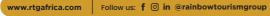




# Refreshing Hotels, Amazing Experiences...





# REVIEWED ABRIDGED CONSOLIDATED GROUP FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

SHORT FORM FINANCIAL ANNOUNCEMENT ISSUED IN TERMS OF PRACTICE NOTE 13 OF THE ZIMBABWE STOCK EXCHANGE

This short form financial announcement is the responsibility of the Board of Directors which is issued in terms of the Zimbabwe Stock Exchange (ZSE) practice note 13. Its only a summary of information contained in the full announcement and does not contain full or complete details. Any investment decision by Investors and /or shareholders should be based on consideration of the full announcement published on the Zimbabwe Stock Exchange data portal <a href="https://www.rtgafrica.com">www.rtgafrica.com</a>

A copy of the abridged consolidated financial statements for the year ended 31 December 2023 is upon request, available for inspection at no charge at the registered offices of Rainbow Tourism Group at the office of the Company.

### Financial performance

	INFLATION ADJUSTED		% CHANGE	HISTORICAL COST		% CHANGE
	31.12.23	31.12.22		31.12.23	31.12.22	
	ZWL 000	ZWL 000		ZWL 000	ZWL 000	
Revenues	266,327,860	117,704,733	126%	172,388,381	17,283,888	897%
EBITDA	36,873,001	9,495,521	288%	4,218,166	750,520	462%
Profit after tax	27,880,431	4,506,027	519%	8,731,070	225,107	3779%
Cash generated from operations	61,236,078	18,715,396	227%	33,974,641	1,980,153	1616%
Net outflow from investing activities	(36,120,664)	(7,124,031)	407%	(19,297,958)	(816,237)	2264%
Net assets	211,318,726	105,607,766	100%	189,331,470	18,837,238	905%
Total Assets	329,426,566	157,451,718	109%	304,931,935	29,841,883	922%
Basic earnings per share	1,133.56	183.21	519%	354.99	9.15	3780%
Diluted earnings per share	1,133.56	183.21	519%	354.99	9.15	3780%
Basic headline earning per share	1,133.56	183.21	519%	354.99	9.15	3780%
Diluted headline earning per share	1,133.56	183.21	519%	354.99	9.15	3780%

#### **Dividend**

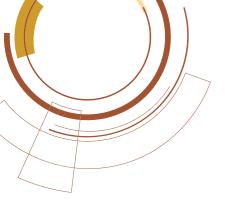
At the meeting held on 25 March 2024, the Board resolved to declare the second and final dividend for the year ended 31 December 2023. The dividend is payable to all ordinary shareholders registered in the books of the company. The dividend declared is a blend of Zimbabwe Dollars (ZW\$) and United State Dollars (USD). The Zimbabwe Dollars amount is now payable in the new currency Zimbabwe Gold (ZiG). The second and final dividend amounts are US\$260,000.00 (US\$0.000104 per share) and ZiG1,761,331.57 (ZiG0,00071 per share). A separate dividend announcement will be made regarding the payment of the dividend.

### **Independent Auditors opinion**

The abridged audited financial results should be read in conjunction with the complete set of audited consolidated financial statements of Rainbow Tourism Group Limited and its subsidiary for the year ended 31 December 2023 which have been audited by BDO Zimbabwe Chartered Accountants in accordance with International Standards on Auditing. The audit report carries an unmodified opinion and we have included a key audit matter on the valuation of property and equipment. The auditor's report on the consolidated financial statements, which forms the basis of these abridged financial results, is available for inspection at the Group's registered office. The Engagement Partner responsible for the audit is Mr. Martin Makaya (PAAB 0407).

Douglas Hoto Chairman 25 April 2024

Directors: D.Hoto (Chairman), T. Madziwanyika (CEO), A. Bvumbe, K. Chibota, L. Mabhanga, C. Malaba, D. Mavhembu, N. Mtukwa (FD), G. Taputaira





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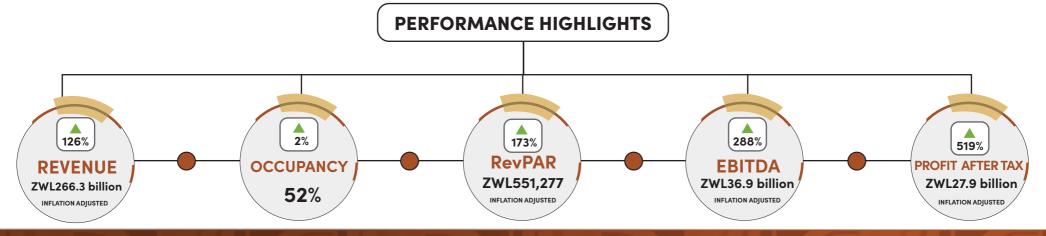
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# **RAINBOW TOURISM GROUP LIMITED**

# **AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS**

# FOR THE YEAR ENDED 31 DECEMBER 2023



# **CHAIRMAN'S STATEMENT**

#### 1. INTRODUCTION

The Group achieved strong results in the financial year ended 2023, marked by 126% revenue growth. This was driven by conferencing business across the city hotels during the second half of the year. Travel demand remains robust, with Revenue Per Available Room (RevPAR) showing a year-on-year improvement surpassing the pre-Covid pandemic period. The overall occupancy for the year reached 52%, a 2% increase from the 51% reported in 2022. The Group's flagship, the Rainbow Towers Hotel and Conference Centre hosted several large events in 2023 such as the Harmonised National Elections and the International Conference on Aids and STIs in Africa (ICASA).

The operating environment over the past years has cast a shadow on both consumer expenditure and the entire supply chain. The Group remained committed to strengthening the brand and expanding its market presence despite the challenging operating environment.

# 2. OPERATING ENVIRONMENT

The operating landscape has been persistently challenged by inflation, power cuts and shortage of foreign currency. Our ability to adapt swiftly to these conditions has been pivotal. We have remained agile, continuously refining our business model and leveraging technology to boost operational efficiency and deepen our engagement with customers.

The outlook remains positive. We draw encouragement from the Government of Zimbabwe's focus on infrastructural development, which is fundamental in fostering tourism and enhancing inter-city travel.

# 3. PERFORMANCE REVIEW

The Group achieved total revenues for the year ended 31 December 2023 of ZWL266.3 billion, a 126% growth on revenue generated in the prior comparative period of ZWL117.7 billion. This performance comprises of:

- ▶ rooms revenue growth of 281% to ZWL106.4 billion (2022: ZWL27.9 billion),
- ▶ food and beverage revenue growth of 81% to ZWL139.2 billion (2022: ZWL 76.9 billion) and,

other revenues income growth of 61% to ZWL20.7 billion (2022: ZWL12.9 billion).

During the period under review, the Group witnessed substantial increase in foreign currency business. The increase was driven by regional and international business which together grew by 129%. Resort hotels experienced a notable performance improvement, with occupancy increasing by 44% to 52% in 2023 from 36% in 2022. City hotels, despite recording increased revenues, posted lower occupancy, primarily due to the reduced amount of business activity during the first half

The Group maintained its gross profit margin at 72% over the past two years which is within the industry benchmarks. The gross margins were achieved despite a year-on-year inflation rate of 314% as of 31 December 2023. The gross margins were sustained through rigorous cost reduction initiatives aimed at mitigating the effects of escalating market prices and unstable foreign currency exchange rates.

During the year under review, the Group achieved an Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) of ZWL36.9 billion, marking a 288% increase from the ZWL9.5 billion recorded in 2022. This growth in EBITDA was primarily fueled by cost-saving initiatives and an increase in revenues.

The Group's financial position remains strong, with the current ratio improving to 1.19 from 1.01 in 2022. This improvement is attributable to prudent cash flow management, reflecting the Group's commitment to maintaining a strong financial footing.

# 4. SUSTAINABILITY AND CORPORATE SOCIAL INVESTMENT

I am delighted to share our continued commitment to responsible business practices. RTG, as a major player in the hospitality industry, recognizes that it has a responsibility to protect the environment and contribute positively to the communities it serves.

The company launched an afforestation and reforestation program under the theme "A tree for every room" where a total of 6,000 trees were planted at ten schools in Kadoma. This was in partnership with the Forestry Commission of Zimbabwe. This initiative goes beyond off-setting direct carbon footprint; as it builds a culture of environmental mindfulness, provides protection of infrastructure through the creation of wind breaks, actively restores natural habitats, supports biodiversity and empowers communities. The program will be rolled out in schools and communities in all the regions where RTG operates.

I am pleased to report that the 300kva solar plant at Kadoma Hotel and Conference Centre has reduced the overall hydro generated electricity consumption by an average of 40%. This marks a significant milestone towards greening the hotel and is also proof of concept for future similar projects.

RTG hosted the annual environmental reporter of the year awards to promote the coverage of climate change and human impact on the environment to create awareness and behavioural change. A total of ten journalists received awards for various story categories and media channels. RTG has been hosting these awards for the past 24 years.

# 5. DIVIDEND

At the meeting held on 25 March 2024, the Board resolved to declare the second and final dividend for the year ended 31 December 2023. The dividend is payable to all ordinary shareholders registered in the books of the Company. The dividend declared is a blend of Zimbabwe Dollars (ZWL) and United State Dollars (USD). The Zimbabwe Dollars amount is now payable in the new currency Zimbabwe Gold (ZiG). The second and final dividend amounts are US\$260,000.00 (US\$0.000104 pershare) and ZiG1,761,331.57 (ZiG0,00071 per share). A separate dividend announcement will be made regarding the payment of the dividend.

#### 6. OUTLOOK

Forecasts for 2024 indicate a robust revenue performance driven by the recovery of regional and international business. Domestic business has proved to be consistent post-Covid 19 pandemic and is anticipated to grow driven by the national infrastructure development projects being rolled out by the Government of Zimbabwe. The Group can reap significant benefits from the growth of leisure tourism in the Victoria Falls market and from national conferencing activities. Volumes are projected to improve for city hotels accommodation and conferencing activities.

The Company will explore collaborations with partners to unlock shareholder value, leveraging strategic alliances and innovative partnerships to drive sustainable growth and enhance its competitive position in the market.

# 7. ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank all RTG customers and business partners for their invaluable support. I also extend my gratitude to my fellow members of the Board of Directors and members of staff for their dedication, professionalism, and determination to succeed.

Together, we will continue to innovate and seize the opportunities available to us to create sustainable value for all stakeholders.

D. HOTO CHAIRMAN 25 April 2024

# AUDITED ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

# ASSETS Non current assets

Property and equipment Intangible assets Right of use assets

#### Current assets Inventories

Trade and other receivables Financial assets Cash and bank balances

# Total assets

# EQUITY AND LIABILITIES Capital and reserves

Share capital Share premium Revaluation reserve Retained earnings **Total equity** 

# Non Current liabilities

Lease obligation Borrowings Deferred tax liability

# Current liabilities

Borrowings Trade and other payables Tax payable Lease liabilities Bank overdraft

Total liabilities
Total equity and liabilities

	IN	FLATION ADJUSTED		H	HISTORICAL COST	
	31 December 2023	31 December 2022	1 January 2022	31 December 2023	31 December 2022	1 January 2022
		RESTATED	RESTATED		RESTATED	RESTATED
lotes	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
	000 054 074 000	100 000 000 515	00 447 700 440	050400 005 700	0.4.004.074.0.45	0.004.570.045
4	268 351 971 022	129 200 868 515	60 417 786 416	256 199 325 709	24 661 271 045	3 661 578 815
5 7	548 723 210	830 073 648	323 281 727	548 723 210	172 932 010	19 592 269
/	1 135 615 904 <b>270 036 310 136</b>	1 135 841 134 131 166 783 297	1 136 610 416 <b>61 877 678 559</b>	1 323 701 <b>256 749 372 620</b>	1 411 948 <b>24 835 615 003</b>	1 500 195 <b>3 682 671 279</b>
	270 030 310 130	131 100 703 237	01077 070 333	230 743 372 020	24 033 013 003	3 002 071 273
9	18 428 076 530	5 017 817 110	1 464 504 842	7 220 383 649	575 618 852	88 755 319
10	19 330 853 741	18 829 231 177	10 673 407 974	19 330 853 741	3 922 756 496	646 854 624
	8 581 932 697	2 625 812	2 598 917	8 581 932 697	547 044	157 505
11	13 049 392 681	2 435 260 316	3 646 656 276	13 049 392 681	507 345 899	221 003 121
	59 390 255 649	26 284 934 415	15 787 168 009	48 182 562 768	5 006 268 291	956 770 569
	329 426 565 785	157 451 717 712	77 664 846 568	304 931 935 388	29 841 883 294	4 639 441 848
	276 050 556	276 050 556	276 050 556	249 550	249 550	249 550
	10 229 546 429	10 229 546 429	10 229 546 429	10 227 505	10 227 505	10 227 505
	181 071 386 355	91 959 937 435	52 333 596 113	185 720 754 719	19 537 568 662	3 171 641 965
	19 741 743 408	3 142 231 087	3 114 919 130	3600 237 810	(710 807 393)	(386 859 919)
	211 318 726 748	105 607 765 507	65 954 112 228	189 331 469 584	18 837 238 324	2 795 259 101
7	8 290 561 235	4 639 249 349	2 624 013 981	9 200 E61 22E	066 404 865	150 024 044
, 12	2 312 138 626	4 639 249 349	2 024 013 901	8 290 561 235 2 312 138 626	966 494 865	159 024 044
6	56 429 066 830	21 060 239 404	2 674 137 176	53 921 693 597	4 329 407 266	313 355 212
0	67 031 766 731	25 699 488 753	5 298 151 157	64 524 393 458	<b>5 295 902 131</b>	472 379 256
	07 001700701		0 200 101 107	0.02.000.00	0 200 002 101	.,, _
	1 156 069 313	-	29 190 861	1 156 069 313	_	1 769 092
13	46 242 011 101	24 201 264 055	4 655 981 565	46 242 011 101	5 303 912 019	1 224 644 601
	1 409 843 243	443 691 890	752 189 620	1 409 843 240	92 434 895	86 287 427
7	791 826 654	443 091 991	250 618 040	791 826 654	92 309 359	15 188 294
	1 476 322 035	1 056 415 516	724 603 097	1 476 322 035	220 086 566	43 914 077
	51 076 072 346	26 144 463 452	6 412 583 183	51 076 072 346	5 708 742 839	1 371 803 491
	118 107 839 037	51 843 952 205	11 710 734 340	115 600 465 807	11 004 644 970	1 844 182 747
	329 426 565 785	157 451 717 712	77 664 846 568	304 931 935 388	29 841 883 294	4 639 441 848

# INDEPENDENT AUDITORS' REPORT

The abridged audited financial results should be read in conjunction with the complete set of audited consolidated financial statements of Rainbow Tourism Group Limited and its subsidiary for the year ended 31 December 2023 which have been audited by BDO Zimbabwe Chartered Accountants in accordance with International Standards on Auditing. The audit report carries an unmodified opinion and we have included a key audit matter on the valuation of property and equipment. The auditor's report on the consolidated financial statements, which forms the basis of these abridged financial results, is available for inspection at the Group's registered office. The Engagement Partner responsible for the audit is Mr. Martin Makaya (PAAB 0407).



BDO Zimbabwe Chartered Accountants Per: Martin Makaya CA (Z)

Per: Mai

Registered Public Auditor (PAAB Certificate No: 0407)



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# AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023							
		INFLATION	ADIUSTED	HISTORIC	AL COST		
		31 December	31 December	31 December	31 December		
		2023	2022	2023	2022		
	Notes	ZWL	RESTATED ZWL	ZWL	RESTATED ZWL		
Revenue Cost of sales	14	<b>266 327 859 840</b> (80 503 373 979)	<b>117 704 732 982</b> (35 908 645 612)	<b>172 388 381 332</b> (51 506 101 215)	<b>17 283 887 935</b> (5 489 903 320)		
Gross profit		185 824 485 861	81 796 087 370	120 882 280 117	11 793 984 615		
Other income	15	8 222 497 144	1 960 453 731	4 766 764 823	349 915 960		
Operating expenses	16	(157 173 981 626)	(74 261 020 273)	(121 430 878 480)	(11 393 380 796)		
Earnings before interest, tax, depreciation and amortization		36 873 001 379	9 495 520 828	4 218 166 460	750 519 779		
Depreciation and amortization		(3 056 635 244)	(1 864 998 784)	(1 197 633 354)	(207 346 258)		
Profit from operations		33 816 366 135	7 630 522 044	3 020 533 106	543 173 521		
Finance expense		( 687 280 364)	(52 334 745)	(441 058 674)	(37 826 984)		
Net monetary gain/(loss)		2 368 741 310	(1 223 221 316)	_	_		
Profit before tax		35 497 827 081	6 354 965 983	2 579 474 432	505 346 537		
Income tax (charge)/credit		(7 617 396 537)	(1 848 938 906)	6 151 595 690	(280 239 325)		
Profit after tax		27 880 430 544	4 506 027 077	8 731 070 122	225 107 212		
Other comprehensive income:							
Subsequently to profit or loss							
Gain on property revaluation, net of tax		89 111 448 920	78 557 226 584	166 183 186 057	16 365 926 697		
Other comprehensive income, net of tax		89 111 448 920	78 557 226 584	166 183 186 057	16 365 926 697		
Total comprehensive income for the year		116 991 879 464	83 063 253 661	174 914 256 179	16 591 033 909		

AUDITED ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND



**ACTIVITIES** Profit before tax Adjusted for:

equipment

receivables

Finance costs Income tax paid

operations

**ACTIVITIES** 

equipment

activities

**ACTIVITIES** 

activities

Net finance costs

capital changes

right of use assets

**CASH FLOWS FROM OPERATING** 

Depreciation of property and

equipment, intangibles assets and

Fair value adjustment on investments

De-recognition of property and

Exchange loss on borrowings

Exchange loss on lease liability

Loss on disposal of property &

Operating profit before working

Increase in trade and other payables

Cash generated from operations

Net cash inflows generated from

**CASH FLOWS FROM INVESTING** 

Development of intangible assets Proceeds from sale of property and

Purchase of gold-backed digital

Net cashflows utilised in investing

**CASH FLOWS FROM FINANCING** 

Net cashflows utilised in financing

**CASH AND CASH EQUIVALENTS AT** 

**CASH AND CASH EQUIVALENTS AT** 

**BEGINNING OF YEAR** 

**END OF YEAR** 

**NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS** 

Lease principal repayment Increase in borrowings Loan repayment Dividend paid

Purchase of property and equipment

Working capital changes:

Increase in trade and other

Increase in inventories

Earnings per share (cents)

Headline Earnings per share

Basic earnings per share

1133.56

31 December 2023 ZWL	31 December 2022 RESTATED	31 December	31 Decembe
ZWL		2023	2022
	ZWL	ZWL	ZW
35 497 827 081	6 354 965 983	2 579 474 432	505 346 53
3 056 635 244	1864 998 784	1 197 633 354	207 346 258
2 221 273 149	-	870 326 553	
1 500 600 017		(2.105.200)	
	-	, ,	
	9.46.250.10.4		157 276 09
0 294 132 940	554 778 830	6 243 723 653	64 210 51
687 280 364	52 334 745	441 058 674	37 826 984
007 200 00 1	<u> </u>		
53 107 212 458	9 673 328 536	15 089 404 323	972 006 383
13 410 259 420)	(4 550 577 563)	(6 644 764 797)	(486 478 352
(501 622 564)	(9 656 150 256)	(15 408 097 245)	(3 384 358 470
22 040 747 046	23 248 795 585	40 938 099 082	4 878 984 156
61 236 077 520	18 715 396 302	33 974 641 363	1 980 153 71
(105 293 706)	(52 334 745)	(105 293 706)	(37 826 984
(369 739 879)	(3 494 375 779)	(18 482 883)	(404 441 641
60 761 043 935	15 168 685 778	33 850 864 774	1 537 885 092
75 782 574 414)	(6 822 Q14 3QQ)	(10 631 860 470)	(782 690 574
		,	(36 391 143
-	16 114 768	-	2 845 12
(10 171 999 703)	-	(8 579 200 255)	
6 120 663 894)	(7 124 030 558)	(19 297 958 466)	(816 236 596
	2 221 273 149 1 592 692 817 1 757 370 855 8 294 132 948	2 221 273 149 -  1 592 692 817 - 1 757 370 855 8 294 132 948 846 250 194 554 778 830  687 280 364 52 334 745  53 107 212 458 9 673 328 536  13 410 259 420) (4 550 577 563) (501 622 564) (9 656 150 256)  22 040 747 046 23 248 795 585  61 236 077 520 18 715 396 302 (105 293 706) (52 334 745) (369 739 879) (317 230 927) 60 761 043 935 (6 822 914 399) (317 230 927) 16 114 768  (10 171 999 703) -	2 221 273 149

354.99

183.21



INFLATION ADJUSTED	Note	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Retained earnings ZWL	Total equity ZWL
Balance at 1 January 2022 as previously reported			10 229 546 429	52 333 596 113	5 173 656 365	68 012 849 463
Prior period adjustment	8	-	-	-	(2058737235)	(2058737235)
Restated balance at 1 January 2022		276 050 556	10 229 546 429	52 333 596 113	3 114 919 130	65 954 112 228
Total comprehensive income for the year		-	-	39 626 341 322	4 506 027 077	44 132 368 399
Dividend		-	-	-	(4 478 715 120)	(4 478 715 120)
Balance at 31 December 2022		276 050 556	10 229 546 429	91 959 937 435	3 142 231 087	105 607 765 507
Total comprehensive income for the year		-	-	89 111 448 920	27 880 430 544	116 991 879 464
Dividend		-	-	-	(11 280 918 223)	(11 280 918 223)
Balance at 31 December 2023		276 050 556	10 229 546 429	181 071 386 355	19 741 743 408	211 318 726 748
HISTORICAL COST						
Balance at 1 January 2022, as previously reported		249 550	10 227 505	3 171 641 965	429 659 873	3 611 778 893
Prior period adjustment	8	-	_	_	(816 519 792)	(816 519 792)
Restated balance at 1 January 2022		249 550	10 227 505	3 171 641 965	(386 859 919)	2 795 259 101
Total comprehensive income for the year		-	-	16 365 926 697	225 107 212	16 591 033 909
, Dividend		-	_		(549 054 686)	(549 054 686)
Balance at 31 December 2022		249 550	10 227 505	19 537 568 662	(710 807 393)	18 837 238 324
Total comprehensive income for the year		-	-	166 183 186 057	8 731 070 122	174 914 256 179
Dividend		-		-	(4 420 024 919)	(4 420 024 919)
Balance at 31 December 2023		249 550	10 227 505	185 720 754 719	3 600 237 810	189 331 469 584



9.15

9.15

#### NOTES TO THE AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2023**

# General information

 $Rainbow Tourism\ Group\ Limited\ is\ a\ company\ incorporated\ and\ domiciled\ in\ Zimbabwe.\ The\ Group\ is\ in\ tourism\ Advanced for the control of the$ services industry as hoteliers and providers of conference facilities. Its registration number is 4880/91. The Group is listed on the Zimbabwe Stock Exchange (ZSE).

**Currency of reference** 

These financial statements are presented in Zimbabwean Dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Group operates.

At the date of authorisation of these consolidated financial statements, several new Accounting Standards and amendments to existing Standards were published by the IASB. None of these Standards or amendments to existing Standards have been adopted by the Group as they are not applicable to the Group and to the industry (e.g. changes to IFRS 17 pertaining to Insurance Contracts)

# Effects of inflation adjustments

 $IAS\,29\,requires\,that\,the\,financial\,statements\,prepared\,in\,the\,currency\,of\,a\,hyperinflationary\,economy\,be\,stated\,in\,alternative and the contraction of the contracti$ terms of the measuring unit current at the reporting date and that the corresponding figures for the comparative periods be stated in the same terms. On the 3rd of March 2023, the Government of Zimbabwe through the Minister of Finance and Economic Development ("MoFED") promulgated Statutory Instrument ("S.I") 27 of 2023. Through S.I 27, the old benchmark headline Consumer Price Index ("CPI") that was being published month on month since the promulgation of Statutory Instrument 33 of 2019 and tracking ZWL inflation was discontinued, with the last publication of this old benchmark being January 2023. Consequently, this left the Group with no official ZWL inflation index to use for its statutory reporting for the year ended December 2023.

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

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

Date	Index	Factor
Dec-22	13,672.91	4.8000
Jun-23	43,086.20	1.5232
Dec-23	65,630.60	1.0000

# 3. Statement of compliance

These financial statements has been prepared under the assumption that the Group operates on a going

The financial statements for the year ended 31 December 2023 (including comparatives) were approved and authorised for issue by the Board of Directors on 25 April 2024. Amendments to the financial statements are not

4.	Property and equipment	INFLATION	ADJUSTED	HISTORICAL COST		
		31 December 2023	31 December 2022	31 December 2023	31 December 2022	
		ZWL	ZWL	ZWL	ZWL	
	Opening carrying amount	129 200 868 515	60 417 786 416	24 661 271 045	3 661 578 815	
	Additions to property and equipment	25 782 574 414	6 822 914 397	10 631 860 470	782 690 574	
	Revaluation	118 621 744 883	64 351 430 076	222 964 479 580	20 491 315 301	
	Depreciation charge	(3 031 943 641)	(1 806 721 228)	(1 187 958 833)	(207 258 011)	
	Carrying amounts of disposed assets	(2 221 273 149)	(584 541 146)	(870 326 553)	(67 055 634)	
	Closing carrying amount	268 351 971 022	129 200 868 515	256 199 325 709	24 661 271 045	

All categories of the Group's assets were revalued by an independent valuer as at 31 December 2023 using the market values to determine fair values.





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**HISTORICAL COST** 

# **AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

NOTES TO THE AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

INFLATION ADJUSTED

5.	Intangible assets
	Opening carrying amoun
	Additions

Revaluations Amortization charge

31 December 2023 ZWL	31 December 2022 ZWL	31 December 2023 ZWL	31 December 2022 ZWL
830 073 648	323 281 729	172 932 010	19 592 269
166 089 777	317 230 925	86 897 741	36 391 143
(422 973 842)	205 953 627	298 479 733	118 829 079
(24 466 373)	(16 392 633)	(9 586 274)	(1 880 481)
548 723 210	830 073 648	548 723 210	172 932 010

**HISTORICAL COST** 

#### 6. Deferred tax reconciliation

Closing carrying amount

	INF	LATION ADJUSTE	D	HISTORICAL COST			
	31 December 2023	31 December 2022	1 January 2022	31 December 2023	31 December 2022	1 January 2022	
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	
		Restated	Restated		Restated	Restated	
Balance at the beginning of the year	21 060 239 404	2 674 137 176	2 315 608 494	4 329 407 266	313 355 212	265 635 011	
Movement through profit or loss	6 281 505 305	(230 202 372)	358 528 682	(7 487 486 922)	(152 915 108)	47 720 201	
Movement through other comprehensive income	29 087 322 121	18 616 304 600	-	57 079 773 253	4 168 967 162	-	
Balance at the end of the year	56 429 066 830	21 060 239 404	2 674 137 176	53 921 693 597	4 329 407 266	313 355 212	

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

# 7. Right-of-use assets

	9 082 387 889	5 082 341 340	2 874 632 021	9 082 387 889	1058 804 224	174 212 338
Non-current liability	8 290 561 235	4 639 249 349	2 624 013 981	8 290 561 235	966 494 865	159 024 044
Current liability	791 826 654	443 091 991	250 618 040	791 826 654	92 309 359	15 188 294
Lease liabilities						
Closing balance	1135 615 904	1135 841 134	1136 610 416	1 323 701	1 411 948	1 500 195
Accummulated depreciation	(42 110 153)	(41 884 923)	(41 115 641)	(441 234)	(352 987)	(264 740)
Cost	1177 726 057	1177726057	1177 726 057	1764 935	1764 935	1764 935

Right of use assets relate to the Company's leased property

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the balance sheet.

Hotel	Lease Term	Remaining term	Option for an extension
Kadoma Hotel & Conference Centre	20-25	14 years	Yes

# 8. Prior period adjustment

The prior period adjustment relates to the derecognition of the right of use assets and lease liabilities for the two units of the Group: Rainbow Towers Hotel and New Ambassador Hotel. The derecognition is in respect of the need to comply with International Financial Reporting Standard 16, Leases and has been effected by restating each of the affected financial statement line items for prior periods.

# 9. Inventories Food and beverage

Service stocks Other stocks

# 10. Trade and other receivables

Trade receivables Prepayments and other

INFLATION ADJUSTED		HISTORICAL COST		
31 December 2023 ZWL	31 December 2022 ZWL	31 December 2023 ZWL	31 December 2022 ZWL	
9 142 140 530	2 489 331 367	3 582 021 265	285 563 631	
4 862 457 895	1 324 008 218	1 905 180 468	151 883 591	
4 423 478 106	1 204 477 525	1 733 181 916	138 171 631	
18 428 076 531	5 017 817 110	7 220 383 649	575 618 852	
18 783 911 714	16 814 287 143	18 783 911 714	3 502 976 488	
546 942 027	2 014 944 033	546 942 027	419 780 008	
19 330 853 741	18 829 231 177	19 330 853 741	3 922 756 496	

NOTES TO THE AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

**INFLATION ADJUSTED** 

11	Cook and each emissions	31 December 2023 ZWL	31 December 2022 ZWL	31 December 2023 ZWL	31 December 2022 ZWL
11.	Cash and cash equivalents  For the purpose of the statement of cash to	flows, cash and co	ash equivalents c	omprise the follo	wing:
	Cash and bank balances	13 049 392 681	2 435 260 316	13 049 392 681	507 345 899
	Bank overdraft	(1 476 322 035)	(1 056 415 516)	(1 476 322 035)	(220 086 566)
		11 573 070 646	1 378 844 800	11 573 070 646	287 259 333

The bank overdraft is unsecured and is denominated in US\$. The interest rate is pegged at 9% per annum.

12.	Borrowings			
	Bank loan	3 468 207 939	 3 468 207 939	
		3 468 207 939	 3 468 207 939	

The bank loan is related to an asset financing facility secured by motor vehicles (assets). The interest rate is pegged at 12%. The loan is denominated in US dollars.

#### 13. Trade and other payables

	INFLATION ADJUSTED			HISTORICAL COST		
	31 December 2023	31 December 2022	1 January 2022	31 December 2023	31 December 2022	1 January 2022
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
		Restated	Restated		Restated	Restated
Trade payables	24 152 168 926	13 958 964 426	3 194 376 844	24 152 168 926	4 044 548 440	1148 961 579
Accruals and other payables	22 089 842 175	10 242 299 629	1 461 604 721	22 089 842 175	1 259 363 579	75 683 022
	46 242 011 101	24 201 264 055	4 655 981 565	46 242 011 101	5 303 912 019	1 224 644 601

		INFLATION A 31 December 2023	ADJUSTED 31 December	HISTORIC 31 December	
		2023	31 December	31 December	04 D
		ZWL	2022 ZWL	2023 ZWL	31 December 2022 ZWL
	Revenue				
	Rooms revenue	106 347 204 837	27 914 169 576	68 836 292 651	6 983 564 125
F	Food, beverages and conferencing	139 252 322 209	76 913 289 478	90 135 078 008	8 823 107 428
	Other operating activities	20 728 332 794	12877 273 928	13 417 010 673	1477 216 382
		266 327 859 840	117 704 732 982	172 388 381 332	17 283 887 935
15. (	Other Income				
F	Rental Income	2 540 447 087	41 341 904	2 540 456 437	4 742 536
Ç	Sundry income	5 682 050 057	1 919 111 827	2 226 308 386	345 173 424
		8 222 497 144	1 960 453 731	4 766 764 823	349 915 960
16. (	Operating expenses				
ļ	Administrative expenses	(95 086 133 218)	(43 414 413 656)	(69 739 514 878)	(7 059 267 712)
Γ	Distribution expenses	(24 735 532 928)	(14 052 528 901)	(14 977 873 392)	(2 267 251 212)
(	Other operating expenses	(37 352 315 480)	(16 794 077 716)	(36 713 490 210)	(2 066 861 872)
		(157 173 981 626)	(74 261 020 273)	(121 430 878 480)	(11 393 380 796)
17. E	Earnings per share				
1	Number of shares (000s)	2 500 000	2 500 000	2 500 000	2 500 000
	Authorized shares of 0.01 cents each	2 500 000	2 500 000	2 500 000	2 500 000
	ssued and fully paid shares of 0.01 cents each	2 459 537	2 459 537	2 459 537	2 459 537
17.1 E	Basic earnings per share				
F	Profit attributable to shareholders	2 788 043 054 419	450 602 707 664	873 107 012 245	22 510 721 191
	Weighted average number of shares in issue (000s)	2 459 537	2 459 537	2 459 537	2 459 537
	Basic earnings per share (ZWL cents)	1 133.56	183.21	354.99	9.15
17.2 l	Headline earnings per share				
F	Profit attributable to shareholders	2 788 043 054 419	450 602 707 664	873 107 012 245	22 510 721 191
	Weighted average number of shares in issue (000s)	2 459 537 000	2 459 537 000	2 459 537 000	2 459 537 000
	Headline earnings per share (ZWL cents)	1 133.56	183.21	354.99	9.15

# Events after the reporting date

#### 18.1 Introduction of the new currency

Subsequent to the Company's reporting period ended 31 December 2023, the Government of Zimbabwe, on 5 April 2024, introduced a new currency called Zimbabwe Gold (ZiG) to replace the Zimbabwe Dollar (ZWL) through Statutory Instrument (S.I) 60 of 2024. The Board of Directors have concluded that the introduction of the new currency is a non-adjusting event, as it does not reflect conditions that existed at the reporting date.

# 18.2 Approval of the financial statements

The financial statements were approved by the Board for issue on 25 April 2024.



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#### INDEPENDENT AUDITORS' REPORT

#### TO THE MEMBERS OF RAINBOW TOURISM GROUP LIMITED

#### Opinion

We have audited the consolidated inflation adjusted financial statements of RAINBOW TOURISM GROUP LIMITED AND ITS SUBSIDIARY ("the Group") set out on pages 7 to 39, which comprise the consolidated inflation adjusted statement of financial position as at 31 December 2023, inflation adjusted statement of profit or loss and other comprehensive income, inflation adjusted statement of changes in equity and inflation adjusted statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated inflation adjusted financial statements present fairly, in all material aspects, the financial position of **the Group** as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

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

#### Key audit matters

Key audit matters are those matters that in our professional judgment were of most significance in our audit of financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	Audit response		
Valuation of property and equipment			
Property and equipment is valued at ZWL 268,351,971,022 (2022: ZWL 129,200,868,515). A valuation exercise was carried out at year end. The valuation of immovable property and equipment was performed by independent valuers and directors performed the valuation of movable assets respectively who in turn made extensive assumptions and judgements in the process.	The Group applied the requirements of International Financial Reporting Standard (IFRS 13) Fair Value Measurement and International Accounting Standards (IAS 21) Effects of Changes in Exchange Rates. During the audit, we:-  • Obtained an understanding of the approach followed by the independent valuers and directors through discussions with them.		

The determination of the value of property and equipment was considered to be a matter of significance due to the:

- Inherent subjectivity of the key assumptions and judgements that underpin the process thereon due to the heightened uncertainties in the economic environment.
- Subjectivity of the process that involved making a choice of the spot exchange rate to apply in the prevailing economic environment.
- Further evaluated the independent valuers' work by assessing their competence, independence and capabilities with reference to their qualifications and industry experience.
- Assessed the work performed by the independent valuers in valuing property and equipment by performing the following:
- Reviewed the valuation methods used and assessed whether they are appropriate and consistent with the reporting requirements.
- Evaluated the principles and the integrity of the models used, in accordance with generally accepted valuation methodologies in the economic environment at hand.
- Assessed the inputs in the valuation model for accuracy and completeness.
- Further evaluated the directors' work by assessing the system used in the valuation process for movable property and equipment.
- Assessed the reasonability of the spot exchange rate used in the valuation process in the context of disparities on available foreign exchange rates.
- Reviewed the property and equipment accounting policies and disclosures in the consolidated financial statements for appropriateness and adequacy.

#### Other Information

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

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Financial Statements our responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of the Auditors' Report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

- Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the directing, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on legal and regulatory requirements

The accompanying consolidated inflation adjusted financial statements were prepared in accordance with the requirements of section 273 of the Companies and Other Business Entities Act (Chapter 24:31).

**BDO Zimbabwe Chartered Accountants** 

Per: Martin Makaya

**Partner** 

Registered Public Auditor PAAB Certificate No: 0407

Kudenga House 3 Baines Avenue Harare

25 April 2024