides itself in being a good corporate citizen, and recognises areas for potential growth and investment in this respect. Your Board is tasked with ensuring that the business continues to create an atmosphere of respect, equal opportunity and diversity while investing back and imparting knowledge into the communities and helping solve local development challenges.


**Farm & City Centre branch managers educating farmers in Bulawayo**

The Group, through Farm & City and Agrifoods conducts customer trainings, mainly in support of farmers. Over the period, the Marketing, Veterinary and Animal Nutrition teams conducted poultry and ruminant trainings in different parts of Zimbabwe.

The Group also participates in various health and wellness programmes.

**Sustainable Governance, Ethics and Integrity**
Your Board has made sustainability a priority for the Group and continues to provide oversight of sustainability risk, ethics and integrity across the business and provide the much-needed guidance and risk mitigation. Employees are inducted on the need to uphold high levels of ethics and integrity.

**Internal Audit and Risk Management**

**Management Approach**
We undertake audits to monitor the Group's economic, social and environmental performance. Audits are not witch-hunting missions, but a framework for us to improve our sustainability performance.

**Risks and Opportunities**
We are constantly on the lookout for risks which may affect the business and have developed mechanisms to identify risks throughout the Group, including regulatory risks that may emanate from failure to comply with environmental and social regulations. Through our SHEQ department, we monitor the legal environment and ensure that all permits are renewed and complied with.

**Anti-Corruption**
The Group has a zero-tolerance to corrupt and unethical practices. Any individual identified as a perpetrator of such practices will be disciplined accordingly.

**Anti-Competitive Behaviour**
There were no legal actions brought against the Group for anti-competitive, anti-trust or monopolistic behaviour during FY2023.

| Anti-competitive behaviour | 2023 | 2022 |
|---|---|---|
| Number of legal actions pending or completed for anti-competitive, anti-trust or monopolistic behaviour | 0 | 0 |
| Main outcomes of completed legal actions including decisions (judgments etc.) | 0 | 0 |

**Customer Complaints**

The Group has robust customer complaint procedures requiring all customer complaints to be attended to within 48 hours of being received. Our products manufactured at Victoria Foods and Agrifoods have our contact details so that customers can easily submit their complaints and follow up on issues they may have raised with us. In response to customer complaints, customer visits are made where necessary, and investigations launched to come up with solutions.

**After Sales Customer Care**

The Group's entities pay particular attention to sales care activities. At trader's level we follow up on issues to do with our packaging quality, returns collection and suggestions on pricing. The final consumer level involves but is not limited to sharing cooking and baking recipes that will enable the consumer to enjoy our products.

**Local Procurement**

Local procurement strengthens the local economy and meets expectations of our communities. Increased local procurement has had the added benefit of reducing business disruption in recent years, especially after the Covid-19 pandemic. Local procurement has led to the saving of time and money and has boosted efficiencies in raw materials and product availability.

Less than 20% of the Group's annual business is conducted with foreign businesses, with the bulk of its offshore business done to procure and maintain the supply of Ammonium Nitrate fertilizer, specialised plant spares and enterprise resource planning (ERP) system, all which cannot easily be sourced locally.

**Brand Management**

Brand management is a key performance criterion. It is a mark of the pride associated with the quality of our products, stores and services to our customers and other stakeholders. With ever increasing and evolving competition, it is imperative for our businesses to continue to reinvent themselves to remain relevant to our customers.


**A typical revamped Farm & City Centre Branch**

**Responsible Marketing**

The Group ensures all products are marketed in a manner that does not mislead consumers by exaggerating advertorial information. We ensure all advertisements are evaluated and receive all the necessary approvals before publications. The marketing teams engage regularly with trade partners to ensure the products are marketed consistently with our values. We have a zero-tolerance policy against false claims. Our businesses are anchored on a scientific approach backing the functionality or efficacy of our products and services.


**A recent marketing stand for the Group's products**

Chartered Accountants
Celestial Office Park
Unit D & H Block 1
Borrowdale Road, Borrowdale,
Harare Zimbabwe

**T:** +263 242 369 730, 369 737,
301 598, 301 537

enquiries@bakertilly.co.zw
**www.bakertilly.co.zw**

# Independent Auditor's Report

## To the members of CFI Holdings Limited

### Report on the Audit of the Inflation Adjusted Consolidated Financial Statements for the Year Ended 30 September 2023

**Qualified Opinion**

We have audited the inflation adjusted consolidated financial statements of CFI Holdings Limited which comprise the consolidated statement of financial position as at 30 September 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the inflation adjusted consolidated financial statements present fairly, the financial position of CFI Holdings Limited as at 30 September 2023, and its financial performance and 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 Business Entities Act (Chapter 24:31).

**Basis for Qualified Opinion**

a) **Non-compliance with IFRS 13 – Fair Value Measurement**

The directors converted the historical property, plant and equipment values at a rate of US$1: ZWL1 on 20 February 2019. Since then, management has been using consumer price indices to adjust the carrying values of their property, plant and equipment, which did not comply with IFRS 13 – Fair Value Measurement. Management has not carried out a revaluation of their property, plant and equipment from 2019 financial year. IFRS 13 prescribes a hierarchy of inputs to use in the determination of fair values, priority being given to quoted prices in an active market. We noted that property, plant and equipment for the group has an active market and market prices are determinable.

Consumer price indices do not reflect the assumptions that market participants would use when pricing the assets and do not take into account the condition and location of the assets. Property, plant and equipment is a significant element of CFI Holdings Limited's financial statements and thus the impact of the noncompliance was considered material for the year ended 30 September 2023. The consumer indices do not represent the true fair value of the assets.

**b) Impact of prior years' Non-Compliance with International Accounting Standard (IAS) 21– The Effects of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The misstatements were due to non-compliance with IAS 21 – The effects of changes in Foreign exchange rates. CFI Holdings Limited elected to comply with the requirements of Statutory Instrument 33 of 2019 (SI 33/19) which was issued on 20 February 2019. The 1:1 exchange rate between ZWL and USD prescribed by Statutory Instrument 33 of 2019 (SI 33/19) was not in accordance with the requirements of IAS 21. The Group was guided by Statutory Instrument 41 of 2019 (SI 41/19) which stated that in the case of inconsistency between local pronouncement and any international standard, the local pronouncement shall take precedence.

The effects of misstatements due to non-compliance with IAS 21 on the prior year financial statements and opening balances have not been quantified.

As the prior year financial statements have not been restated in accordance with International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8), the misstatements on the prior years' income statements is still carried forward in the current retained earnings balance.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of financial statements section of our report. We are independent of CFI Holdings Limited in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independent requirements applicable to performing audits of financial statements in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current year. Key audit matters are selected from the matters communicated with those charged with governance but are not intended to represent all matters that were discussed with them. In addition to the matters described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters. These matters were addressed in the context of our audit of the financial statements as a whole. Our opinion on the consolidated inflation adjusted financial statements is not modified with respect to any of the key audit matters described below, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| Hyperinflation Accounting (High risk area and significant judgement)<br><br>Following the Public Accountants and Auditors Board (PAAB) designation of Zimbabwe as hyperinflationary economy, management also evaluated and determined the economy of Zimbabwe to be hyperinflationary. CFI Holdings Limited applied the requirements of IAS 29 – Financial reporting in Hyperinflationary Economies.<br><br>Hyperinflationary accounting was determined to be a matter of most significance to the audit due to high risk and the significance of the balances and transactions, and the complexity and subjectivity relating to the application of the Standard.<br><br>IAS 29 requires significant judgments to be made by management considering the guidelines provided in IAS 29 are limited.<br><br>The adoption of the Standard makes this a high-risk area, since the accounting is prone to errors in calculations and application of the Standard. | We obtained an understanding of the CFI Holdings Limited process for identifying hyperinflationary economies and evaluated the policy in relation to hyperinflation accounting. Our audit procedures included, among others:<br>• We assessed and tested the indicators of hyperinflation on the Zimbabwean economy by corroborating these with industry report and our own understanding of the economy;<br>• We recomputed and tested the hyperinflation workings prepared by management by evaluating the rationale for the economic indicators included (such as the inflation rate, cumulative inflation rate, consumer price indices from various sources).<br>• We tested the source data used by agreeing it to supporting schedules.<br>• We assessed the reasonability of the assumptions used by comparing these to externally available industry, financial and economic data; and;<br>• We tested restatement of statement financial position and income statement items for compliance to the requirements of IAS 29.<br>• We assessed whether disclosures in the financial statements appropriately reflected the effects of the adoption of IAS 29.<br><br>We found that the inflation adjusted consolidated financial statements have been properly restated in terms of IAS 29. |

**Other Information**

The directors are responsible for the other information. The other information comprises the Directors Report. Other information does not include the inflation adjusted financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted consolidated 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 consolidated 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 during the audit, or otherwise appears to be materially misstated.

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

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

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of 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 entity'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 Group'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 the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements.

We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for the audit opinion.

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

We also provide the directors with a statement that we complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable related safeguards.

From the matters communicated with the Directors, we determine those matters that were significant in the audit of the inflation adjusted financial statements of the current period and therefore the key audit matters. We describe those matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

**Zimbabwe Stock Exchange ("ZSE") Listing Requirements**

On 11 October 2021, an indefinite suspension on the ZSE due to non-compliance with listing requirements was lifted with a five-year moratorium to allow the entity to address the free float requirements. Notwithstanding the lifting of the suspension by the ZSE, CFI Holdings Limited remains non-compliant with regards listing requirements around free float threshold, appointment of a substantive Chief Executive Officer and Financial Director.

**Companies and Other Business Entities Act (Chapter 24:31)**

In our opinion, because of the significance of the matters discussed in the Basis for Qualified Opinion section of our report, the accompanying inflation adjusted financial statements have not in all material respects, been properly prepared in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in the Independent Auditor's report is Richard Mandeya.

Baker Tilly

**Partner: Richard Mandeya**
**PAAB Practising Number: 0965**
**Baker Tilly Chartered Accountants Zimbabwe**
**Celestial Office Park,**
**Unit D & H Block, Borrowdale Road, Harare**
**Date 19 December 2023**

# GROUP STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## For the year ended 30 September 2023

| | Notes | INFLATION ADJUSTED 2023 ZWL | 2022 ZWL | HISTORICAL 2023 ZWL | 2022 ZWL |
|---|---|---|---|---|---|
| Sales | | 201,442,326,351 | 58,308,030,714 | 192,786,776,508 | 25,057,878,841 |
| Change in fair value of biological assets | | 548,336,431 | 125,733,089 | 853,747,561 | 234,494,249 |
| **REVENUE** | | **201,990,662,782** | **58,433,763,803** | **193,640,524,069** | **25,292,373,090** |
| Cost of sales | | (131,808,018,957) | (44,670,984,218) | (120,478,827,798) | (14,575,196,366) |
| **GROSS PROFIT** | | **70,182,643,825** | **13,762,779,585** | **73,161,696,271** | **10,717,176,724** |
| Other operating income | 4 | 9,316,467,706 | 893,595,928 | 9,241,635,305 | 593,289,074 |
| Selling, marketing and distribution expenses | | (2,966,176,434) | (2,451,290,480) | (2,773,997,968) | (761,340,493) |
| Administration and other operating expenses | | (200,857,424,134) | (19,695,251,655) | (200,017,647,662) | (15,499,611,473) |
| **OPERATING LOSS** | **5** | **(124,324,489,037)** | **(7,490,166,622)** | **(120,388,314,054)** | **(4,950,486,168)** |
| Share of losses from joint ventures | | (160,129,366) | (20,990,101) | (46,828,011) | (5,027,215) |
| Net financing cost | 6 | (9,605,393,437) | (1,488,817,853) | (9,129,714,966) | (863,655,727) |
| Monetary gain | | 8,860,232,071 | 5,936,952,473 | - | - |
| **LOSS BEFORE TAX** | | **(125,229,779,769)** | **(3,063,022,103)** | **(129,564,857,031)** | **(5,819,169,110)** |
| Income tax credit (expense) | 8 | 32,501,342,249 | (1,819,507,504) | 29,545,068,291 | 928,775,053 |
| **LOSS FOR THE YEAR** | | **(92,728,437,520)** | **(4,882,529,607)** | **(100,019,788,740)** | **(4,890,394,057)** |
| **OTHER COMPREHENSIVE (LOSS) INCOME, NET OF INCOME TAX** | | | | | |
| **ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS** | | | | | |
| Effect of changes in tax rates | | (86,137,301) | - | (41,035,164) | - |
| Gain on property revaluation, net of taxes | | - | - | 1,924,327,908 | 6,331,395,621 |
| Gain on equity investment designated as at FVTOCI | | - | - | 140,542,847 | 564,304,892 |
| **Total other comprehensive income** | | **(86,137,301)** | **-** | **2,023,835,591** | **6,895,700,513** |
| **TOTAL COMPREHENSIVE (LOSS) PROFIT FOR THE YEAR** | | **(92,814,574,821)** | **(4,882,529,607)** | **(97,995,953,149)** | **2,005,306,456** |
| **LOSS ATTRIBUTABLE TO:** | | | | | |
| **Equity holders of the parent** | | **(92,728,437,520)** | **(4,882,529,607)** | **(100,019,788,740)** | **(4,890,394,057)** |
| **TOTAL COMPREHENSIVE (LOSS) PROFIT ATTRIBUTABLE TO:** | | | | | |
| **Equity holders of the parent** | | **(92,814,574,821)** | **(4,882,529,607)** | **(97,995,953,149)** | **2,005,306,456** |
| Loss per share: | | | | | |
| Basic loss per share (cents) | 10 | (86,807.41) | (4,570.76) | (93,633.19) | (4,578.13) |
| Diluted loss per share (cents) | 10 | (86,807.41) | (4,570.76) | (93,633.19) | (4,578.13) |
| Headline losses per share (cents) | 10 | (86,807.41) | (4,570.76) | (93,633.19) | (4,578.13) |

# COMPANY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## For the year ended 30 September 2023

| | INFLATION ADJUSTED | | HISTORICAL | |
|---|---|---|---|---|
| | 2023 ZWL | 2022 ZWL | 202 ZWL | 2022 ZWL |
| Sales | - | - | - | - |
| **REVENUE** | **-** | **-** | **-** | **-** |
| Cost of sales | - | - | - | - |
| **GROSS PROFIT** | **-** | **-** | **-** | **-** |
| Other operating income | 5,807,783,618 | 37,556,364 | 5,834,012,047 | 33,139,045 |
| Dividend received from subsidiaries | 1,731,433,236 | 580,795,194 | 1,683,466,256 | 243,566,899 |
| Administration and other operating expenses | (2,122,502,712) | (551,483,988) | (2,039,538,479) | (270,547,471) |
| **OPERATING PROFIT** | **5,416,714,142** | **66,867,570** | **5,477,939,824** | **6,158,474** |
| Net financing income | 740,886,350 | 315,873,759 | 626,638,927 | 188,935,048 |
| Monetary gain (loss) | 289,810,965 | (117,603,223) | - | - |
| **PROFIT BEFORE TAX** | **6,447,411,457** | **265,138,106** | **6,104,578,751** | **195,093,522** |
| Income tax expense | (436,761,148) | (4,759,770) | (410,238,455) | (2,015,136) |
| **PROFIT FOR THE YEAR** | **6,010,650,309** | **260,378,336** | **5,694,340,296** | **193,078,386** |
| **OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX** | | | | |
| **ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS** | | | | |
| Gain on property revaluation | - | - | 27,997,647 | 7,273,512 |
| Gain on equity investment designated as at FVTOCI | - | - | 323,796,738 | - |
| Effect of changes in tax rates | (96,267) | - | (81,334) | - |
| **Other comprehensive (loss) income for the year, net of income tax** | **(96,267)** | **-** | **351,713,051** | **7,273,512** |
| **TOTAL COMPREHENSIVE PROFIT FOR THE YEAR** | **6,010,554,042** | **260,378,336** | **6,046,053,347** | **200,351,898** |
| **PROFIT ATTRIBUTABLE TO:** | | | | |
| **Equity holders** | **6,010,650,309** | **260,378,336** | **5,694,340,296** | **193,078,386** |
| **TOTAL COMPREHENSIVE PROFIT ATTRIBUTABLE TO:** | | | | |
| **Equity holders** | **6,010,554,042** | **260,378,336** | **6,046,053,347** | **200,351,898** |
| Earnings per share: | | | | |
| Basic earnings per share (cents) | 5,626.76 | 243.75 | 5,659.99 | 187.56 |
| Diluted earnings per share (cents) | 5,626.76 | 243.75 | 5,659.99 | 187.56 |
| Headline earnings per share (cents) | 5,626.76 | 243.75 | 5,659.99 | 187.56 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION - INFLATION ADJUSTED

As at 30 September 2023

| | Notes | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2022 ZWL |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| Property, plant and equipment | 11 | 13,627,635,513 | 11,991,859,897 | 299,888,400 | 14,995,620 |
| Investments in subsidiaries | | - | - | 25,342,436,866 | 18,206,381,629 |
| Investments in joint ventures | 12.2 | (152,260,292) | (13,121,027) | (136,307,116) | (136,307,116) |
| Investments in unlisted shares | 12.1 | 953,712,381 | 953,711,375 | 3,596,021 | 3,596,022 |
| Deferred tax assets | 17.1 | 37,605,729,313 | - | - | - |
| Trade and other receivables | 14 | - | - | 1,127,442,892 | 493,917,217 |
| **TOTAL NON-CURRENT ASSETS** | | **52,034,816,915** | **12,932,450,245** | **26,637,057,063** | **18,582,583,372** |
| **CURRENT ASSETS** | | | | | |
| Inventories and biological assets | 13 | 63,314,577,103 | 20,449,286,375 | - | - |
| Trade and other receivables | 14 | 17,616,661,311 | 2,778,823,532 | 315,258,581 | 19,709,192 |
| Investments in listed shares | | 404,717,269 | 37,066,918 | - | |
| Bank balances and cash | | 13,159,574,851 | 664,291,475 | 17,853,307 | 198,968 |
| **TOTAL CURRENT ASSETS** | | **94,495,530,534** | **23,929,468,300** | **333,111,888** | **19,908,160** |
| **TOTAL ASSETS** | | **146,530,347,449** | **36,861,918,545** | **26,970,168,951** | **18,602,491,532** |
| **EQUITY AND LIABILITIES** | | | | | |
| **CAPITAL AND RESERVES** | | | | | |
| Issued share capital | 15.1 | 250,983,543 | 250,983,543 | 250,983,543 | 250,983,543 |
| Share premium | | 24,280,482 | 24,280,482 | 24,280,481 | 24,280,482 |
| Share options reserve | | 36,654,347 | 36,654,347 | 36,654,348 | 36,654,347 |
| Non-distributable reserves | 16 | 14,310,102,352 | 14,396,239,654 | 17,108,924,761 | 17,109,021,028 |
| Accumulated (losses) profits | | (99,532,387,714) | (6,803,950,194) | 5,988,728,358 | (21,921,950) |
| **TOTAL EQUITY** | | **(84,910,366,990)** | **7,904,207,832** | **23,409,571,491** | **17,399,017,450** |
| **NON-CURRENT LIABILITIES** | | | | | |
| Deferred tax liabilities | 17.1 | - | 2,422,792,473 | 1,336,355,521 | 906,096,606 |
| Trade and other payables | 18 | 5,501,854 | 6,511,994 | 1,574,208,315 | 120,821,941 |
| Long term borrowings | 19 | 98,295,201,002 | 11,527,548,374 | - | - |
| **TOTAL NON-CURRENT LIABILITIES** | | **98,300,702,856** | **13,956,852,841** | **2,910,563,836** | **1,026,918,547** |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 18 | 105,608,472,780 | 11,577,488,091 | 650,033,624 | 176,555,535 |
| Short term borrowings | 19 | 16,418,798,653 | 1,630,559,973 | - | - |
| Bank overdraft | | 5,153,930,427 | 1,030,716,688 | - | - |
| Current tax liabilities | 20 | 5,958,809,723 | 762,093,120 | - | - |
| **TOTAL CURRENT LIABILITIES** | | **133,140,011,583** | **15,000,857,872** | **650,033,624** | **176,555,535** |
| **TOTAL EQUITY AND LIABILITIES** | | **146,530,347,449** | **36,861,918,545** | **26,970,168,951** | **18,602,491,532** |

**I. V. Pasi**
**Group Chairperson**

**S. N. Chibanguza**
**Acting Group Chief Executive Officer**

**T. Dumba**
**Acting Group Finance Director**

**19 December 2023**

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION - HISTORICAL

As at 30 September 2023

| | Notes | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2022 ZWL |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| Property, plant and equipment | 11 | 13,627,635,513 | 10,131,682,914 | 299,888,400 | 12,669,500 |
| Investments in subsidiaries | | - | - | 7,357,153,797 | 221,098,560 |
| Investments in unlisted shares | 12.1 | 953,712,381 | 805,771,692 | 15,305 | 15,305 |
| Investments in joint ventures | 12.2 | (52,451,934) | (5,623,922) | (580,135) | (580,135) |
| Trade and other receivables | 14 | - | - | 1,127,442,892 | 417,300,791 |
| Deferred tax assets | 17.2 | 36,834,809,266 | 551,499,443 | - | - |
| **TOTAL NON-CURRENT ASSETS** | | **51,363,705,226** | **11,483,330,127** | **8,783,920,259** | **650,504,021** |
| **CURRENT ASSETS** | | | | | |
| Inventories and biological assets | 13 | 55,496,695,670 | 12,591,749,149 | - | - |
| Trade and other receivables | 14 | 17,616,661,311 | 2,347,772,501 | 315,258,579 | 16,651,902 |
| Investments in listed shares | | 404,717,269 | 31,317,099 | - | - |
| Bank balances and cash | | 13,159,574,851 | 561,246,599 | 17,853,307 | 168,104 |
| **TOTAL CURRENT ASSETS** | | **86,677,649,101** | **15,532,085,348** | **333,111,886** | **16,820,006** |
| **TOTAL ASSETS** | | **138,041,354,327** | **27,015,415,475** | **9,117,032,145** | **667,324,027** |
| **EQUITY AND LIABILITIES** | | | | | |
| **CAPITAL AND RESERVES** | | | | | |
| Issued share capital | 15.1 | 1,068,209 | 1,068,209 | 1,068,209 | 1,068,209 |
| Share premium | | 103,340 | 103,340 | 103,340 | 103,340 |
| Share options reserve | | 156,004 | 156,004 | 156,004 | 156,004 |
| Non-distributable reserves | 16 | 11,306,535,660 | 9,282,700,068 | 434,557,856 | 82,844,805 |
| Accumulated (losses) profits | | (104,707,223,327) | (4,687,434,587) | 6,013,027,089 | 318,686,793 |
| **TOTAL EQUITY** | | **(93,399,360,114)** | **4,596,593,034** | **6,448,912,498** | **402,859,151** |
| **NON-CURRENT LIABILITIES** | | | | | |
| Deferred tax liabilities | 17.2 | - | - | 443,877,715 | 13,216,586 |
| Trade and other payables | 18 | 5,501,854 | 5,501,854 | 1,574,208,316 | 102,080,045 |
| Long term borrowings | 19 | 98,295,201,003 | 9,739,395,382 | - | - |
| **TOTAL NON-CURRENT LIABILITIES** | | **98,300,702,857** | **9,744,897,236** | **2,018,086,031** | **115,296,631** |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 18 | 105,608,472,781 | 9,781,588,452 | 650,033,616 | 149,168,245 |
| Short term borrowings | 19 | 16,418,798,653 | 1,377,627,554 | - | - |
| Bank overdraft | | 5,153,930,427 | 870,831,943 | - | - |
| Current tax liabilities | 20 | 5,958,809,723 | 643,877,256 | - | - |
| **TOTAL CURRENT LIABILITIES** | | **133,140,011,584** | **12,673,925,205** | **650,033,616** | **149,168,245** |
| **TOTAL EQUITY AND LIABILITIES** | | **138,041,354,327** | **27,015,415,475** | **9,117,032,145** | **667,324,027** |

**I. V. Pasi**
**Group Chairperson**

**S. N. Chibanguza**
**Acting Group Chief Executive Officer**

**T. Dumba**
**Acting Group Finance Director**

**19 December 2023**

## GROUP STATEMENT OF CHANGES IN EQUITY

### For the year ended 30 September 2023

| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | | | | | |
|---|---|---|---|---|---|---|
| **INFLATION ADJUSTED** | **Share Capital** | **Share Premium** | **options reserve** | **Share Distributable Reserves** | **Non (Losses) Profits** | **Accumulated Total equity** |
| | **ZWL** | **ZWL** | **ZWL** | **ZWL** | **ZWL** | **ZWL** |
| **Balance at 30 September 2021** | **250,983,543** | **24,280,482** | **36,654,347** | **22,900,759,491** | **(10,425,940,425)** | **12,786,737,438** |
| Loss for the year | - | - | - | - | (4,882,529,607) | (4,882,529,607) |
| Elimination of revaluation reserves- IAS29 | - | - | - | (8,504,519,838) | 8,504,519,838 | - |
| **Balance at 30 September 2022** | **250,983,543** | **24,280,482** | **36,654,347** | **14,396,239,653** | **(6,803,950,194)** | **7,904,207,831** |
| Loss for the year | - | - | - | - | (92,728,437,520) | (92,728,437,520) |
| Other comprehensive income for the year | - | - | - | (86,137,301) | - | (86,137,301) |
| **Balance at 30 September 2023** | **250,983,543** | **24,280,482** | **36,654,347** | **14,310,102,352** | **(99,532,387,714)** | **(84,910,366,990)** |
| **HISTORICAL** | | | | | | |
| **Balance at 30 September 2021** | **1,068,209** | **103,340** | **156,004** | **2,386,999,555** | **202,959,470** | **2,591,286,578** |
| Loss for the year | - | - | - | - | (4,890,394,057) | (4,890,394,057) |
| Other comprehensive income | - | - | - | 6,895,700,513 | - | 6,895,700,513 |
| **Balance at 30 September 2022** | **1,068,209** | **103,340** | **156,004** | **9,282,700,068** | **(4,687,434,587)** | **4,596,593,034** |
| Loss for the year | - | - | - | - | (100,019,788,740) | (100,019,788,740) |
| Other comprehensive income for the year | - | - | - | 2,023,835,592 | - | 2,023,835,592 |
| **Balance at 30 September 2023** | **1,068,209** | **103,340** | **156,004** | **11,306,535,660** | **(104,707,223,327)** | **(93,399,360,114)** |
| **COMPANY STATEMENT OF CHANGES IN EQUITY** | | | | | | |
| **INFLATION ADJUSTED** | | | | | | |
| **Balance at 30 September 2021** | **250,983,541** | **24,280,481** | **36,654,348** | **17,109,021,028** | **(282,300,286)** | **17,138,639,112** |
| Profit for the year | - | - | - | - | 260,378,335 | 260,378,335 |
| **Balance at 30 September 2022** | **250,983,541** | **24,280,481** | **36,654,348** | **17,109,021,028** | **(21,921,951)** | **17,399,017,447** |
| Profit for the year | - | - | - | - | 6,010,650,309 | 6,010,650,309 |
| Other comprehensive losses | - | - | - | (96,267) | - | (96,267) |
| **Balance at 30 September 2023** | **250,983,541** | **24,280,481** | **36,654,348** | **17,108,924,761** | **5,988,728,358** | **23,409,571,489** |
| **HISTORICAL** | | | | | | |
| **Balance at 30 September 2021** | **1,068,209** | **103,340** | **156,004** | **75,571,293** | **125,608,407** | **202,507,253** |
| Profit for the year - | - | - | - | 193,078,386 | 193,078,386 | |
| Other comprehensive income | - | - | - | 7,273,512 | - | 7,273,512 |
| **Balance at 30 September 2022** | **1,068,209** | **103,340** | **156,004** | **82,844,805** | **318,686,793** | **402,859,151** |
| Profit for the year | - | - | - | - | 5,694,340,296 | 5,694,340,296 |
| Other comprehensive income | - | - | - | 351,713,051 | - | 351,713,051 |
| **Balance at 30 September 2023** | **1,068,209** | **103,340** | **156,004** | **434,557,856** | **6,013,027,089** | **6,448,912,498** |

## CONSOLIDATED STATEMENTS OF CASH FLOWS

### For the year ended 30 September 2023

| | INFLATION ADJUSTED | | HISTORICAL | |
|---|---|---|---|---|
| | 2023<br>ZWL | 2022<br>ZWL | 2023<br>ZWL | 2022<br>ZWL |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Loss before tax | (125,229,779,769) | (3,063,022,103) | (129,564,857,031) | (5,819,169,110) |
| **Adjustments for:-** | | | | |
| Depreciation expense | 650,479,585 | 644,399,951 | 551,364,475 | 144,680,431 |
| Change in fair value of biological assets | (548,336,431) | (125,733,089) | (853,747,561) | (234,494,249) |
| Share of loss in joint venture | 160,129,366 | 20,990,101 | 46,828,011 | 5,027,215 |
| Net interest paid | 9,605,393,437 | 1,488,817,853 | 9,129,714,966 | 863,655,727 |
| Profit on disposal of property, plant and equipment | (2,864,887) | (6,408,303) | (3,471,224) | (6,074,159) |
| **OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES** | **(115,364,978,699)** | **(1,040,955,590)** | **(120,694,168,364)** | **(5,046,374,145)** |
| (Increase) decrease in inventories | (42,316,954,300) | (10,658,832,988) | (42,051,198,962) | (10,619,607,823) |
| Increase in trade and other receivables | (14,837,837,779) | (1,345,355,690) | (15,268,888,810) | (2,029,478,585) |
| Increase in trade and other payables | 93,858,409,602 | 5,685,997,529 | 96,138,745,856 | 8,476,585,966 |
| **CASH UTILISED IN OPERATING ACTIVITIES** | **(78,661,361,176)** | **(7,359,146,739)** | **(81,875,510,280)** | **(9,218,874,587)** |
| Net interest paid | (9,605,393,437) | (1,488,817,853) | (9,129,714,966) | (863,655,727) |
| Taxes paid | (2,265,005,095) | (1,738,644,096) | (1,730,000,685) | (409,940,727) |
| **NET CASH UTILISED IN OPERATING ACTIVITIES** | **(90,531,759,708)** | **(10,586,608,688)** | **(92,735,225,931)** | **(10,492,471,041)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Net movement on listed investments | (367,650,351) | 66,481,194 | (373,400,170) | (8,324,791) |
| Purchase of property, plant and equipment | (2,289,494,100) | (648,834,841) | (2,177,508,867) | (406,262,601) |
| Proceeds from sales of property, plant and equipment | 5,082,488 | 22,676,340 | 4,388,016 | 8,527,386 |
| **NET CASH UTILISED IN INVESTING ACTIVITIES** | **(2,652,061,963)** | **(559,677,307)** | **(2,546,521,021)** | **(406,060,006)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Net proceeds from long term loans | 86,767,652,628 | 8,593,675,548 | 88,555,805,621 | 9,087,944,514 |
| Short term loans raised | 14,788,238,680 | 1,214,830,518 | 15,041,171,099 | 1,285,317,038 |
| **NET CASH GENERATED FROM FINANCING ACTIVITIES** | **101,555,891,308** | **9,808,506,066** | **103,596,976,720** | **10,373,261,552** |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **8,372,069,637** | **(1,337,779,929)** | **8,315,229,768** | **(525,269,495)** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | **(366,425,213)** | **971,354,716** | **(309,585,344)** | **215,684,151** |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **8,005,644,424** | **(366,425,214)** | **8,005,644,424** | **(309,585,344)** |
| **REPRESENTED BY:-** | | | | |
| Bank balances and cash | 13,159,574,851 | 664,291,475 | 13,159,574,851 | 561,246,599 |
| Bank overdraft | (5,153,930,427) | (1,030,716,689) | (5,153,930,427) | (870,831,943) |
| | **8,005,644,424** | **(366,425,214)** | **8,005,644,424** | **(309,585,344)** |

## 1.1 GENERAL INFORMATION

CFI Holdings Limited (the Company) is a company incorporated in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. The address of its registered office and its principal place of business is disclosed on page 3 of this Annual Report. The principal activities of the Company, its subsidiaries and joint ventures (together the Group) is the holding of investments, the letting of properties, the wholesaling and retailing of consumer goods, the manufacturing of stock feeds, the provision of animal health requisites, the operation of maize and wheat mills, crops and livestock farming, and the development and management of real estate.

### 1.1.2 Currency

The financial statements are presented in Zimbabwe Dollars (ZWL), which is the functional currency of the Company and the Group.

## 1.2 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

### 1.2.1 New and revised IFRSs adopted during the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) 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 disclosures or on the amounts reported in these financial statements.

**IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)**

The Group has adopted IFRS 17 and the related amendments for the first time in the current year. 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 takes into account market interest rates and the impact of policyholders' options and guarantees. The Group 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 Group 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 Group 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.

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

The Group 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.

**1.2.1 New and revised IFRSs adopted during the current year (Continued)**

**Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules (Continued)**
Following the amendments, the Group 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 Group 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.

**1.2.2 New and revised IFRSs in issue but not yet effective**

At the date of authorisation of these financial statements, the Group had not applied the following new and revised IFRSs that have been issued but are not yet effective:

| Standard reference | Standard title |
|---|---|
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except if indicated below:

**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 Directors of the parent company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

**Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent**
The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent 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 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The Directors anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

**1.2.2 New and revised IFRSs in issue but not yet effective (Continued)**

**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. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The Directors anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

**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.

**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.

### 1.2.2 New and revised IFRSs in issue but not yet effective (Continued)

**Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback (Continued)**
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.

### 2.1 ACCOUNTING POLICIES

The principal accounting policies of the Group and Company adopted in the preparation of these financial statements are, in all material respects, consistent with those applied in previous years and conform to the standards issued by the International Accounting Standards Board (IASB). The effect of standards and interpretations adopted in current year has been disclosed per note 1.2. Full compliance with IFRS was last achieved in 2018 financial year, while partial compliance was achieved for 2019 to 2022 due to non-compliance with IAS 21.

The consolidated financial statements have been prepared in compliance with the Companies and Other Business Entities Act (Chapter 24:31), except for items stated under the Basis for Auditors Opinion.

### 2.2 GOING CONCERN

The Directors have satisfied themselves that based on the assessments fully explained per note 31, the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the consolidated inflation adjusted financial statements.

### 2.3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated inflation-adjusted financial statements have been prepared based on the statutory records that are maintained under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received from selling 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 Group takes into account 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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and 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 those, 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.

### 2.4 CONSOLIDATON

**Basis of consolidation**
The consolidated financial statements incorporate the financial statements of CFI Holdings Limited and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

## 2.4 CONSOLIDATON (Continued)

**Basis of consolidation (Continued)**

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**Investment in Subsidiaries**

The investments in subsidiaries are accounted for at cost or deemed cost in the Company's separate financial statements. These comprise of investments in shares that the Directors intend to hold on a continuing basis in the Company's business. The investments are stated at cost less provision for impairment. A review for the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable.

**Interests in joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

## 2.4 CONSOLIDATON (Continued)

**Interests in joint ventures (Continued)**

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Where the Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line by-line basis.

**Interests in joint operations**

A joint operation is a joint arrangement whereby parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

**Interests in joint operations (continued)**

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as the sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When the Group entity transacts with a joint operation in which a Group entity is a joint operator (such as the purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

## 2.4 CONSOLIDATON (Continued)

**Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non- controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

## 2.5 REVENUE RECOGNITION

The Group applies IFRS 15 (Revenue from Contracts with Customers) in terms of which revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, such as Value Added Tax. The Group recognises revenue when it transfers control over a product or service to a customer. There are no other performance obligations related to the sale.

The Group's revenues are earned mainly from the following activities:

- Retail business sales - the Retail business of the Group principally sells goods bought from manufacturers for re-sale with little or no value addition.
- Sales of agricultural produce;
- Sales of land for residential and commercial development;
- Land development costs recoveries;
- Rentals from properties leased out to third parties;

The application of IFRS 15 requires the Group to make judgements that affect the determination of the amount and timing of revenue from contracts with customers. These include:

- determining the timing of satisfaction of performance obligations,
- determining the transaction price allocated to them,
- determining the standalone selling prices.

Products are primarily sold separately, with the stand-alone selling prices determined based on the list prices at which the Group sells the products. The below is a description of the Group's major revenue streams;

## 2.5 REVENUE RECOGNITION (Continued)

| Products and services | Nature, timing of satisfaction of performance obligations and significant payment terms |
|---|---|
| Retail shop merchandise | Revenue is recognised when a customer takes possession of a commodity. This usually occurs after the customer has formally accepted and paid for the commodity. Almost all sales are paid for in full at the point of sale, with limited credit terms offered to a few selected customers.<br>The amount of revenue recognised for retail sales is adjusted for expected returns, which are estimated based on the historical data for specific goods. Returned goods are exchanged only for new goods or store credit – i.e. no cash refunds are offered.<br>Commission on sale of consignment stocks is recognised only when the related consignment stocks are sold to third parties.<br>Discount received is recognised when supplier payments are made within the discountable period and a credit note is received from the supplier. |
| Agricultural produce and manufacturing products | Revenue is recognised when a customer has formally accepted the products and signed or paid for the sale.<br>The amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific good. |
| Revenue from land | Revenue arising from sales of stands under instalments by Crest Breeders (Private) Limited t/a Saturday Retreat and related sales in 2015 was recognised then in accordance with IAS18, after discounting it at a rate of 11%, in line with the cost of the Group's long-term borrowings.<br>Recoveries from stand beneficiaries for land development costs is recognised based on formally signed agreements with customers for the service work done.<br>Late settlement fees and administration charges on accounts in payment default are recognised as income based on signed acceptance of the late settlement fees or administration fees levied to the customer. |
| Rental income | Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. |

**Other income**

Dividend income from investments is recognised when the Shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income is accrued based on signed contracts on a time basis, by reference to the principal outstanding and at the effective interest applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying mount on initial recognition.

## 2.6 BORROWING POWERS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 2.7 EMPLOYEE BENEFITS

**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

## 2.7 EMPLOYEE BENEFITS (Continued)

**Retirement benefit costs and termination benefits**
Payments to defined contribution retirement benefit plans are charged as and when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans, where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

## 2.8 SHARE-BASED PAYMENTS

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in the detailed note 15.2.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. The Group measures fair value using the Black-Scholes Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

## 2.9 TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax**
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

## 2.9 TAXATION (Continued)

**Deferred tax (Continued)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set of current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Current and deferred tax for the period**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**Valued Added Tax (VAT)**

Revenues, expenses and assets are recognised net of the amount of VAT except:

where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

## 2.10 PROPERTY, PLANT AND EQUIPMENT

**Initial recognition**

Each item of property plant and equipment is initially recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be reliably measured. Each item that qualifies for recognition is measured initially at cost, being the cash equivalent of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Such costs exclude the day-to-day servicing. Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

**Subsequent Recognition**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes with the exception of milling properties and the abattoir buildings, are stated in the consolidated Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment. Milling properties and the abattoir buildings are carried at depreciated replacement cost. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. Plant and machinery, motor vehicles and furniture and fittings are stated at cost less accumulated depreciation.

Freehold land is not depreciated. Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property's revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

**Depreciation**

Depreciation is recognised to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The various rates of depreciation are as follows:

Buildings and improvements - 20 - 40 years
Leasehold improvements - the lesser of period of lease and 10 years
Plant and machinery - 3 - 20 years
Motor vehicles - 5 - 10 years
Office equipment, computers and software - 3 - 10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

## 2.10 PROPERTY, PLANT AND EQUIPMENT (Continued)

**Derecognition**
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Impairment**
Impairment of property, plant and equipment is assessed in terms of the accounting policy set out in note 2.11.

## 2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment is treated as a revaluation decrease.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

## 2.12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first in-first-out and weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**Land in development and developed stands**
The Group is involved in residential stands development by way of conversion of its land previously designated as farm land through providing water, sewer, roads, storm-water drainage and other property development amenities.

**Agricultural activities**
Agricultural activities comprise of the rearing of cattle, growing of maize, soya beans and other vegetable produce.

**Biological assets**
Biological assets are living animals or plants. All biological assets are stated at their fair value less estimated point of sale costs. The fair value is determined in line with the age of the animals or plants.

**Agricultural produce**
Agricultural produce comprises the harvested product of the enterprise's biological assets. This is measured at its fair value less estimated point of sale costs at the point of harvest.

Growing crops and vegetable produce are measured at fair value less estimated point-of-sale costs. The fair value of growing crops is determined by reference to market prices by leading crop producers at reporting date discounted for the stage of growth and expected yield to maturity. The fair value of vegetable produce is determined based on market prices by leading vegetable wholesalers in Zimbabwe. All costs incurred in acquiring biological assets are capitalised.

## 2.12 INVENTORIES (Continued)

**Changes in the fair value of biological assets**
Changes in the fair value of biological assets are recognised in income. Due to the short-term growth cycle of the Group's biological assets, the ageing profile remains relatively constant from year to year and accordingly, the Group has not disclosed the change relating to growth of biological assets as encouraged by IAS 41. The majority of this change is expected to relate to price changes.

## 2.13 CASH AND CASH EQUIVALENTS

This represents cash on hand, at bank and other short-term highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value.

## 2.14 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments. Purchases and sales of financial instruments are recognised on trade date, being the date on which the Group commits to purchase or sell the instrument.

**Financial assets**
Financial assets are initially recognised at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs and subsequently as set out below.

**Trade and other receivables**
Trade receivables are initially recognised at fair value. They are subsequently carried at amortised cost using the effective interest rate method (EIR), taking into account impairment via the determination of an allowance for any uncollectable amounts. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The allowance for uncollectable amounts is established when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at reporting date. Bad debts are written off to profit or loss when identified.

**Cash and cash equivalents**
Cash and cash equivalents are initially measured at fair value, and subsequently at amortised cost. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of bank overdrafts.

**De-recognition of financial assets**
A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is de-recognised when: The rights to receive cash flows from the asset have expired;
The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
(a) The Group has transferred substantially all the risks and rewards of the asset, or
(b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continual involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Impairment of financial assets**
Financial assets, other than those at fair value through profit or loss, are assessed for impairment at each reporting date and impaired where there is objective evidence that the carrying amount of the asset will not be recovered.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

## 2.14 FINANCIAL INSTRUMENTS (Continued)

**Impairment of financial assets (Continued)**
Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**Assets carried at amortised cost**
For financial assets carried at amortised cost, the impairment 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 a financial asset is reduced through the use of an allowance account and changes to this allowance account are recognised in profit or loss. Subsequent recoveries of amounts previously written of are recognised in other income.

**Financial liabilities**
Financial liabilities include trade and other accounts payables, bank overdrafts and interest-bearing loans. These are initially measured at fair value including transaction costs and subsequently carried at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

**Trade and other payables**
Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier.

Trade and other payables are subsequently measured at amortised cost.

**De-recognition of financial liabilities**
A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**Offsetting of financial instruments**
Financial assets and liabilities are offset, and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**Equity instruments**
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

## 2.15 PROVISIONS

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of the time value of money is material. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Onerous contracts**
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

**2.15 PROVISIONS (Continued)**

**Restructurings**

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

**2.16 FOREIGN CURRENCY TRANSLATIONS**

Transactions in currencies other than the Zimbabwe Dollar (ZWL) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in other currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in statement of profit or loss and other comprehensive income for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

**2.17 SEGMENT INFORMATION**

The Company's operating businesses are organised and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The basis of segment reporting is representative of the internal structure used for management reporting purposes.

**2.18 KEY MANAGEMENT**

Key management includes executive directors and divisional management as outlined on page 5.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS MADE BY MANAGEMENT**

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

3.1 Functional currency considerations and the effect of changes in foreign exchange rates

**3.1.1 Functional Currency**

The Group's consolidated financial statements are presented in ZWL, which was determined to be the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group applied this judgement after Government promulgated Statutory Instrument 33 of 2019 (SI 33) on 22 February 2019, giving legal effect to the reintroduction of the ZWL as legal tender and prescribing that for accounting and other purposes, certain assets and liabilities on this effective date would be deemed to be ZWL at a rate which was at par with the United States Dollar (USD).

**3.1.2 Exchange Rates**

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

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS MADE BY MANAGEMENT (Continued)

### 3.2 Hyperinflation

These financial statements have been prepared in accordance with IAS 29 together with International Financial Reporting Interpretations Committee (IFRIC) 7 (Applying the Restatement Approach under IAS 29), as if the economy had been hyperinflationary from 1 October 2018. As noted in the audited financial statements for the year ended 30 September 2019, the Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate transactions and balances. Appropriate adjustments and reclassifications, including restatements for changes in the general purchasing power of the ZWL and for the purposes of fair presentation in accordance with IAS 29 have been made in these financial statements to the historical cost financial information. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period.

The following CPIs which the Group used determine conversion factors for hyper-inflation accounting were taken from the Reserve Bank of Zimbabwe website:

| | Indices | Conversion factor |
|---|---|---|
| CPI as at 30 September 2023 | 100.9549 | 1.0000 |
| CPI as at 30 September 2022 | 85.2936 | 1.1836 |
| CPI as at 30 September 2021 | 54.6437 | 1.8475 |

### 3.3 Investments in subsidiaries

Values for investments in subsidiaries are deemed costs for the investments based on net asset values of the subsidiaries as at 30 September 2018.

### 3.4 Determination of revenue from sale of stands

Revenue arising from sales of stands under instalments by Crest Breeders (Private) Limited t/a Saturday Retreat in 2015 was discounted in accordance with IAS18. A discount rate of 11% was initially applied, in line with the cost of the Group's long-term borrowings at that time. Cumulative average monthly instalments of USD304,175 over an estimated effective recovery period of 80 months was used to discount expected inflows over the tenure of the project, where a future value of USD24.4 million (total invoiced sales) was expected to be recovered. In the current period the net effect of the unwinding of the revenue is reflected as net interest income on mortgage debtors under other operating income (see note 4).

In 2015 the Group provided for 10% of total invoiced land sales as potentially unrecoverable debtors. However, since all unpaid mortgage accounts expired and became past due after 31 March 2018, in 2019 Management fully provided for all mortgage accounts receivables past due in terms of IFRS9 under the expected credit loss model.

Stand sales were reported by Reston Developers (Private) Limited and Maitlands Zimbabwe (Private) Limited in prior periods. As at Statement of Financial Position date, the Group was still in the process of servicing the stands and will only be able to secure certificates of compliance once development permit stipulations are fully met. Consequently, the amounts received by the Group have been treated as customer deposits (liabilities) in the financial statements.

### 3.5 Joint arrangements

#### 3.5.1 Classification of Reston Developers (Private) Limited and Maitlands Zimbabwe (Private) Limited as joint ventures

Reston Developers (Private) Limited and Maitlands Zimbabwe (Private) Limited are both limited liability companies in which the Group, through Crest Breeders International (Pvt) Ltd, holds shares together with other shareholders. Reston and Maitlands were formed to develop A of the Rest, a property wholly owned by the Group. However, the other shareholders to these companies repudiated the joint arrangement contracts, effectively breaching the terms of the agreements. The issues were at various stages in the relevant tribunals as at the time of reporting. As a result, and particularly since dollarisation, both entities' operational activities were nominal. Activities for the joint venture operations are treated under the equity accounting method.

Both entities made losses in the current and prior periods. The Directors have not limited their share in the losses in the current period given the ongoing litigation. The Directors are confident that the losses will be reversed in the immediate future financial periods given promising business plans are in place for the Group. See attendant disclosures on the joint ventures per note 12.3

### 3.6 Classification of Glenara joint arrangements as a joint operations

Glenara undertook joint arrangements under the legal entity Glenara Estates (Private) limited trading as Glenpol Agriculture and Glenpol Crops in current and prior periods incorporating horticultural, cattle breeding and pen-fattening activities, as well as maize, soya beans and potato production. The arrangements are such that joint operators to Glenara Estates have joint control of the arrangement and only have rights to the assets, and obligations for the liabilities as opposed to the net assets for Glenara Estates. The attendant disclosures on the joint venture are as per note 12.2.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS MADE BY MANAGEMENT (Continued)**

**3.7 Directors' valuation of farming land, farm improvements and land in development**

Agricultural land held where the Group conducted its poultry operations at Sunvalley Estate, Glenara Estates and Hubbard Zimbabwe is carried at nil value.

In current year, the Directors revalued the net book value of its farming improvements by reference to movements in the consumer price index (CPI) during the period under review. Farming improvements on agricultural land are carried at 20% of the restated depreciated cost in line with prior years Directors' policy, in view of the significant underutilisation of the assets, which has remained the case as at reporting date.

The policy however excludes the PTA loan-funded environment-controlled poultry houses constructed at Glenara Estates in 2012, which are carried at depreciated replacement cost, with no further adjustments.

In January 2015, the Group concluded negotiations with the Government of Zimbabwe regarding 1 057 hectares of land under Crest Breeders (Saturday Retreat and New Cerney). The land has been occupied by illegal settlers resulting in a restitution settlement that saw Crest Breeders being compensated for the land by an estimated 8 500 stand occupiers at a rate of USD 4/$m^2$. At the time of settlement, 656 hectares of the land was occupied whilst 401 hectares was unoccupied. The Group signed agreements of sale with the occupiers of the 656 hectares, which allowed the Group to recover agreed compensation amounts due over a three year period from March 2015. Consequently, the funds due per the agreed instalments are categorised as mortgage debtors falling in the non-current and current assets categories on the statement of financial position. Land in the occupied portion of Saturday Retreat that remained unregistered has been carried as land in development. Although contractually, customers should have fully paid for stands purchased by March 2018, a significant number had not yet done so. The unoccupied portion of Saturday Retreat is classified as inventory based on the 30 September 2015 EPG valuation assessment, which the Directors have re-valued at year end.

Various litigations against Crest Breeders have been raised by parties opposed to the Government sanctioned settlement and, additional land previously unoccupied at the time of settlement has since been occupied. The Group has not impaired its land value given the prospects of success in reaching a settlement on the contested land.

**3.8 Directors' valuation of unquoted investments and non-current asset held for sale**

The Group's uncontested 19% stake in Langford Estates was valued by the Directors based on a USD independent valuation established in 2015 restated for the effects of inflation based on the applicable CPI movements during the period. At Statement of Financial Position date, this balance is classified under investments.

**3.9 Impairment of trade receivables**

A provision for impairment is established when there is evidence of significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments.

**3.10 Directors' valuation of property, plant and equipment**

The Group's Directors undertook a desktop revaluation based on the last independent valuation in USD carried out in 2015 and applying the general price movements based on the CPI taking into account applicable depreciation and impairment losses arising during the period. The Directors believe that the values carried in the Group's financial statements approximate the fair values of the Group's assets.

**3.11 Estimation of useful lives of property, plant and equipment and intangible assets**

The assets' residual values and useful lives are reviewed annually and adjusted, if appropriate, taking into account technological developments and maintenance programs. Uniform depreciation and amortisation rates are established based on the straight-line method which may not represent the actual usage of the assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**3.12 City council rates at Saturday Retreat – (limited provisioning of arrears – (ZWL153.0 million)**

In 2016, Harare City Council sued Crest Breeders over property rates that had allegedly accrued at Saturday Retreat Estate amounting to ZWL 153 million as at 30 September 2023. Engagements with City Council continued from prior periods, with the Group seeking reversal of charges as it could not use the land productively for its operations or otherwise. Though discussions with Council were progressive, as at statement of financial position date, the matter was not fully settled. The Group has not accrued for the ZWL153.0 million arrear rates on the belief and understanding that, given the Group only received an Administrative Court Order conferring control of the property in January 2015, the rates will be fully reversed.

**3.13 Valuation of intergroup receivables and payables**

The company intergroup receivable and payable balances are carried at the gross amounts undiscounted. All the loans are unsecured and have no fixed repayment terms. Interest on funds advanced to subsidiaries are charged at prevailing commercial rates. In addition certain transactions are tracked in foreign currency equivalents between SBUs in the interest of safeguarding value between entities.

For the year ended 30 September 2023

| | INFLATION ADJUSTED | | HISTORICAL | |
|---|---|---|---|---|
| | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL |
| **4. OTHER OPERATING INCOME (EXPENSES)** | | | | |
| Profit (loss) on disposal of property, plant and equipment | 1,846,209 | 1,536,758 | 3,471,224 | 6,074,159 |
| Re-measurement gain on listed investments | 367,650,351 | (24,924,244) | 373,400,170 | 8,324,791 |
| Equipment and outbound truck hire income | 7,007,345,413 | 533,206,377 | 6,887,640,543 | 315,082,170 |
| Rent received | 1,721,213,364 | 369,834,421 | 1,746,699,936 | 186,363,422 |
| Commissions received | - | 3,680,650 | 3,269,725 | 3,093,541 |
| Sundry income | 218,412,369 | 10,261,966 | 227,153,707 | 74,350,991 |
| | **9,316,467,706** | **893,595,928** | **9,241,635,305** | **593,289,074** |
| **5. OPERATING (LOSS) PROFIT** | | | | |
| **Operating (loss) profit for the year** | **(124,324,489,037)** | **(7,490,166,622)** | **(120,388,314,054)** | **(4,950,486,168)** |
| **Operating (loss) profit is arrived at after taking into account the following items:** | | | | |
| External audit fees | 407,193,522 | 92,277,369 | 390,074,635 | 56,072,383 |
| Depreciation of property, plant and equipment | 116,398,263 | 137,768,984 | 77,737,754 | 77,737,754 |
| Net leasing expenses | 1,719,658,764 | 349,550,871 | 1,651,669,732 | 174,895,297 |
| Realised exchange losses | 3,595,601,241 | 1,583,806,684 | 16,574,804,184 | 1,017,199,711 |
| Unrealised exchange loss | 139,552,104,626 | 7,225,633,927 | 144,163,132,056 | 9,258,828,512 |
| Staff costs | 13,223,536,048 | 1,837,567,333 | 13,389,088,158 | 545,471,180 |
| **Pension costs:** | | | | |
| National Social Security Authority | 314,603,279 | 41,392,419 | 300,311,282 | 12,028,654 |
| **6. NET FINANCING COST (INCOME)** | | | | |
| **Finance (income)** | | | | |
| - Cash deposits and marketable securities | (131,733) | (33,765) | (122,577) | (26,417) |
| - Trade receivables, staff and other loans | (83,767,417) | (14,784,216) | (79,134,085) | (7,726,366) |
| | **(83,899,150)** | **(14,817,981)** | **(79,256,662)** | **(7,752,783)** |
| **Finance cost** | | | | |
| - Bank and other financial institutions | 586,674 | 20,574,473 | 9,208,222,245 | 65,769,994 |
| - Loans | 9,688,705,913 | 1,483,061,361 | 749,383 | 805,638,516 |
| | **9,689,292,587** | **1,503,635,834** | **9,208,971,628** | **871,408,510** |
| **Net financing cost** | **9,605,393,437** | **1,488,817,853** | **9,129,714,966** | **863,655,727** |
| **7. COMPENSATION OF KEY MANAGEMENT PERSONNEL** | | | | |
| The remuneration of directors and other members of key management during the year was as follows: | | | | |
| **Key management personnel and executive directors:** | | | | |
| Short term employee benefits | 1,039,524,712 | 280,541,952 | 995,449,077 | 129,377,658 |
| Pension costs | 314,603,279 | 41,392,419 | 300,311,282 | 12,028,654 |
| | **1,354,127,991** | **321,934,371** | **1,295,760,359** | **141,406,312** |
| **Non-executive directors:** | | | | |
| Fees and disbursements | 40,026,917 | 8,826,693 | 38,554,992 | 4,095,589 |
| **Total compensation of key management and executive directors** | **1,394,154,908** | **330,761,064** | **1,334,315,351** | **145,501,901** |

| | | | INFLATION ADJUSTED | | HISTORICAL | |
|---|---|---|---|---|---|---|
| | | | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL |
| **8.** | **INCOME TAX** | | | | | |
| **8.1** | **Tax expense** | | | | | |
| | Current | | 5,405,073,240 | 661,496,504 | 5,405,073,240 | 560,702,577 |
| | Withholding tax | | 100,749 | 111,970 | 9,038,452 | 54,495 |
| | Intermediated money transfer tax (IMTT) | | 1,723,422,695 | 987,633,651 | 1,630,821,460 | 346,658,784 |
| | Deferred tax expense (credit) relating to current temporary differences | 17.1 | (39,629,938,933) | 170,265,379 | (36,590,001,443) | (1,836,190,909) |
| | | | **(32,501,342,249)** | **1,819,507,504** | **(29,545,068,291)** | **(928,775,053)** |
| **8.2** | **Tax rate reconciliation** | | % | % | % | % |
| | Notional tax at statutory rates | | 24.72 | 24.72 | 24.72 | 24.72 |
| | Income not subject to taxation | | 0.03 | 0.86 | 1.08 | 2.40 |
| | Effect of expenses not deductible in determining taxable profit | | 0.16 | 17.35 | 0.24 | (1.10) |
| | Items subject to tax at special rates and other reconciling items | | 1.04 | (139.71) | (3.24) | (10.06) |
| | **Effective rate** | | **25.95** | **(96.78)** | **22.80** | **15.96** |

**9. DIVIDENDS**

In view of the need to conserve capital for further Group recapitalisation, the Directors consider it imprudent to declare a dividend for the year just ended.

**10. LOSS PER SHARE**

| | | INFLATION ADJUSTED 2023 ZWL | INFLATION ADJUSTED 2022 ZWL | HISTORICAL 2023 ZWL | HISTORICAL 2022 ZWL |
|---|---|---|---|---|---|
| 10.1 | Loss for the year attributable to equity holders of the parent | (92,728,437,520) | (4,882,529,607) | (100,019,788,740) | (4,890,394,057) |
| | **Number of shares used in calculating earnings per share:** | | | | |
| 10.2 | Weighted average number of shares in issue shares | 106,820,875 | 106,820,875 | 106,820,875 | 106,820,875 |
| 10.3 | Basic loss per share (ZWL cents) | (86,807.41) | (4,570.76) | (93,633.19) | (4,578.13) |
| 10.4 | Diluted loss per share (ZWL cents) | (86,807.41) | (4,570.76) | (93,633.19) | (4,578.13) |
| 10.5 | Headline loss per share (ZWL cents) | (86,807.41) | (4,570.76) | (93,633.19) | (4,578.13) |

Basic loss per share is calculated by dividing the loss for the year attributable to equity holders of the parent by the weighted average shares in issue while diluted earnings per shares is calculated by using the same attributable loss divided by the weighted average number of shares adjusted for the dilutive effects of issuable equity instruments.

There were no issuable equity instruments at statement of financial position date.

For the year ended 30 September 2023

## 11. PROPERTY, PLANT AND EQUIPMENT

### 11.1 Movement in carrying amounts

#### 11.1.1 INFLATION-ADJUSTED

| | Milling Properties | Farm improvements | Other Properties | Plant Equipment & Vehicles | Furniture Fittings & Other | Total |
|---|---|---|---|---|---|---|
| | ZWL | ZWL | ZWL | ZWL | ZWL | ZWL |
| **The Group** | | | | | | |
| **Balance at 30 September 2021** | **2,185,190,921** | **1,536,202,142** | **5,803,857,138** | **1,906,445,555** | **571,996,974** | **12,003,692,730** |
| Additions | - | 412,134 | - | 334,798,847 | 313,623,860 | 648,834,841 |
| Transfers between categories | - | - | - | 145,175,980 | (145,175,980) | - |
| Disposals | - | - | - | (16,267,724) | - | (16,267,724) |
| Depreciation expense | (95,896,647) | (86,029,504) | (140,516,807) | (209,640,094) | (112,316,898) | (644,399,950) |
| **Balance at 30 September 2022** | **2,089,294,274** | **1,450,584,772** | **5,663,340,331** | **2,160,512,564** | **628,127,956** | **11,991,859,897** |
| Additions | - | 58,628,045 | - | 1,235,246,604 | 995,871,499 | 2,289,746,148 |
| Disposals | - | - | - | (3,490,947) | - | (3,490,947) |
| Depreciation expense | (76,412,731) | (73,450,696) | (130,243,473) | (314,051,707) | (56,320,978) | (650,479,585) |
| **Balance at 30 September 2023** | **2,012,881,543** | **1,435,762,121** | **5,533,096,858** | **3,078,216,514** | **1,567,678,477** | **13,627,635,513** |
| | | | | | | |
| **The Company** | | | | | | |
| **Balance at 30 September 2021** | **-** | **-** | **5,649,386** | **6,633,313** | **3,925,750** | **16,208,449** |
| Additions | - | - | - | - | 1,925,717 | 1,925,717 |
| Disposals | - | - | - | (2,177,108) | - | (2,177,108) |
| Depreciation charge | - | - | - | - | (961,438) | (961,438) |
| **Balance at 30 September 2022** | **-** | **-** | **5,649,386** | **4,456,205** | **4,890,029** | **14,995,620** |
| Additions | - | - | - | 286,681,900 | 12,582,380 | 299,264,280 |
| Disposals | - | - | - | (2,171,200) | - | (2,171,200) |
| Depreciation charge | - | - | - | (9,556,100) | (2,644,200) | (12,200,300) |
| **Balance at 30 September 2023** | **-** | **-** | **5,649,386** | **279,410,805** | **14,828,209** | **299,888,400** |

**Analysis of balance as at 30 September 2023**

| | Milling Properties | Farm improvements | Other Properties | Plant Equipment & Vehicles | Furniture Fittings & Other | Total |
|---|---|---|---|---|---|---|
| **The Group** | | | | | | |
| Gross carrying amount | 2,091,453,010 | 1,445,430,045 | 5,559,026,753 | 3,230,232,468 | 1,585,640,559 | 13,911,782,835 |
| Accumulated depreciation | (78,571,467) | (9,667,924) | (25,929,895) | (152,015,954) | (17,962,082) | (284,147,322) |
| **Net carrying amount** | **2,012,881,543** | **1,435,762,121** | **5,533,096,858** | **3,078,216,514** | **1,567,678,477** | **13,627,635,513** |
| | | | | | | |
| **The Company** | | | | | | |
| Gross carrying amount | - | - | 5,649,386 | 286,481,154 | 17,733,408 | 309,863,947 |
| Accumulated depreciation | - | - | - | (7,070,349) | (2,905,199) | (9,975,548) |
| **Net carrying amount** | **-** | **-** | **5,649,386** | **279,410,805** | **14,828,209** | **299,888,400** |

## 11. PROPERTY, PLANT AND EQUIPMENT (Continued)

| 11.1.2 HISTORICAL | Milling Properties ZWL | Farm improvements ZWL | Other Properties ZWL | Plant Equipment & Vehicles ZWL | Furniture Fittings & Other ZWL | Total ZWL |
|---|---|---|---|---|---|---|
| **The Group** | | | | | | |
| **Balance at 30 September 2021** | **479,871,270** | **360,413,910** | **1,292,013,572** | **397,074,569** | **135,982,852** | **2,665,356,173** |
| Additions | - | 182,430 | - | 84,346,664 | 321,915,938 | 406,445,032 |
| Revaluation increase | 1,286,015,040 | 954,848,666 | 3,577,210,051 | 984,649,096 | 404,474,945 | 7,207,197,798 |
| Disposals | - | - | - | (2,635,657) | - | (2,635,657) |
| Depreciation expense | (21,289,968) | (20,353,355) | (32,126,272) | (41,753,833) | (29,157,003) | (144,680,431) |
| **Balance at 30 September 2022** | **1,744,596,342** | **1,295,091,651** | **4,837,097,351** | **1,543,825,409** | **711,072,162** | **10,131,682,914** |
| Additions | - | 50,024,713 | - | 1,097,911,459 | 1,028,379,154 | 2,176,315,326 |
| Revaluation surplus | 308,436,000 | 234,287,641 | 868,882,873 | 315,573,163 | 144,503,957 | 1,871,683,634 |
| Disposals | - | - | - | (681,888) | - | (681,888) |
| Depreciation expense | (64,560,000) | (65,869,655) | (115,631,616) | (233,234,458) | (72,068,745) | (551,364,474) |
| **Balance at 30 September 2023** | **1,988,472,342** | **1,513,534,350** | **5,590,348,608** | **2,723,393,685** | **1,811,886,528** | **13,627,635,513** |
| **The Company** | | | | | | |
| **Balance at 30 September 2021** | **-** | **-** | **1,254,400** | **1,473,100** | **871,500** | **3,599,000** |
| Additions | - | - | - | - | 1,079,066 | 1,079,066 |
| Revaluation increase | - | - | 3,518,600 | 2,776,000 | 2,445,628 | 8,740,228 |
| Disposals | - | - | - | (483,400) | - | (483,400) |
| Depreciation charge | - | - | - | - | (265,394) | (265,394) |
| **Balance at 30 September 2022** | **-** | **-** | **4,773,000** | **3,765,700** | **4,130,800** | **12,669,500** |
| Additions | - | - | - | 248,354,144 | 12,012,930 | 260,367,074 |
| Revaluation increase | - | - | 876,300 | 37,404,824 | 1,025,790 | 39,306,914 |
| Disposals | - | - | - | (1,834,297) | - | (1,834,297) |
| Depreciation charge | - | - | - | (8,278,471) | (2,342,320) | (10,620,791) |
| **Balance at 30 September 2023** | **-** | **-** | **5,649,300** | **279,411,900** | **14,827,200** | **299,888,400** |
| **Analysis of balance as at 30 September 2023** | | | | | | |
| **The Group** | | | | | | |
| Gross carrying amount | 2,008,445,771 | 1,582,518,355 | 5,623,607,769 | 2,847,301,593 | 1,831,782,234 | 13,893,655,722 |
| Accumulated depreciation | (19,973,429) | (68,984,005) | (33,259,161) | (123,907,908) | (19,895,706) | (266,020,209) |
| **Net carrying amount** | **1,988,472,342** | **1,513,534,350** | **5,590,348,608** | **2,723,393,685** | **1,811,886,528** | **13,627,635,513** |
| **The Company** | | | | | | |
| Gross carrying amount | - | - | 5,649,300 | 286,482,249 | 17,732,400 | 309,863,949 |
| Accumulated depreciation | - | - | - | (7,070,349) | (2,905,200) | (9,975,549) |
| **Net carrying amount** | **-** | **-** | **5,649,300** | **279,411,900** | **14,827,200** | **299,888,400** |

11.2 Consistent with prior year, the Group carried out a directors' desktop revaluation of its property, plant and equipment by reference to movements in consumer price index (CPI) during the period to determine revaluation factors that were applied to prior year revalued amounts, and to additions during the year for purposes of determining the historical carrying amounts.

The Group's last independent valuation of its properties, plant and equipment was performed by EPG Global to determine the fair values and the depreciated replacement costs of the properties, plant and equipment as at 30 September 2015. The valuation, which conformed to International Valuation Standards, was determined by reference to market transactions on arm's length terms on the part of properties while for plant and equipment, the carrying amounts processed relate to the depreciated replacement cost (DRC) which took into account the gross replacement cost of plants and equipment net of depreciation factoring age, obsolescence, use and condition of the plants and equipment.

11.3 As previously communicated, some of the Group's land belonging to Glenara Estates and most of Hubbard Zimbabwe was identified for compulsory acquisition under section 5 of the Land Acquisition Act (Chapter 20.10). The Constitution of Zimbabwe Amendment (no.17) states that the title of any such identified land vests with the state. There has been physical occupation on a portion of Glenara Estates and Hubbard Zimbabwe.
As reported in prior periods, this has negatively affected the Group's broiler production and cropping programs and has also affected the Group's bio security measures and its ability to export into the region. Negotiations are ongoing with the authorities to minimise interference with the Group's operations and to pursue reversal of the gazetting given the contribution the Group is making to improving food security in the Country.

Consequently, the financial statements have been prepared on a going concern basis.

11.4 Included in Furniture, Fittings and Other is capital work in progress balance of ZWL1,022,858,064 (2022 - ZWL150,247,111).

11.5 As as Statement of Financial Position date, no assets were pledged as security against loans and guarantees by the Group.

## 12. NON CURRENT INVESTMENTS

### 12.1 INVESTMENTS IN UNLISTED SHARES

| | Notes | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2022 ZWL |
|---|---|---|---|---|---|
| **12.1.1 INFLATION-ADJUSTED** | | | | | |
| Unquoted available-for-sale investments (19% Langford Estates (Private) Limited) | | 953,712,381 | 953,711,375 | - | - |
| Loan to Maitlands Zimbabwe | | - | - | 3,596,021 | 3,596,022 |
| | | **953,712,381** | **953,711,375** | **3,596,021** | **3,596,022** |
| **12.1.2 HISTORICAL** | | | | | |
| Unquoted available-for-sale investments (19% Langford Estates (Private) Limited) | | 953,712,381 | 805,771,692 | - | - |
| Loan to Maitlands Zimbabwe | | - | - | 15,305 | 15,305 |
| | | **953,712,381** | **805,771,692** | **15,305** | **15,305** |

**Unquoted available-for-sale investments (19% Langford Estates (Private) Limited)**
In 2016 the Group entered into an illegal arrangement to dispose of an 81% stake in Langford Estates. In 2017, the Company received notification from the major shareholder (Messina and its allies) of its intention to have the transaction cancelled citing:
a) a total failure to disclose the serious conflict of interest by a group of shareholders related to the purchaser;
b) that the proposed sale price was less than 20% of the open market value of the asset; and
c) that such a transaction would require a special resolution.

On 29 May 2020, the Company held an Extraordinary General Meeting (EGM) regarding the reversal of the Langford transaction, securing the requisite resolutions enabling it to continue pursuing the cancellation of the sale.

The legal proceedings remain pending before the relevant tribunals. The market will be updated with progress on the matter.

**Loan to Maitlands Zimbabwe**
This is a Shareholders' loan extended by the Holding Company as part of its joint venture obligations to Maitlands Zimbabwe. The loan attracts no interest and has no fixed repayment terms.

## 12.2 JOINT OPERATIONS AND JOINT VENTURES

The Group's material joint operations and joint ventures at the end of the reporting period are as follows:

| Name of joint venture | Principal Activity | Place of Incorporation and principal place of business | Proportion of ownership interest and voting rights held by the Group 2023 | Proportion of ownership interest and voting rights held by the Group 2022 | Classification |
|---|---|---|---|---|---|
| Glenara Estates (Private) Limited t/a Glenpol Crops | Horticultural activities | Harare, Zimbabwe | 60% | 65% | Joint operations |
| Glenara Estates (Private) Limited t/a Glenpol Cattle | Cattle rearing | Harare, Zimbabwe | 50% | 50% | Joint operations |
| Reston Developers (Private) Limited | Development of residential stands | Harare, Zimbabwe | 50% | 50% | Joint venture |
| Maitlands Zimbabwe (Private) Limited | Development of residential stands | Harare, | 45% | 45% | Joint venture Zimbabwe |

Joint operations are proportionately consolidated whilst joint ventures are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's material joint operations and joint ventures is set below. The summarised financial information below represents amounts shown in the joint operation and joint venture's financial statements prepared in accordance with IFRS (adjusted by the Group for equity accounting purposes).

The following amounts are included in the Group's financial statements as a result of the proportionate consolidation of joint ventures

| INFLATION ADJUSTED | 2023 ZWL Joint operations (proportionately consolidated) | ZWL Joint ventures (equity accounted) | 2022 ZWL Joint operations (proportionately consolidated) | ZWL Joint ventures (equity accounted) |
|---|---|---|---|---|
| Current assets | 7,912,891,401 | - | 841,089,755 | - |
| Non-current liabilities | 375,287,787 | - | 95,366,311 | - |
| Current Liabilities | 641,963,965 | - | - | - |
| **The above amounts of assets and liabilities include the following:** | | | | |
| Cash and cash equivalents [excluding trade and other payables and provisions] | 1,718,932,636 | - | 217,080,509 | - |
| **Revenue** | **6,950,701,538** | **-** | **1,175,435,471** | **-** |
| **Earnings before depreciation, interest, depreciation, tax and amortisation** | **1,667,123,216** | **(158,985,867)** | **563,634,953** | **(7,671,976)** |
| Depreciation expense | - | (127,800) | - | (21,837) |
| Finance cost | - | 1,432 | - | (221) |
| **Profit before tax** | **1,667,123,216** | **(159,112,235)** | **563,634,953** | **(7,694,034)** |
| Tax expense | (565,895,194) | (1,017,131) | (165,439,336) | 1,743,823 |
| **Profit after tax** | **1,101,228,022** | **(160,129,366)** | **398,195,616** | **(5,950,212)** |

## 12.2 JOINT OPERATIONS AND JOINT VENTURES (Continued)

Reconciliation of the above summarised information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Share of Group's interest | Net assets of joint venture ZWL | Carrying amount (Group's interest in JV) ZWL | Share of Group's interest | Net assets of joint venture ZWL | Carrying amount (Group's interest in JV) ZWL |
| Maitlands Zimbabwe (Private) Limited | 45% | (323,282,709) | (145,477,219) | 45% | (21,452,452) | (21,452,452) |
| Reston Developers (Private) Limited | 50% | (13,566,145) | (6,783,073) | 50% | 8,331,424 | 8,331,424 |
| | | | **(152,260,292)** | | | **(13,121,027)** |

| **The Company** | **2023** | **2022** |
|---|---|---|
| Investment in Maitlands Zimbabwe (Private) Limited | (119,531,979) | (119,531,979) |
| Investment in Reston Developers (Private) Limited | (16,775,137) | (16,775,137) |
| | **(136,307,116)** | **(136,307,116)** |

| **HISTORICAL** | **2023 ZWL Joint operations (proportionately consolidated)** | **ZWL Joint ventures (equity accounted)** | **2022 ZWL Joint operations (proportionately consolidated)** | **ZWL Joint ventures (equity accounted)** |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Current assets | 8,023,165,919 | - | 710,619,935 | - |
| Non-current liabilities | 174,172,075 | - | 80,573,091 | - |
| Current Liabilities | - | - | - | - |
| **The above amounts of assets and liabilities include the following:** | | | | |
| Cash and cash equivalents [excluding trade and other payables and provisions | 1,718,932,636 | - | 183,406,986 | - |
| **Revenue** | **7,068,310,329** | **-** | **993,101,953** | **-** |
| **(Loss) earnings before depreciation, interest, depreciation, tax and amortisation** | **1,465,657,094** | **(59,404,984)** | **476,203,914** | **(6,481,899)** |
| Depreciation expense | - | (44,718) | - | (18,450) |
| Finance income | - | - | - | (187) |
| **Profit (loss) before tax** | **1,465,657,094** | **(59,449,702)** | **476,203,914** | **(6,500,536)** |
| Tax expense | (382,638,630) | 12,621,691 | (139,776,391) | 1,473,321 |
| **Profit (loss) after tax** | **1,083,018,464** | **(46,828,011)** | **336,427,523** | **(5,027,215)** |

Reconciliation of the above summarised information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Share of Group's interest | Net assets of joint venture ZWL | Carrying amount (Group's interest in JV) ZWL | Share of Group's interest | Net assets of joint venture ZWL | Carrying amount (Group's interest in JV) ZWL |
| Maitlands Zimbabwe (Private) Limited | 45% | (102,006,460) | (45,902,907) | 45% | (11,541,978) | (5,193,890) |
| Reston Developers (Private) Limited | 50% | (13,098,054) | (6,549,027) | 50% | (860,063) | (430,032) |
| | | | **(52,451,934)** | | | **(5,623,922)** |

| **The Company** | **2,023** | **2022** |
|---|---|---|
| Investment in Maitlands Zimbabwe (Private) Limited | (508,738) | (508,738) |
| Investment in Reston Developers (Private) Limited | (71,397) | (71,397) |
| | **(580,135)** | **(580,135)** |

## 12.3 PRINCIPAL OPERATING COMPANIES

Included under investments are the following principal operating subsidiary companies and joint ventures:

| | | Net asset value INFLATION ADJUSTED | | Net asset value HISTORICAL | | |
|---|---|---|---|---|---|---|
| | % Held | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL | Principal activities |
| Crest Poultry Group (Private) Limited t/a: Farm & City and Vetco | 100 | (63,474,990,982) | (1,048,611,761) | (70,091,231,232) | (1,582,786,846) | Wholesaling and retailing of consumer and hardware products |
| Crest Poultry Group (Private) Limited t/a: Agrifoods, (Incorporating Agrimix, Crest Breeders, Glenara Estates, Hubbard Zimbabwe and Suncrest Chickens) | 100 | (30,674,927,749) | 603,207,985 | (32,205,606,583) | 393,331,097 | The manufacturing of stock-feeds, provision of animal health requisites, poultry breeding, production processing and retailing of poultry products. |
| Honey Dew Farm (Private) Limited | 100 | - | - | - | - | Production and sale of fresh farm produce and retailing of consumer products. |
| **Dormant property owning entities in the Properties and Farming divisions (leasing to Crest Poultry Group P/L):** | **100** | **7,750,882,796** | **5,605,293,662** | **8,162,461,861** | **4,023,891,832** | |
| Crest Breeders (Private) Limited | | (384,622,724) | 2,942,981,257 | (1,182,359,047) | 1,658,066,639 | Holds land for development |
| Yorkbury Investments (Private) Limited | | 1,351,069,717 | 1,380,302,054 | 1,351,022,164 | 1,166,776,967 | Holds property used by CPG t/a Agrifoods |
| Glenara Estates (Private) Limited | | 5,816,065,952 | 373,954,036 | 7,025,441,963 | 434,540,767 | Holds property used by Glenara joint operations |
| Agrifoods (Private) Limited | | 591,419,077 | 584,328,590 | 591,419,078 | 493,687,555 | Holds property used by CPG t/a Agrifoods |
| Manicaland Farmers Coop Investments (Private) Limited | | 344,129,935 | 280,559,253 | 344,129,937 | 235,617,818 | Holds property used by CPG t/a Farm & City |
| Suncrest Chickens (Private) Limited | | 32,820,839 | 43,168,472 | 32,807,766 | 35,202,086 | Holds property used by CPG t/a Suncrest |
| Maitlands Zimbabwe (Private) Limited | 45 | (54,347,992) | 94,279,407 | (44,164,518) | (3,577,442) | Joint venture involved in property management and development. |
| Reston Developers (Private) Limited | 50 | (6,783,073) | 8,331,424 | (6,549,027) | (430,032) | Joint venture involved in property development |
| Victoria Foods (Private) Limited | 100 | 788,913,843 | 1,900,988,141 | 360,894,327 | 1,042,667,228 | Wheat and maize milling, wholesaling of snack foods and other food stuffs. |
| Amtec Manufacturing (Private) Limited | 100 | 419,271,924 | 389,088,357 | 419,271,924 | 328,733,032 | Property investment Company leased to Victoria Foods (Private) Limited |
| **Other Property owning dormant entities** | | **896,046,072** | **491,887,143** | **894,228,859** | **413,685,008** | |
| Riversand | 100 | 116,875,389 | 106,948,845 | 116,141,519 | 89,992,994 | Renting of properties mainly to Group Companies. |
| United Western Farmers | 100 | 371,686,969 | 317,236,547 | 370,653,969 | 266,359,052 | Renting of properties mainly to Group Companies. |
| Valley Stores | 100 | 385,288,652 | 40,542,035 | 385,288,652 | 34,253,157 | Renting of properties mainly to Group Companies. |
| FCC Holdings Limited | 100 | 22,195,062 | 27,159,716 | 22,144,719 | 23,079,805 | Renting of properties mainly to Group Companies. |

## 13. INVENTORIES AND BIOLOGICAL ASSETS

| | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2022 ZWL |
|---|---|---|---|---|
| **INFLATION ADJUSTED** | | | | |
| Finished goods | 42,203,792,182 | 13,068,755,900 | - | - |
| Raw materials and consumables | 15,868,570,102 | 5,832,843,231 | - | - |
| Goods in transit | - | 165,704 | - | - |
| Biological assets | 4,385,257,100 | 690,563,821 | - | - |
| Land in development | 856,957,719 | 856,957,718 | - | - |
| | **63,314,577,103** | **20,449,286,374** | **-** | **-** |
| **HISTORICAL** | | | | |
| Finished goods | 35,166,506,775 | 7,659,613,880 | - | - |
| Raw materials and consumables | 15,817,442,492 | 4,443,468,914 | - | - |
| Goods in transit | - | 140,000 | - | - |
| Biological assets | 4,437,115,825 | 471,991,944 | - | - |
| Land in development | 75,630,578 | 16,534,411 | - | - |
| | **55,496,695,670** | **12,591,749,149** | **-** | **-** |

Inventory comprises of land in development at, and unoccupied portion of Saturday Retreat valued at ZWL$857 million (2022: ZWL$857 million), subject to the settlement reached with the Government. Crest Breeders will be proceeding with the improvement of the residential development project in the coming financial years. Land in development inventory contains capitalised costs of development. The Group is obliged to provide development services on Saturday Retreat Estate in terms of the settlement deed completed in January 2015. Residents are equally responsible for providing funding for development services beyond the land compensation currently being recovered.

## 14. TRADE AND OTHER RECEIVABLES

| | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2022 ZWL |
|---|---|---|---|---|
| **INFLATION-ADJUSTED** | | | | |
| **Current** | | | | |
| Trade receivables | 12,870,716,948 | 1,241,789,152 | - | - |
| Property related receivables | 13,071,672 | 15,471,631 | - | - |
| Other | 4,745,944,363 | 1,537,034,380 | 315,281,756 | 19,736,622 |
| | **17,629,732,983** | **2,794,295,163** | **315,281,756** | **19,736,622** |
| Allowance for doubtful debts | (13,071,672) | (15,471,631) | (23,175) | (27,430) |
| | **17,616,661,311** | **2,778,823,532** | **315,258,581** | **19,709,192** |
| **Non-current** | | | | |
| Other receivables (Including intergroup receivables - for Holding Company | - | - | 1,127,442,892 | 493,917,217 |
| **Total** | **17,616,661,311** | **2,778,823,532** | **1,442,701,473** | **513,626,410** |
| **Movement in allowance for doubtful debts** | | | | |
| Carrying amount at the beginning of the year | (15,471,631) | (59,173,427) | (27,430) | (104,371) |
| Impairment losses reversed | 2,399,959 | 43,701,796 | 4,255 | 76,941 |
| **Carrying amount at the end of the year** | **(13,071,672)** | **(15,471,631)** | **(23,175)** | **(27,430)** |
| **HISTORICAL** | | | | |
| **Current** | | | | |
| Trade receivables | 12,870,716,948 | 1,049,162,852 | - | - |
| Property related receivables | 13,071,672 | 13,071,672 | - | - |
| Other | 4,745,944,363 | 1,298,609,649 | 315,281,756 | 16,675,077 |
| | **17,629,732,983** | **2,360,844,173** | **315,281,756** | **16,675,077** |
| Allowance for doubtful debts | (13,071,672) | (13,071,672) | (23,175) | (23,175) |
| | **17,616,661,311** | **2,347,772,501** | **315,258,581** | **16,651,902** |
| **Non-current** | | | | |
| Other receivables (Including intergroup receivables - for Holding Company | - | - | 1,127,442,892 | 417,300,792 |
| | - | - | **1,127,442,892** | **417,300,792** |
| **Total** | **17,616,661,311** | **2,347,772,501** | **1,442,701,473** | **433,952,694** |
| **Movement in allowance for doubtful debts:** | | | | |
| Carrying amount at the beginning of the year | (13,071,672) | (14,748,501 | (23,175) | (23,175) |
| Impairment movement for the year | - | 1,676,829 | - | - |
| **Carrying amount at the end of the year** | **(13,071,672)** | **(13,071,672)** | **(23,175)** | **(23,175)** |

## 14. TRADE AND OTHER RECEIVABLES (Continued)

The average credit period on sales of goods is 30 days, excluding that of residential stand sales. No interest is charged on trade receivables for the first 30 days from the date of the invoice.

Thereafter, interest is charged monthly at market-related interest rates on the outstanding balance. The Group has provided fully for all receivables over 90 days except for those that are adequately securitised or those with whom acceptable payments plans are in place and debtors are servicing the commitments satisfactorily in line with the agreed debt settlement plans.

As at 30 September 2023, there were no trade receivables that were past due and meeting the above described criteria that were not provided for. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The Group holds bank guarantees and other forms of security from customers who owe it material amounts at year-end.

Property related debtors relate to mortgage debtors extended over a three year time frame at no interest and amounts receivable in respect of letting of properties. Overdue mortgage debtors are subject to cost escalations in line with time value of money adjustments at settlement stage. Transfer for mortgage related properties will only be effected upon the full land compensation and development costs being fully settled. No further estimated credit losses have been considered on mortgage property related debtors as the debts are secured by the properties' title which the Group holds until the amount receivable is fully settled.

At the Statement of Financial Position date, there were no trade receivables past due but not impaired.

## 15. SHARE CAPITAL

| | INFLATION ADJUSTED | | HISTORICAL | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Group and Company** | ZWL | ZWL | ZWL | ZWL |
| 15.1 Ordinary shares of ZWL0.01 each | | | | |
| Authorised - 200 000 000 shares | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Issued and fully paid - 106 820 875 (2022 - 106 820 875) | 250,983,543 | 250,983,543 | 1,068,209 | 1,068,209 |

### 15.2 Share based payments

Equity-settled share option scheme

The Company's share option scheme for senior employees in the Group lapsed in 2019. Options were exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. Each employee share option converted into one ordinary share of CFI Holdings Limited on exercise.

No amounts were paid or payable by the recipient on receipt of the option. The vesting period varied between 1 and 3 years. If the options remain unexercised after a period of five years from the date of grant, the options would expire and lapse. The options carried neither rights to dividends nor voting rights. Options are immediately forfeited if the employee leaves the Group before the options vest, unless otherwise determined by the Board.

9 200 000 share options were granted to the Employee Share Option Scheme by shareholders at an extraordinary general meeting held on the 15th of September 2008. Annually, the Remuneration Committee would meet to consider and approve issue of share options in terms of the Share Option Scheme rules in line with recommendations from senior management. The allocations are meant to reward executives and senior employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria mainly focusing on improvement in financial performance and other market indicators for the Group.

The following share-based payment arrangements were in existence during the prior reporting period:

**Option series**

| | Number | Grant date | Expiry date | Exercise Price ZWL | Fair value at grant date ZWL |
|---|---|---|---|---|---|
| (1) Issued 31 March 2014 | 1,800,000 | 31 Mar 2014 | 1 Oct 2019 | 0.03 | 0.03 |

All options issued in 2014 vested after a year of issue, and expired within five years of their issue, or upon resignation of the executive or senior employee, whichever was the earlier.

| **Options available for allotment** | **2023** | **2022** |
|---|---|---|
| Opening balance | 10,607,380 | 10,607,380 |
| Share options exercised during the year | - | - |
| **Closing balance** | **10,607,380** | **10,607,380** |

There were no options outstanding at the end of the year after the last scheme lapsed in October 2019. The Group and the Company did not recognise share-based remuneration expenses in current and prior period as there were no share options grants during the period.

In prior years however, share-based remuneration expenses relating to equity-settled share-based payments were recognised. This cost was included as part of staff costs under administrative expenses.

| | | Notes | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2022 ZWL |
|---|---|---|---|---|---|---|
| **16.** | **NON-DISTRIBUTABLE RESERVES** | | | | | |
| | **INFLATION-ADJUSTED** | | | | | |
| | Balance at beginning of year | | 14,396,239,653 | 14,396,239,654 | 17,109,021,028 | 17,109,021,028 |
| | Effects of changes in income tax rate | | (86,137,301) | - | (96,267) | - |
| | **Balance at end of year** | | **14,310,102,352** | **14,396,239,654** | **17,108,924,761** | **17,109,021,028** |
| | **Comprising:** | | **14,310,102,353** | **14,396,239,654** | **17,108,924,761** | **17,109,021,028** |
| | Functional currency reserves | | 14,268,348,277 | 14,268,348,276 | 17,114,962,931 | 17,114,962,931 |
| | Revaluation reserve | | 41,754,076 | 127,891,377 | (6,038,170) | (5,941,903) |
| | **HISTORICAL** | | | | | |
| | **Balance at beginning of year** | | **9,282,700,068** | **2,386,999,555** | **82,844,805** | **75,571,293** |
| | Effects of changes in income tax rate | | (41,035,164) | - | (81,334) | - |
| | Revaluation of property, plant and equipment | | 1,924,327,909 | 6,301,695,363 | 351,794,385 | 7,273,512 |
| | Gain on equity investment designated as FVTOCI | | 140,542,847 | 594,005,150 | - | - |
| | **Balance at end of year** | | **11,306,535,660** | **9,282,700,068** | **434,557,856** | **82,844,805** |
| | **Comprising:** | | **11,306,535,660** | **9,282,700,068** | **434,557,856** | **82,844,805** |
| | Functional currency reserves | | 43,117,064 | 43,117,063 | 72,812,316 | 72,812,316 |
| | Revaluation reserve | | 11,263,418,596 | 9,239,583,005 | 361,745,540 | 10,032,489 |
| **17.** | **DEFERRED TAX LIABILITIES** | | | | | |
| | The following is the analysis of deferred tax assets and liabilities presented in the statements of financial position | | | | | |
| **17.1** | **INFLATION ADJUSTED** | | | | | |
| | **Deferred tax (assets) liabilities** | | **(37,605,729,313)** | **2,422,792,473** | **1,336,355,521** | **906,096,606** |
| **17.1.1** | **Analysis of movement during the year** | | | | | |
| | **Balance at beginning of year** | | **2,422,792,472** | **2,440,708,232** | **906,096,600** | **906,396,416** |
| | Deferred tax charge (credit) to the statement of profit or loss and other comprehensive income | 8.1 | (39,629,938,933) | 170,265,379 | (154,879) | (299,811) |
| | Other deferred tax movements | | (398,582,852) | (188,181,139) | - | - |
| | **Balance at the end of the year** | | **(37,605,729,313)** | **2,422,792,473** | **905,941,721** | **906,096,606** |
| **17.1.2** | **Analysis of deferred tax liabilities at end of year** | | | | | |
| | Property, plant, equipment and vehicles | | 1,848,836,238 | 1,445,523,820 | - | - |
| | Investments | | (24,316,242) | 81,026,413 | 905,941,721 | 906,096,606 |
| | Biological assets, agricultural produce and inventory | | 796,359,407 | 1,120,565,691 | - | - |
| | Assessed tax losses and unrealised exchange gains and losses | | (40,187,776,887) | (253,762,898) | - | - |
| | Customer deposits and accounts receivables | | 67,397,206 | 6,958,418 | - | - |
| | Prepaid expenses | | (106,229,035) | 22,481,030 | - | - |
| | | | **(37,605,729,313)** | **2,422,792,473** | **905,941,721** | **906,096,606** |
| **17.2** | **HISTORICAL** | | | | | |
| | **Deferred tax (assets) liabilities** | | **(36,834,809,266)** | **(551,499,443)** | **443,877,715** | **13,216,586** |
| **17.2.1** | **Analysis of movement during the year** | | | | | |
| | **Balance at beginning of year** | | **(551,499,443)** | **379,190,109** | **13,216,586** | **11,668,224** |
| | Deferred tax arising from revaluation of property, plant and equipment | | (36,019,150) | 875,802,184 | 81,335 | 1,466,717 |
| | Deferred tax (credit) charge to the statement of profit or loss and other comprehensive income | 8.1 | (36,271,729,597) | (1,836,191,995) | 9,489,968 | 81,645 |
| | Deferred tax arising from remeasurement changes in investments | | 24,438,924 | 29,700,259 | - | - |
| | **Balance at the end of the year** | | **(36,834,809,266)** | **(551,499,443)** | **22,787,989** | **22,787,889** |
| **17.2.2** | **Analysis of deferred tax liabilities at end of year** | | | | | |
| | Property, plant, equipment and vehicles | | 1,732,783,583 | 1,213,936,455 | - | - |
| | Investments | | 415,856,404 | 47,922,606 | 22,787,889 | 13,216,586 |
| | Biological assets, agricultural produce and inventory | | 147,934,894 | 81,399,267 | - | - |
| | Assessed tax loss and unrealised exchange gains and losses | | (39,102,808,367) | (1,819,090,464) | - | - |
| | Customer deposits and prepaid expenses | | (28,575,780) | (75,667,308) | - | - |
| | | | **(36,834,809,266)** | **(551,499,444)** | **22,787,889** | **13,216,586** |

## 18. TRADE AND OTHER PAYABLES

### 18.1 INFLATION ADJUSTED

| | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2,022 ZWL |
|---|---|---|---|---|
| **Current** | | | | |
| Trade payables | 90,505,252,290 | 9,953,702,710 | 37,749,233 | 2,217,583 |
| Accruals and other provisions | 15,103,220,490 | 1,623,785,380 | 612,284,391 | 174,337,951 |
| | **105,608,472,780** | **11,577,488,091** | **650,033,624** | **176,555,535** |
| **Non-current** | | | | |
| Trade payables | 5,501,854 | 6,511,994 | - | - |
| Intergroup balances payable | - | - | 1,574,208,315 | 120,821,941 |
| | **5,501,854** | **6,511,994** | **1,574,208,315** | **120,821,941** |
| **Total trade and other payables** | **105,613,974,634** | **11,584,000,085** | **2,224,241,939** | **297,377,476** |
| **Analysis of accruals and other provisions** | | | | |
| Statutory obligations | 898,007,687 | 16,938,533 | 88,234,016 | 13,645,045 |
| Accrued operating expenses | 12,536,526,977 | 713,801,634 | 422,343,136 | 69,377,037 |
| Employees related obligations, excluding statutories | 464,922,312 | 595,813,932 | 100,078,561 | 89,465,320 |
| Retrenchment provision | 1,521,521 | 1,800,872 | 1,521,521 | 1,800,872 |
| Other | 1,202,241,993 | 295,430,409 | 107,150 | 49,677 |
| | **15,103,220,490** | **1,623,785,380** | **612,284,384** | **174,337,951** |

### 18.2 HISTORICAL

| | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2,022 ZWL |
|---|---|---|---|---|
| **Current** | | | | |
| Trade payables | 90,505,252,291 | 8,409,684,616 | 37,749,233 | 1,873,592 |
| Accruals and other provisions | 15,103,220,490 | 1,371,903,836 | 612,284,383 | 147,294,653 |
| | **105,608,472,781** | **9,781,588,452** | **650,033,616** | **149,168,245** |
| **Non-current** | | | | |
| Trade payables | 5,501,854 | 5,501,854 | - | - |
| Intergroup balances payable | - | - | 1,574,208,316 | 102,080,045 |
| | **5,501,854** | **5,501,854** | **1,574,208,316** | **102,080,045** |
| **Total trade and other payables** | **105,613,974,635** | **9,787,090,306** | **2,224,241,932** | **251,248,290** |
| Analysis of accruals and other provisions | | | | |
| Statutory obligations | 898,007,687 | 94,539,981 | 88,234,016 | 11,528,426 |
| Retrenchment provision | 1,521,521 | 1,521,521 | 1,521,521 | 1,521,521 |
| Accrued operating expenses | 12,536,526,977 | 388,529,001 | 422,343,136 | 58,615,273 |
| Employees related obligations, excluding statutories | 464,922,312 | 480,287,689 | 100,078,561 | 75,587,462 |
| Other | 1,202,241,993 | 407,025,644 | 107,150 | 41,971 |
| | **15,103,220,490** | **1,371,903,836** | **612,284,384** | **147,294,653** |

Non-current trade and other payables for the Company relate to intergroup balances owing only. These attract no interest and have no fixed term of repayment.

The average credit period on purchases of certain goods ranges from 7 to 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Directors believe that carrying amounts of trade and other payables approximate their fair values.

Included in trade and other payables are costs related to the recovery of properties, which will be realised in the same manner as the compensation for the land is recovered.

## 19. BORROWINGS

The table below summarizes the movements in the Group's third-party borrowings during the period:

| | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2022 ZWL |
|---|---|---|---|---|
| **19.1 INFLATION-ADJUSTED** | | | | |
| Balance at the beginning of the year | 13,158,108,350 | 3,349,602,281 | - | - |
| Loans raised during the period | 101,555,891,305 | 15,093,755,545 | - | - |
| Loans repaid during the period | - | (5,285,249,477) | - | - |
| **Balance at the end of the period** | **114,713,999,655** | **13,158,108,350** | **-** | **-** |
| Short-term borrowings | 16,418,798,653 | 1,630,559,973 | - | - |
| Long-term borrowings | 98,295,201,002 | 11,527,548,374 | - | - |
| **Total borrowings** | **114,713,999,655** | **13,158,108,347** | **-** | **-** |
| **19.2 HISTORICAL** | | | | |
| **Balance at the beginning of the year** | **11,117,022,936** | **743,761,384** | **-** | **-** |
| Loans raised during the period | 103,596,976,719 | 11,478,063,745 | - | - |
| Loans repaid during the period | - | (1,104,802,193) | - | - |
| **Balance at the end of the period** | **114,713,999,655** | **11,117,022,936** | **-** | **-** |
| **Short-term borrowings** | **16,418,798,653** | **1,377,627,554** | **-** | **-** |
| Long-term borrowings | 98,295,201,002 | 9,739,395,382 | - | - |
| **Total borrowings** | **114,713,999,655** | **11,117,022,936** | **-** | **-** |

19.3 During the year, the Group repaid loans due to NMB and CABS and accessed additional borrowings from Omani to finance the Group's working capital requirements. All the loans received from Omani were not secured.

## 20. CURRENT TAX LIABILITIES

| | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2022 ZWL |
|---|---|---|---|---|
| **20.1 INFLATION-ADJUSTED** | | | | |
| **Balance at beginning of year** | **762,093,121** | **659,336,330** | **-** | **258,646** |
| Current year charge | 7,461,721,697 | 1,841,400,886 | 6,598,492 | - |
| Paid during the year | (2,265,005,095) | (1,738,644,096) | (6,598,492) | (258,646) |
| **Balance at end of year** | **5,958,809,723** | **762,093,120** | **-** | **-** |
| **20.2 HISTORICAL** | | | | |
| **Balance at beginning of year** | **643,877,256** | **146,402,128** | **-** | **57,431** |
| Current year charge | 7,044,933,152 | 907,415,856 | 6,190,560 | - |
| Paid during the year | (1,730,000,685) | (409,940,728) | (6,190,560) | (57,431) |
| **Balance at end of year** | **5,958,809,723** | **643,877,256** | **-** | **-** |

## 21. CONTINGENT LIABILITIES

| | | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2022 ZWL |
|---|---|---|---|---|---|
| **21.1** | **INFLATION-ADJUSTED** | | | | |
| 21.1.2 | Financial guarantees at year-end | 100,000,000 | 118,360,000 | - | |
| | Contingent liabilities relate to guarantees given to various trade creditors. | | | | |
| **21.1.2** | **Contingent liabilities related to legal cases** | | | | |
| | Langford Estates (envisaged reversal of land for debt swap) | 32,000,000 | 37,875,200 | | |
| | City of Harare rates | 153,024,650 | 61,031,795 | - | - |
| | Staff related provisions | 1,271,276 | 1,504,682 | 1,271,276 | 1,504,682 |
| | | **186,295,926** | **100,411,677** | **1,271,276** | **1,504,682** |
| **22.2** | **HISTORICAL** | | | | |
| 22.2.1 | Financial guarantees at year-end | 100,000,000 | 100,000,000 | - | - |
| | Contingent liabilities relate to guarantees given to various trade creditors. | | | | |
| 22.2.2 | Contingent liabilities related to legal cases | | | | |
| | Langford Estates (envisaged reversal of land for debt swap) | 32,000,000 | 32,000,000 | | |
| | City of Harare rates | 153,024,650 | 51,564,545 | - | - |
| | Staff related provisions | 1,271,276 | 1,271,276 | 1,271,276 | 1,271,276 |
| | | **186,295,926** | **84,835,821** | **1,271,276** | **1,271,276** |

Legal proceedings to reverse the Langford Estates sale transaction are ongoing since the last update to Shareholders. Should this succeed, the Group will face liabilities including, ZWL32 million in respect of land for debt swap with Fidelity Life Assurance and the related costs accrued five years post the transaction. Other potential liabilities related to the reversal of the transaction cannot be easily estimated, as these will depend on the court ruling, and ultimately settlement agreed costs if applicable.

Crest Breeders is facing a claim of ZWL153.0 million from the City of Harare for rates supposedly accrued to land which was occupied by cooperatives from 2009. The Group has engaged the City of Harare for a reversal of same, and Directors believe that the prospects of succeeding are high. City Council has insisted on the land being fully planned and surveyed to facilitate reversal. The claim has not been provided for in the Group's accounts.

As at 30 September 2023, the Group had been facing some labour related claims, all of which have been fully provided for. The Board believes that its chances of success on these matters are very high.

Town planning and survey works are yet to be completed for the occupied portion of Crest Breeders International (Private) Limited land. In this regard, recorded accounts receivables balances cannot be accurately " ascertained, as some billings could have been done for land that may not be approved by town planning authorities. Further to this, stand sizes may change with Crest Breeders potentially accruing liabilities in respect of reimbursement of payments made by stand beneficiaries as well as costs of lawsuits from agreed victims. All these costs cannot be easily estimated.

## 22. CAPITAL COMMITMENTS

| | GROUP 2023 ZWL | GROUP 2022 ZWL | COMPANY 2023 ZWL | COMPANY 2022 ZWL |
|---|---|---|---|---|
| Authorised but not contracted for | 17,950,000,000 | 2,723,866,142 | - | 227,470,000 |
| | **17,950,000,000** | **2,723,866,142** | **-** | **227,470,000** |

Capital commitments will be financed from available Group resources and borrowings.

## 23. DEFINED CONTRIBUTION PLANS

The Group has in place a defined contribution plan for all qualifying employees. The assets of the plan are held separately from those of the Group in funds under the control of Trustees. Where the employees withdraw from the plan prior to the full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. The Group's pension funds went into paid-up status in FY2016.

The employees of the Group are also members of a State-managed retirement benefit plan operated by the National Social Security Authority (NSSA). The Group is required to contribute a specified percentage of basic pay to the retirement benefit scheme to fund these benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in the consolidated statement of profit or loss and other comprehensive income amounts to ZWL314,603,279 (2022: ZWL41,392,419) representing contributions payable to these plans by the Group at rates specified in the rules of the plans.

Amounts recognised as an expense in the current year have been disclosed in note 5.

## 24. BORROWING POWERS

Authority is granted in the Articles of Association for the Directors to borrow a sum not exceeding three times the aggregate of the issued share capital of the Company and all its reserves including capital and revenue reserves except with the consent of the Company in the Annual General Meeting by ordinary resolution.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **24.1 INFLATION-ADJUSTED** | **2023 ZWL** | **2022 ZWL** | **2023 ZWL** | **2022 ZWL** |
| Maximum permissible year-end borrowing | (254,731,100,970) | 23,712,623,497 | 70,228,714,467 | 52,197,052,359 |
| Actual borrowings comprises: | | | | |
| -Current borrowings (bank loans and overdrafts) | (119,867,930,082) | (14,188,825,035) | - | - |
| **Unutilised borrowings capacity (theoretical)** | **(374,599,031,052)** | **9,523,798,462** | **70,228,714,467** | **52,197,052,359** |
| **24.2 HISTORICAL** | | | | |
| Maximum permissible year-end borrowing | (280,198,080,342) | 13,789,779,102 | 19,346,737,494 | 1,208,577,453 |
| Actual borrowings comprises: | | | | |
| -Current borrowings (bank loans and overdrafts) | (119,867,930,083) | (11,987,854,879) | - | - |
| **Unutilised borrowings capacity (theoretical)** | **(400,066,010,425)** | **1,801,924,223** | **19,346,737,494** | **1,208,577,453** |

The borrowing facilities (including overdrafts) negotiated by Management as at 30 September 2023 amounted to ZWL119.87 billion (2022: ZWL14.19 billion). All the Group's borrowings were unsecured as at balance sheet date (refer note 11.5).

## 25 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed on this note. Transactions between the Group and certain companies with common shareholders are disclosed below. All transactions are at an arm's length and in accordance with the normal business operations and activities of the Group. Appropriate disclosures and measures to avoid possible conflicts of interest have been made.

**Trading transactions**
During the year, no Group entities entered into any trading transactions with related parties that are not members of the Group.

**Transactions with management**
Compensation to key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

| | INFLATION-ADJUSTED | | HISTORICAL | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| Short-term benefits | 1,354,127,991 | 321,934,371 | 1,295,760,359 | 141,406,312 |
| **Directors' fees** | **40,026,917** | **8,826,693** | **38,554,992** | **4,095,589** |

The remuneration of Directors and key Executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

| Balances at year-end: | INFLATION - ADJUSTED | | HISTORICAL | | | | |
|---|---|---|---|---|---|---|---|
| | **2023 ZWL** | **2022 ZWL** | **2023 ZWL** | **2022 ZWL** | **Nature of relationship with Holding Company** | **Transaction** | **Terms of trade** |
| Fidelity Life Assurance | 100,000 | 118,360 | 100,000 | 100,000 | ZHL related Company | Capital Gains tax (arrears) | |
| Reston Developers (Private) Limited | 6,358,102 | 3,519,869 | 6,358,102 | 2,973,867 | Joint venture | Amount owing to CFIHL | Arm's length |
| Reston Developers (Private) Limited | (460,080) | (544,551) | (460,080) | (460,080) | Joint venture | Loan payable by Crest Breeders | Non-interest bearing |
| **Loans to related parties** | | | | | | | |
| Amounts receivable from staff and management | 34,569,900 | 8,124,064 | 34,569,900 | 6,863,859 | Group management staff | Short term loans | Arm's length |

The Group occasionally provides short-term loans to Management and staff at market-related interest rates, which mirror its cost of borrowing inclusive of administrative charges. The amounts so provided are generally unsecured and are settled in cash. No guarantees are given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts advanced to related parties. Fidelity Life Assurance is an entity linked to a significant shareholder in ZHL.

## 26. SEGMENTAL ANALYSIS

### 26.1 Nature of business by segment

The retail segment is involved in the retailing of hardware, fast moving consumer goods and veterinary services. The farming segment comprises of seed, table potatoes and cereals production (maize, soya beans) together with poultry related activities. The milling segment comprises of stockfeeds, mealie-meal and flour milling, the production of vitamins and material supplements. Properties and Head office segment comprises the Group's head office operations and property development activities including the letting of properties and the management of real estate.

### 26.2 Business segments

#### 26.2.1 INFLATION-ADJUSTED

| | Retail | | Milling | | Farming | | Properties & Head Office | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL |
| Revenue | 154,085,379,540 | 46,707,146,029 | 40,644,894,541 | 10,132,264,821 | 6,950,701,538 | 1,530,208,226 | 309,687,163 | 64,144,727 | 201,990,662,782 | 58,433,763,803 |
| Segment result<br>(Loss) profit before depreciation, amortisation and net interest | (127,454,704,653) | (9,460,334,506) | 2,159,446,268 | 2,583,535,745 | 966,766,966 | 275,499,401 | 494,352,601 | -772,088,377 | (123,834,138,818) | -7,373,387,737 |
| Depreciation expense | (257,106,567) | (58,938,090) | (165,918,637) | (22,574,921) | (53,872,015) | (11,633,716) | (173,582,366) | (44,622,257) | (650,479,585) | (137,768,984) |
| Net financing cost (income) | (9,688,379,806) | (1,077,748,214) | (931,865) | (62,762,304) | 150,816 | (38,477,552) | 83,767,417 | (309,829,785) | (9,605,393,438) | (1,488,817,854) |
| Monetary gain | - | - | - | - | - | - | - | - | 8,860,232,072 | 5,936,952,473 |
| **(Loss) profit before taxation** | **(137,400,191,026)** | **(10,597,020,809)** | **1,992,595,766** | **2,498,198,520** | **913,045,767** | **225,388,133** | **404,537,652** | **(1,126,540,419)** | **(125,229,779,769)** | **(3,063,022,103)** |
| Income tax expense | | | | | | | | | 32,501,342,249 | (1,819,507,504) |
| **(Loss) profit attributable to equity holders of parent** | | | | | - | - | | | **(92,728,437,520)** | **(4,882,529,607)** |
| **Other information** | | | | | | | | | | |
| Segment assets | 94,770,426,048 | 23,518,546,344 | 9,370,145,010 | 2,027,541,668 | 17,718,408,364 | 4,867,824,443 | 7,439,234,520 | 6,105,805,133 | 129,298,213,942 | 36,519,717,588 |
| Segment liabilities | 208,015,637,954 | 26,840,952,210 | 2,437,018,733 | 570,420,775 | 20,304,605,883 | 970,251,304 | 1,639,616,892 | 573,499,050 | 232,396,879,462 | 28,955,123,339 |
| Capital expenditure | 88,196,885 | 104,389,833 | 3,720,500 | 4,403,584 | 49,791,570 | 58,933,302 | 367,000 | 434,382 | 142,075,955 | 168,161,100 |
| Number of permanent employees | 1,262 | 1,043 | 175 | 148 | 215 | 215 | 122 | 117 | 1,774 | 1,523 |

#### 26.2.2 HISTORICAL

| | Retail | | Milling | | Farming | | Properties & Head Office | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL |
| Revenue | 147,232,273,385 | 19,167,784,752 | 39,057,488,710 | 5,081,855,575 | 7,068,310,329 | 993,101,953 | 282,451,645 | 49,630,811 | 193,640,524,069 | 25,292,373,091 |
| Segment result<br>Profit (loss) before depreciation and net financing costs | (124,553,726,986) | (5,535,867,443) | 2,503,219,561 | 751,488,775 | 654,667,165 | 144,978,672 | 1,512,062,668 | (171,432,957) | (119,883,777,591) | (4,810,832,954) |
| Depreciation expense | (217,159,602) | (62,213,801) | (140,967,239) | (23,327,743) | (46,055,342) | (16,608,325) | (147,182,291) | (42,530,562) | (551,364,475) | (144,680,431) |
| Net financing (cost) income | (9,208,086,213) | (805,436,164) | (869,590) | (63,013,778) | (749,382) | (189,715) | 79,990,218 | 4,983,930 | (9,129,714,967) | (863,655,726) |
| **Profit before taxation** | **(133,978,972,800)** | **(6,403,517,408)** | **2,361,382,732** | **665,147,254** | **607,862,441** | **128,180,632** | **1,444,870,595** | **(208,979,589)** | **(129,564,857,032)** | **(5,819,169,111)** |
| Income tax expense | | | | | | | | | 29,545,068,292 | 928,775,054 |
| **Profit attributable to equity holders of parent** | | | | | - | - | | | **(100,019,788,740)** | **(4,890,394,057)** |
| **Other information** | | | | | | | | | | |
| Segment assets | 88,136,167,901 | 17,609,587,481 | 13,325,275,017 | 2,464,171,020 | 11,292,325,793 | 1,953,762,347 | 6,303,890,940 | 3,940,562,765 | 119,057,659,651 | 25,968,083,613 |
| Segment liabilities | 208,015,637,959 | 21,270,227,770 | 20,423,552,492 | 898,396,945 | 1,843,789,590 | 397,620,269 | 2,110,272,321 | 405,827,579 | 232,393,252,362 | 22,972,072,563 |
| Capital expenditure | 70,794,577 | 70,794,577 | 2,983,428.03 | 2,983,428 | 32,892,533 | 32,892,533 | 349,336 | 349,336 | 107,019,874 | 107,019,874 |
| Number of permanent employees | 1,262 | 1,043 | 175 | 148 | 215 | 215 | 122 | 117 | 1,774 | 1,523 |

The revenue reported above represents the revenue generated from external customers.

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and overdrafts and finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations or to achieve a return on surplus short-term funds. The Group 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 Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and fair valuation risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

**Financial Instruments**

The Group used the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices for similar instruments

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly indirectly (i.e derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments

| | INFLATION ADJUSTED | | HISTORICAL | |
|---|---|---|---|---|
| | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL |
| Financial instruments held by the Group measured at fair value (level 1) | - | - | - | - |
| Fair value gain (loss) debited to the statement of profit or loss and other comprehensive income | 367,650,351 | (24,924,244) | 513,943,017 | 572,629,683 |
| Financial instruments held by the Group measured at fair value (level 2) | | | | |
| Investments | 953,712,381 | 953,711,375 | 953,712,381 | 805,771,692 |
| Property related receivables | 13,071,672 | 15,471,631 | 13,071,672 | 13,071,672 |

Valuation of non-current assets held for sale and land-in development held in inventory

The Group undertook a Directors' valuation as at statement of financial position date.

The valuation inputs used in valuing all freehold land and buildings of the Group and assets held for sale were generally as follows:

- For land in development held in inventory, arising out of the Saturday Retreat settlement as explained per note 11.3, this was valued based on the Government approved valuation of USD4/m$^2$ (restated using the average CPIs since dollarisation to SOFP date) on the occupied area (adjusted by normal planning loss and anticipated recovery factors), and USD3/m2 for the unoccupied area.

**Fair valuation of property related receivables**

The fair valuation of property related receivable in respect of Maitlands Zimbabwe and Crest Breeders P/L Saturday Retreat were arrived at using the following key inputs:

- estimated monthly instalments were arrived at using average collections realised since registration of stand occupiers
- the number of instalments used was calculated using the time that it would take to attain the future value based on the obtaining steady state collection rates
- the rate of discount used was 11% based on the long term borrowing rates estimated by the Group.

The value produced by a model or other valuation techniques may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account 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.

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The following table presents non-current assets held for sale and related liabilities and land in development held in inventory recognised at the statement of financial position date:

| | Level 1 ZWL | | Level 2 ZWL | | Level 3 ZWL | | Total carrying amount ZWL | Total carrying amount ZWL |
|---|---|---|---|---|---|---|---|---|
| **INFLATION ADJUSTED** | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Inventory – land in development | - | - | 856,957,719 | 856,957,718 | - | - | 856,957,719 | 856,957,718 |
| **HISTORICAL** | | | | | | | | |
| Inventory – land in development | - | - | 75,630,578 | 19,570,129 | - | - | 75,630,578 | 19,570,129 |

**Interest rate risk**
The Group's exposure to the risk for changes in market interest rates relates primarily to variable short term overdraft rates. The Group's policy is to manage its interest cost by limiting exposure to overdrafts 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 on long term, short-term loans and overdrafts.

| | INFLATION ADJUSTED | | HISTORICAL | |
|---|---|---|---|---|
| | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL |
| Effect on (loss) profit before tax | | | | |
| Increase of 5% | (12,387,001,904) | (709,441,252) | (5,993,396,504) | (599,392,744) |
| Decrease of 5% | 12,387,001,904 | 709,441,252 | 5,993,396,504 | 599,392,744 |

**Foreign currency risk**
As a result of the state of industry in Zimbabwe, the Group relies heavily on importation of cereals and other products from mainly South Africa and other countries, exposing the Group to movements in foreign currency exchange rates. The Group also has transactional currency exposures through USD loan drawdowns and direct purchases in USD. The Group 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. In addition, on major cereal imports, the Group manages its risk when dealing with commodity brokers by fixing its contract prices in USD, considering that the Group's functional currency, the ZWL remains largely unstable.

**Credit risk**
The Group trades with recognised, creditworthy third parties. It is the Group'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 limiting the Group's exposure to bad debts. 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. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available for-sale financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments less the market value of any security held.

Within the Group, there are concentrations of credit risk. Concentration of credit risk exists when the greater percentage of a business unit's trade and other accounts receivables are dominated by one or a few debtors.

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding through a well-managed portfolio of short-term investments and/or flexibility through the use of bank overdrafts, bank loans and finance leases.

The table below summarises the maturity profile of the Group's assets and liabilities:

| | Within 3 months | | Between 4 - 12 months | | More than 12 months | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL | 2023 ZWL | 2022 ZWL |
| **INFLATION-ADJUSTED** | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | 105,608,472,780 | 11,577,488,091 | - | - | 5,501,854 | 6,511,994 | 105,613,974,634 | 11,584,000,085 |
| Borrowings | 16,418,798,653 | 1,630,559,973 | - | - | 98,295,201,002 | - | 114,713,999,655 | 1,630,559,973 |
| Bank overdraft | 5,153,930,427 | 1,030,716,688 | - | - | - | - | 5,153,930,427 | 1,030,716,688 |
| **TOTAL** | **127,181,201,860** | **14,238,764,751** | - | - | **98,300,702,856** | **6,511,994** | **225,481,904,716** | **14,245,276,746** |
| Assets | | | | | | | | |
| Trade and other receivables | 17,616,661,311 | 2,778,823,532 | - | - | - | - | 17,616,661,311 | 2,778,823,532 |
| Bank balances and cash | 13,159,574,851 | 664,291,475 | - | - | - | - | 13,159,574,851 | 664,291,475 |
| **TOTAL** | **30,776,236,162** | **3,443,115,007** | - | - | - | - | **30,776,236,162** | **3,443,115,007** |
| Liquidity gap on financial instruments only | 96,404,965,698 | 10,795,649,744 | - | - | 98,300,702,856 | 11,534,060,369 | 194,705,668,554 | 10,802,161,739 |
| Less: inventory and biological assets | (63,314,577,101) | (20,449,286,375) | - | - | - | - | (63,314,577,101) | (20,449,286,375) |
| **Net (surplus) unfunded gap** | **33,090,388,597** | **(9,653,636,630)** | - | - | **98,300,702,856** | **11,534,060,369** | **131,391,091,453** | **(9,647,124,636)** |
| **HISTORICAL** | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | 105,608,472,781 | 9,781,588,452 | - | - | 5,501,854 | 5,501,854 | 105,613,974,635 | 9,787,090,306 |
| Borrowings | 16,418,798,653 | 1,377,627,554 | - | - | 98,295,201,003 | 9,739,395,382 | 114,713,999,656 | 11,117,022,936 |
| Bank overdraft | 5,153,930,427 | 870,831,943 | - | - | - | - | 5,153,930,427 | 870,831,943 |
| **TOTAL** | **127,181,201,861** | **12,030,047,949** | - | - | **98,300,702,857** | **9,744,897,236** | **225,481,904,718** | **21,774,945,185** |
| Assets | | | | | | | | |
| Trade and other receivables | 17,616,661,311 | 2,347,772,501 | - | - | - | - | 17,616,661,311 | 2,347,772,501 |
| Bank balances and cash | 13,159,574,851 | 561,246,599 | - | - | - | - | 13,159,574,851 | 561,246,599 |
| **TOTAL** | **30,776,236,162** | **2,909,019,100** | - | - | - | - | **30,776,236,162** | **2,909,019,100** |
| Liquidity gap on financial instruments only | 96,404,965,699 | 9,121,028,849 | - | - | 98,300,702,857 | 9,744,897,236 | 194,705,668,556 | 18,865,926,085 |
| Less: inventory and biological assets | (55,496,695,670) | (12,591,749,149) | - | - | - | - | (55,496,695,670) | (12,591,749,149) |
| **Net (surplus) unfunded gap** | **40,908,270,029** | **(3,470,720,300)** | - | - | **98,300,702,857** | **9,744,897,236** | **139,208,972,886** | **6,274,176,936** |

The Group will resolve its liquidity gap sustainably once the initiatives on recapitalisation as discussed on note 35 have been sustainably resolved.

## 28. FOREIGN CURRENCY SENSITIVITY ANALYSIS

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. The Groups' exposure to the changes in foreign exchange rates relates primarily to the Group's operating activities when revenues and expenses are denominated in a different currency. The following table demonstrates the sensitivity of the Group's results to a reasonably possible change in ZWL exchange rates against the following currencies, with all other variables held constant.

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Change in Rate ZWL | Effects on Equity ZWL | Effect on Profit ZWL | Change in Rate ZWL | Effects on Equity ZWL | Effect on Profit ZWL |
| **28.1 Inflation-adjusted** | | | | | | |
| United States dollars | 10% | (16,909,667) | (16,909,667) | 10% | (20,014,281) | (20,014,281) |
| | -10% | 16,909,667 | 16,909,667 | -10% | 20,014,281 | 20,014,281 |
| South African Rands | 10% | 8,405 | 8,405 | 10% | 9,948 | 9,948 |
| | 10% | (8,405) | (8,405) | -10% | (9,948) | (9,948) |
| **28.2 Historical** | | | | | | |
| United States Dollars | 10% | (16,909,667) | (16,909,667) | 10% | (16,909,667) | (16,909,667) |
| | -10% | 16,909,667 | 16,909,667 | -10% | 16,909,667 | 16,909,667 |
| South African Rands | 10% | 8,405 | 8,405 | 10% | 8,405 | 8,405 |
| | -10% | (8,405) | (8,405) | -10% | (8,405) | (8,405) |

## 28. FOREIGN CURRENCY SENSITIVITY ANALYSIS (Continued)

**Fair valuation risk**
The Group is exposed to movement in fair value of listed equities. Investments in equities are valued at fair value and are therefore susceptible to market fluctuations. Comprehensive measures and limits are in place to control the exposure of the Group's equity investments to fair value risk.

Group Treasury is tasked with the responsibility of performing research into potential opportunities in order to provide suggestions for investment to the Board of Directors. This office monitors the performance of the current investment portfolio and reports to the Board of Directors.

**Biological assets risk management policies**
Biological assets are living animals or plants that are managed by the Group. Agricultural produce is the harvested product of the biological asset. Biological assets of the Group include cattle, horticultural crops and vegetables.

These biological assets are exposed to various risks, which include, disease/infection outbreaks, theft of livestock, price fluctuations and marketing risk. The Group has put in place measures and controls to safeguard losses due to the above risks. These measures and controls, include among other things, insurance against theft and natural deaths, vaccination to prevent infections and regular evaluation of prices.

## 29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated net fair values of all financial instruments, including installment debtors which are shown net of unearned finance charges, approximate the carrying amounts shown in the financial statements.

Set out below is a comparison of carrying amounts and fair values of all the Group's financial instruments at 30 September 2023.

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Carrying amount | Fair value | Carrying amount | Carrying amount | Fair value |
| | INFLATION ADJUSTED ZWL | HISTORICAL ZWL | ZWL | INFLATION ADJUSTED ZWL | HISTORICAL ZWL | ZWL |
| **Financial assets** | | | | | | |
| Investments in listed shares | 404,717,269 | 404,717,269 | 404,717,269 | 37,066,918 | 31,317,099 | 37,066,918 |
| Trade and other receivables | 17,616,661,311 | 17,616,661,311 | 17,616,661,311 | 2,778,823,532 | 2,347,772,501 | 2,778,823,532 |
| Bank balances and cash | 13,159,574,851 | 13,159,574,851 | 13,159,574,851 | 664,291,475 | 561,246,599 | 664,291,475 |
| | **31,180,953,431** | **31,180,953,431** | **31,180,953,431** | **3,480,181,925** | **2,940,336,199** | **3,480,181,925** |
| **Financial liabilities** | | | | | | |
| Interest-bearing overdrafts and borrowings | 119,867,930,082 | 119,867,930,083 | 119,867,930,082 | 14,188,825,035 | 11,987,854,879 | 14,188,825,035 |
| Trade and accounts payable | 105,613,974,634 | 105,613,974,635 | 105,613,974,634 | 11,584,000,085 | 9,787,090,305 | 11,584,000,085 |
| | **225,481,904,716** | **225,481,904,718** | **225,481,904,716** | **25,772,825,120** | **21,774,945,184** | **25,772,825,120** |

Market values have been used to determine the fair values of listed investments.

## 30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management strategies is to ensure that all its companies maintain healthy capital ratios in order to support the Group's business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return on capital to shareholders, or issue new shares. No changes were made to the objectives, policies or processes during the year ended 30 September 2023.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **INFLATION-ADJUSTED** | ZWL | ZWL | ZWL | ZWL |
| Total Liabilities | 231,440,714,439 | 28,957,710,712 | 3,560,597,460 | 1,203,474,076 |
| Total Equity | (84,910,366,990) | 7,904,207,832 | 23,409,571,489 | 17,399,017,453 |
| Financial leverage | -273% | 366% | 15% | 8% |

## 31. GOING CONCERN

Despite reporting net losses in the current year, after an assessment of the Group's financial performance for the year ended 30 September 2023, the financial position as at 30 September 2023; further recapitalisation needs for Agrifoods and Victoria Foods, as well as the Group's forecasts for the year ending 30 September 2024, the Directors are confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, these financial results have been prepared on a going concern basis.

## 32. EVENTS AFTER REPORTING DATE

There have been no significant events after the reporting date.

## 33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 19 December 2023.

CFI HOLDINGS LIMITED

**NOTICE IS HEREBY GIVEN** that the twenty eighth (28th) Annual General Meeting ("AGM") of CFI Holdings Limited (the Company) will be held in the Farm & City Boardroom, 1 Wynne Street, Harare on Thursday 28 March 2024 at 11:00 am, for the purpose of transacting the following business:

**ORDINARY BUSINESS**

**1. Financial Statements**

To receive and adopt financial statements for the year ended 30 September 2023, together with the reports of the Directors and Auditors thereon.

**2. Re-election of Directors**

To re-elect the following directors by individual resolutions in terms of Section 201 of the **Companies and Other Business Entities Act [Chapter 24:31]:**

**2.1** To re-elect Mr S.D Zinyemba who retires by rotation in terms of the Articles of Association and being eligible, offers himself for re-election.

Mr Zinyemba serves as the co-founder and current Chief Executive Officer of Bellevue Abattoir & Butcheries Group. Prior to this role, he gained experience as a Bank Examiner in the Bank Licensing Supervision and Surveillance Division at the Reserve Bank of Zimbabwe. With a background in international business, holding a Bachelor's degree from NKU, USA, and a Masters' in Business Intelligence from CUT, ZW, Mr. Zinyemba also brings extensive expertise in the energy, construction, and logistics sectors. Currently, he is actively pursuing a Doctorate in Business Administration.

**2.2** To re-elect Ms P Muzani who retires by rotation in terms of the Articles of Association and being eligible, offers herself for re-election.

Ms. Muzani has a long association with the Group with extensive experience of 13 years in the retail business. Ms. Muzani is currently studying towards a Masters in Business Administration.

**3. Directors Remuneration**

To confirm directors' fees for the year ended 30 September 2023.

**4. Auditors Fees and Appointment**

**4.1** To approve the remuneration of the auditors for the year ended 30 September 2023.

**4.2** To reappoint Messrs Baker Tilly Chartered Accountants (Zimbabwe), who have been the Company's external auditors for 6 years. Mr Richard Mandeya (PAAB Number 0965) has served as the engagement audit partner to the Company for 1 year.

**EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS**

**Election of Directors**

At each AGM, one third of the directors (other than the Managing Director), or, if their number is not a multiple of three, then the number nearest to but not being less than one third shall retire. The directors retiring from office shall be eligible for re-election (Articles 68 and 69).

No person other than a director retiring at the meeting shall, unless recommended by other directors, be eligible for the office of director unless, not less than seven nor more than twenty-one clear days before the date appointed for the meeting, there shall have been given to the Secretary notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected (Article 70).

**Notes**

1. 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 be a member of the company.
2. In terms of clause 50 of the Company's Articles of Association, instruments of proxy must be lodged at the registered office of the company at least 48 hours before the time appointed for holding of the meeting.
3. Members are requested to advise the Transfer Secretaries in writing of any change in address.

**By order of the Board**

**P. Hare**
**Group Company Secretary & Legal Counsel**
**1 March 2024**

THE COMPANY SECRETARY, CFI HOLDINGS LIMITED, P.O. BOX 510, HARARE, ZIMBABWE, panganayi@cfi.co.zw

## ANNUAL GENERAL MEETING PROXY FORM

I/We...........................................................................................................................................

of...............................................................................................................................................

being a holder of ............................................................................. ordinary CFI Holdings Limited shares, hereby appoint

............................................................................................................................................ [full name]

Of..........................................................................................................................................[full address]

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of CFI Holdings Limited, to be held on Thursday 28 March 2024 and at any adjournment thereof.

Signed this............................................................................................ day of March 2024
Signature of

Member/Director.......................................................................................................................
*(If for a Company, kindly sign on behalf thereof)*

Name of Member.......................................................................................................................
[please print]

**NOTES**

1. In terms of section 129 of the Companies Act (Chapter 24:03) a member entitled to attend and vote is to appoint one or more persons to act in the alternatives as his/her proxy to attend in his/her stead and to speak and vote on his/her behalf. A proxy need not be of the Company.
2. Instruments of the proxy may be lodged with the Company Secretary at the Registered Office of the Company (No. 1 Wynne Street, P.O. Box 510, Harare) up to 11:00am, Tuesday 26 March 2024.
3. A proxy form signed on behalf of a company must by a Director of the Company.
4. Unless specified voting instructions are noted on this form of proxy, the appointee shall vote as he/she thinks fit.

THE COMPANY SECRETARY, CFI HOLDINGS LIMITED, P.O. BOX 510, HARARE, ZIMBABWE,
panganayi@cfi.co.zw

## CHANGE OF ADDRESS

The attention of shareholders is drawn to the necessity of keeping the transfer secretaries advised of any
change in the name and/or address

Shareholder's name in full ....................................................................................
(Block letters please)

New Address ..........................................................................................................
(Block letters please)

..................................................................................................................................

..................................................................................................................................

Email address ........................................................................................................

Shareholder's signature .......................................................................................

| INVESTOR CATEGORY | 2023 Number | 2023 Shares Held | 2023 % of Total | 2022 Number | 2022 Shares Held | 2022 % of Total |
|---|---|---|---|---|---|---|
| COMPANY (LOCAL) | 1,292 | 39,570,553 | 37.04 | 1,291 | 64,374,882 | 60.26 |
| ESTATE LATE/DECEASED ESTATE | 47 | 84,045 | 0.08 | 44 | 78,292 | 0.07 |
| EXTERNAL/FOREIGN COMPANIES | 18 | 44,680,050 | 41.83 | 15 | 21,935,238 | 20.53 |
| FUND MANAGERS | 13 | 20,318 | 0.02 | 13 | 20,318 | 0.02 |
| GOVERNMENT | 4 | 2,081,374 | 1.95 | 3 | 8,859 | 0.01 |
| INSURANCE COMPANIES | 15 | 102,846 | 0.10 | 16 | 103,266 | 0.10 |
| INVESTMENTS, TRUSTS & PROPERTY | 42 | 112,952 | 0.11 | 42 | 122,894 | 0.12 |
| LOCAL RESIDENTS | 3,845 | 6,057,528 | 5.67 | 3,859 | 6,044,172 | 5.66 |
| NOMINEES LOCAL | 55 | 4,982,500 | 4.66 | 60 | 5,157,813 | 4.83 |
| NON RESIDENTS | 4 | 7,608,513 | 7.12 | 4 | 7,608,513 | 7.12 |
| NON RESIDENT INDIVIDUAL | 45 | 1,380,452 | 1.29 | 44 | 1,227,733 | 1.15 |
| OTHER CORPORATE HOLDINGS | 8 | 8,448 | 0.01 | 8 | 8,448 | 0.01 |
| PENSION FUND | 15 | 131,296 | 0.12 | 12 | 130,447 | 0.12 |
| **TOTALS** | **5,403** | **106,820,875** | **100.00** | **5,411** | **106,820,875** | **100.00** |

| TOP TEN SHAREHOLDERS | 2023 Number | 2023 % of Total | 2022 Number | 2022 % of Total |
|---|---|---|---|---|
| STALAP INVESTMENTS PVT LTD | 41,566,933 | 38.91 | 41,566,933 | 38.91 |
| MESSINA INVESTMENTS LIMITED | 19,822,805 | 18.56 | 19,822,805 | 18.56 |
| E.F.E. SECURITIES NOMINEES (PVT) LTD-NNR | 12,347,296 | 11.56 | 12,347,296 | 11.56 |
| WILLOUGHBY'S CONSOLIDATED PLC. | 10,854,359 | 10.16 | 10,854,359 | 10.16 |
| GOVERNMENT OF ZIMBABWE | 2,072,515 | 1.94 | - | - |
| DUNNET INVESTMENTS (PRIVATE) LIMITED | 2,000,517 | 1.87 | 2,000,517 | 1.87 |
| MR. R. L. HAMILTON | 1,867,841 | 1.75 | 1,867,841 | 1.75 |
| HAMILTON & HAMILTON TRUSTEES LTD | 1,633,649 | 1.53 | 1,633,649 | 1.53 |
| CATESBURY TRADING (PVT) LTD | 1,450,113 | 1.36 | 1,450,113 | 1.36 |
| ENITA MATASVA | 1,420,734 | 1.33 | 1,420,734 | 1.33 |
| DATVEST NOMINEES (PVT) LTD | - | - | 1,157,238 | 1.08 |
| **Total top ten shareholders** | **95,036,762** | **88.97** | **94,121,485** | **88.11** |
| **Remaining Shareholders** | **11,784,113** | **11.03** | **12,699,390** | **11.89** |
| | 106,820,875 | 100.00 | 106,820,875 | 100.00 |

| Range | 2023 Holders | 2023 % of Holders | 2023 Shares | 2023 % of Shares | 2022 Holders | 2022 % of Holders | 2022 Shares | 2022 % of Shares |
|---|---|---|---|---|---|---|---|---|
| 0 - 500 | 2,958 | 54.75 | 552,621 | 0.52 | 2,959 | 54.68 | 553,532 | 0.52 |
| 501 - 5,000 | 1,979 | 36.63 | 3,763,804 | 3.52 | 1,979 | 36.57 | 3,758,498 | 3.52 |
| 5,001 - 50,000 | 446 | 8.25 | 3,879,731 | 3.63 | 444 | 8.21 | 3,961,500 | 3.71 |
| 50,001 - 100,000 | 3 | 0.06 | 218,877 | 0.20 | 5 | 0.09 | 384,559 | 0.36 |
| 100,001 - 500,000 | 5 | 0.09 | 1,006,678 | 0.94 | 6 | 0.11 | 1,709,175 | 1.60 |
| 500,001 - 1,000,000 | 2 | 0.04 | 1,323,546 | 1.24 | 3 | 0.06 | 1,918,863 | 1.80 |
| 1,000,001 - 10,000,000 | 6 | 0.11 | 9,635,581 | 9.02 | 13 | 0.24 | 40,047,414 | 37.49 |
| 10,000,001 - | 4 | 0.07 | 86,440,037 | 80.93 | 2 | 0.04 | 54,487,334 | 51.01 |
| **Total** | **5,403** | **100.00** | **106,820,875** | **100.00** | **5,411** | **100.00** | **106,820,875** | **100.00** |

| DIRECTORS' SHAREHOLDING | 2023 | 2022 |
|---|---|---|
| Mr. R.L Hamilton | 1,867,841 | 1,867,841 |
| Mr. A.S Hamilton | 221,391 | 173,767 |

Both Messrs. A.S. Hamilton and R.L Hamilton have an indirect beneficial interest in CFI Holdings Limited through the companies listed below:

| | 2023 | 2022 |
|---|---|---|
| MESSINA INVESTMENTS LIMITED | 19,822,805 | 19,822,805 |
| E.F.E. SECURITIES NOMINEES (PVT) LTD-NNR | 12,347,296 | 12,347,296 |
| WILLOUGHBY'S CONSOLIDATED PLC. | 10,854,359 | 10,854,359 |
| HAMILITON & HAMILTON TRUSTEES LTD | 1,633,649 | 1,633,649 |
| | **44,658,109** | **44,658,109** |

| SHAREHOLDERS' CALENDAR | 2023 | 2022 |
|---|---|---|
| Twenty eighth Annual General Meeting | March 2024 | March 2023 |
| Financial Year end | 30 September 2023 | 30 September 2022 |
| Interim Reports | | |
| 3 months to 31 December | February 2023 | February 2023 |
| 6 months to 31 March | May 2024 | May 2023 |
| 9 months to 30 June | August 2024 | August 2023 |
| 12 months to 30 September | December 2024 | December 2023 |
| Annual Report Published | March 2024 | March 2023 |

CFI Holdings Limited

# ANNUAL REPORT 2023

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