ZECO HOLDINGS LIMITED

We're building the future

Registered Office:
Stand 7753, Corner Canberra Road / Greenock Road, Workington, Harare, Zimbabwe

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

www.zecoholdingsltd.co.zw

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

Operating overview

The operating environment was characterised by persistent inflation, power supply disruptions and foreign currency volatility resulting in a disparity between the Zimbabwean Dollar (ZWL) and the United States Dollar (USD) in both the official and alternative markets. Despite the challenges, the International Monetary Fund (IMF) reported that the country achieved a GDP growth of 5.3% in 2023

Performance review

The group recorded revenues of ZWL322.102 million (inflation adjusted $790.802m) for the year ended December 31, 2023 as compared to ZWL45.938 million (inflation adjusted $644.400m) in 2022. The group recorded a loss of ZWL 69.024 million (Inflation adjusted $3 032.605m) as compared to a loss of ZWL$80.281million (inflation adjusted $18 964.179m) the previous year. Total assets were ZWL1 785.088 million (Inflation adjusted $28 179.749m) as at 31 December 2023.

Please note that the group has not declared a dividend for the period.

Operations

The group's performance was subdued as we continue the transition to a new strategic focus. Positive performance is expected this year due as the strategic focus will start bearing fruit.

Outlook

The outlook remains positive though there will be a slow down due to El Nino induced drought. The Government of Zimbabwe's focus on infrastructural development should mitigate any slowdown. GDP is projected to be around 3.5% in 2024, which is a decrease from 5.3% in 2023 resulting from the slowdown.

Despite the operating circumstances, we believe the business will continue to thrive and enhance shareholder value.

Acknowledgments

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

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Eng. Dr B. Rafemoyo
Chairman
29 April 2024

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	INFLATION ADJUSTED 2023 ZWL$	INFLATION ADJUSTED 2022 ZWL$	HISTORICAL 2023 ZWL$	HISTORICAL 2022 ZWL$
Assets					
Non-current assets					
Property, plant and equipment	24	27,064,531,561	27,666,315,203	670,638,638	681,570,880
Investment property		489,015,000	3,789,866,250	489,015,000	489,015,000
Deferred tax		797,560	797,560	29,916	29,916
Total non-current assets		**27,554,344,121**	**31,456,979,013**	**1,159,683,554**	**1,170,615,796**
Current assets					
Inventory	10	138,965,236	52,716,484	85,124,366	6,802,128
Trade and other receivables	11	66,133	14,248,499	66,133	1,838,516
Other financial assets	13	44,377	44,377	5,726	5,726
Cash and cash equivalents	14	-	1,431,293	-	184,683
Total current assets		**139,075,746**	**68,440,653**	**85,196,225**	**8,831,053**
Assets of discontinued operations		540,208,813	54,572,486	540,208,813	7,041,611
Total assets		**28,233,628,680**	**31,579,992,152**	**1,785,088,592**	**1,186,488,460**
Equity and liabilities					
Equity					
Derived Equity		512,897,472	512,897,472	11,967,508	11,967,508
Retained earnings		26,430,779,207	29,443,054,156	916,273,371	964,967,336
Total equity		**26,943,676,679**	**29,955,951,628**	**928,240,879**	**976,934,844**
Non current liabilities					
Deferred tax	18	459,505,163	630,353,000	26,400,875	81,335,871
Related party payables	12	75,857,848	356,500	75,857,848	46,000
Total non current liabilities		**535,363,011**	**630,709,500**	**102,258,723**	**81,381,871**
Current liabilities					
Trade and other payables	15	695,710,538	534,291,983	695,710,538	68,940,901
Total current liabilities		**695,710,538**	**534,291,983**	**695,710,538**	**68,940,901**
Liabilities associated with discontinued operations		58,878,452	459,039,041	58,878,452	59,230,844
Total equity and liabilities		**28,233,628,680**	**31,579,992,152**	**1,785,088,592**	**1,186,488,460**

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STATEMENT OFCHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

INFLATION ADJUSTED	Derived equity ZWL$	Revaluation reserve ZWL$	Retained earnings ZWL$	Total ZWL$
Restated balance as at December 31, 2021	**512,897,472**	**-**	**53,085,625,461**	**53,598,522,933**
Loss for the year	-	-	(18,964,179,328)	(18,964,179,328)
Prior year adjustment	-	-	(4,669,611,057)	(4,669,611,057)
Foreign exchange loss	-	-	(8,780,921)	(8,780,921)
Balance as at December 31, 2022	**512,897,472**	**-**	**29,443,054,156**	**29,955,951,628**
Loss for the year	-	-	(3,032,605,600)	**(3,032,605,600)**
Foreign exchange gain	-	-	20,330,652	**20,330,652**
Balance as at December 31, 2023	**512,897,472**	**-**	**26,430,779,208**	**26,943,676,680**
HISTORICAL				
Balance as at December 31, 2021	**11,967,508**	**397,815,856**	**1,251,096,617**	**1,660,879,981**
Profit for the year	-	-	(80,281,657)	**(80,281,657)**
Prior year adjustment	-	-	(602,530,459)	**(602,530,459)**
Foreign exchange loss	-	-	(1,133,022)	**(1,133,022)**
Realisation of revaluation	-	(397,815,856)	397,815,856	-
Balance as at December 31, 2022	**11,967,508**	**-**	**964,967,336**	**976,934,844**
Loss for the year	-	-	(69,024,617)	**(69,024,617)**
Foreign exchange gain	-	-	20,330,652	**20,330,652**
Balance as at December 31, 2023	**11,967,508**	**-**	**916,273,371**	**928,240,879**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	INFLATION ADJUSTED 2023 ZWL$	INFLATION ADJUSTED 2022 ZWL$	HISTORICAL 2023 ZWL$	HISTORICAL 2022 ZWL$
Income					
Revenue	5	790,802,387	644,400,077	322,102,423	45,938,341
Cost of sales	6	(271,857,636)	(711,541,946)	(191,986,289)	(50,724,787)
Gross profit		**518,944,751**	**(67,141,869)**	**130,116,133**	**(4,786,446)**
Other income	7	377,542,682	64,868,190	240,011,326	4,624,358
Operating profit		**896,487,433**	**(2,273,680)**	**370,127,459**	**(162,088)**
Expenditure					
Administration costs	8	(1,745,422,760)	(1,095,822,247)	(439,152,076)	(78,119,569)
Total expenditure		**(1,745,422,760)**	**(1,095,822,247)**	**(439,152,076)**	**(78,119,569)**
Loss before tax		**(848,935,328)**	**(1,098,095,927)**	**(69,024,617)**	**(78,281,657)**
Loss from continuing operations		**(848,935,328)**	**(1,098,095,927)**	**(69,024,617)**	**(78,281,657)**
Discontinued operations					
Loss for the year after tax from discontinued operations		-	(15,500,000)	-	(2,000,000)
Loss before monetary gain		**(848,935,328)**	**(1,113,595,927)**	**(69,024,617)**	**(80,281,657)**
Monetary loss		(2,183,670,272)	(17,850,583,401)	-	-
Loss for the year		**(3,032,605,600)**	**(18,964,179,328)**	**(69,024,617)**	**(80,281,657)**
Attributable to:					
Equity holders of the parent company:		**(3,032,605,600)**	**(18,964,179,328)**	**(69,024,617)**	**52,521,380**
Loss per share (cents)					
Weighted average number of shares in issu		**463,337,661**	**463,337,661**	**463,337,661**	**463,337,661**
Basic loss per share from continuing operations		**(1.83)**	**(2.37)**	**(0.15)**	**0.11**
Basic loss per share from discontinued operations		**-**	**(0.03)**	**-**	**(0.00)**
Basic profit/(loss) per share		**(6.55)**	**(40.93)**	**(0.15)**	**0.11**
Diluted earnings per share from continuing operations		(1.83)	(2.37)	(0.15)	0.11
Diluted earnings per share from discontinued operations		-	(0.03)	-	(0.00)
Diluted earnings per share		**(6.55)**	**(40.93)**	**(0.15)**	**0.11**

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	INFLATION ADJUSTED 2023 ZWL$	INFLATION ADJUSTED 2022 ZWL$	HISTORICAL 2023 ZWL$	HISTORICAL 2022 ZWL$
Cash flows from operating activities				
Loss before tax- continuing operations	(848,935,328)	(1,098,095,927)	(69,024,617)	(78,281,657)
Loss for the year- discontinued operations	-	(15,500,000)	-	(2,000,000)
	(848,935,328)	**(1,113,595,927)**	**(69,024,617)**	**(80,281,657)**
Adjustments for non-cash items				
Interest received	-	(1,493,479)	-	(192,707)
Depreciation	606,613,870	-	12,485,370	-
Effects of opening balances	-	(119,275,523)	-	(15,390,390)
Foreign exchange loss	20,330,652	(8,780,921)	20,330,652	(1,133,022)
IAS 29 effects	628,267,550	485,182,581	-	-
Net cash flows after working capital changes	**406,276,744**	**(757,963,268)**	**(36,208,595)**	**(96,997,775)**
Working capital changes				
Decrease/(increase) in trade and other inventories	(86,248,752)	25,753,824	(78,322,238)	3,323,074
Decrease in trade and other receivables	14,182,366	133,471	1,772,383	17,222
Increase/(decrease) in related party receivables	-	(105,718)	-	(13,641)
Increase/(decrease) in related party payables	75,501,348	(2,943,008)	75,811,848	(379,743)
Increase in trade and other payables	161,418,555	305,499,381	626,769,637	39,419,275
Increase/(decrease) in deferred tax liability	(170,847,838)	212,873,110	(54,934,996)	27,467,498
Increase/decrease in discontinued operations liabilities	(400,160,589)	263,291,083	(352,392)	33,973,043
Increase in discontinued operations assets	-	(54,541,912)	(533,167,202)	(7,037,666)
Net cash outflows from working capital changes	**(406,154,909)**	**749,960,231**	**37,577,039**	**96,769,062**
Cash inflows/(outflows) from operating activities	**121,835**	**(8,003,038)**	**1,368,444**	**(228,713)**
Cash flows from investing activities				
Purchase of property and equipment	(1,553,128)	-	(1,553,128)	-
Net cash flows from investing activities	**(1,553,128)**	**-**	**(1,553,128)**	**-**
Cash flow from financing activities				
Interest received	-	1,493,479	-	192,707
Net cash flow from financing activities	**-**	**1,493,479**	**-**	**192,707**
Decrease in cash and cash equivalents	**(1,431,293)**	**(6,509,558)**	**(184,683)**	**(36,007)**
Movement of cash and cash equivalents				
Cash and cash equivalents at beginning of year	1,431,293	7,940,852	184,683	220,690
Decrease in cash and cash equivalents	**(1,431,293)**	**(6,509,558)**	**(184,683)**	**(36,007)**
Cash and cash equivalents at end of year	-	1,431,293	-	184,683

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of **ZECO Holdings Limited** set out on pages **10 to 30** which comprise the statement of financial position as at **December 31, 2023**, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

Adverse Opinion
In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the company's financial statements do not present fairly the financial position of the company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion
Non-compliance with International Financial Reporting Standard 13 - Fair Valuation Measurement and IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors.

Valuation of investment properties, freehold land and buildings
In the prior years up to financial year ended 31 December 2021, the Group valued Investment property and freehold land and buildings using USD denominated inputs and converting these to ZWL at the closing auction rate. We believed that applying conversion rate to a USD valuation to calculate ZWL property values did not accurately reflect market dynamics, as risks associated with currency trading do not reflect the risks associated with the properties and therefore did not meet IFRS 13 requirements.

Management has not restated the prior year amounts in line with the requirements of IAS 8, consequently, corresponding amounts, that is, the revaluation gain, other assets, other income and tax expense on the inflation adjusted consolidated statement of profit or loss and other comprehensive income remain misstated. Our audit report on the current period's inflation adjusted consolidated financial statements is therefore modified because of the possible effect of this matter on the comparability of the current period's figures. Our audit report on the current period's inflation adjusted consolidated financial statements is therefore modified because of the possible effect of this matter on the comparability of the current period's figures.

Non-compliance with International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates
During the year, the foreign currency denominated transactions and balances of the Group were translated into ZWL using foreign currency auction rates. The use of foreign currency rates was not in compliance with IAS 21. In terms of IAS 21, where several exchange rates are available the rate used is that at which the future cash flows represented by the transaction could have been settled if those cash flows had occurred at the measurement date.

We were unable to quantify the impact of using foreign currency auction rates on the translation of the foreign currency transactions to ZWL in the financial statements.

Consequential impact on IAS29 - Financial Reporting in Hyperinflationary Economies
Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial statements which were not in compliance with IFRS 9, and IAS 8 as described above. Had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, monetary loss of ZWL2 183 670 272 (2022: ZWL17 850 583 401) is impacted as a result of misstatements above.

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

Material uncertainty related to going concern
The company incurred a historical loss of **ZWL$69,024,617** in the current year (2022, loss of **ZWL$80,281,657)** which resulted in positive retained earnings of **ZWL$916,273,371** as at December 31, 2023, **(2022: positive ZWL $964,967,336**. We draw your attention to **note 22** where further details on going concern have been disclosed. As stated in **note 22**, these events or conditions, along with other matters as set forth in note 20, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

- We evaluated the company's going concern assessment by challenging the underlying data used to prepare the key assumptions applied within the company's cash flows; overall profitability and cash flows, and its effect on the timing of the company's cash flows;
- We performed audit procedures to identify events subsequent to year end in order to identify revenues that have been received and evidence further of cost cutting measures.
- We have considered the adequacy of going concern disclosures as set out in note 22.

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

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter(s) described in the Basis for Adverse Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matters in the Basis for Adverse Opinion section, we have determined that there were no key audit matters.

Other information
Management are responsible for the other information. The other information comprises the Management's Responsibility Statement and the Historical Cost Financial Information, which we obtained prior to the date of this report. The other information does not include the inflation adjusted financial statements and our auditor's report thereon. Our opinion on the inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items included therein and affected by the failure to comply with the referred standard.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, (IFRSs), and for such internal control as the members determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion. We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit. We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

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

MGI (Mazhandu) Chartered Accountants
Registered Public Auditors

Harare
29 April 2024

Executive Directors: Mr. H. Madziwo, Mr. E. Chiyangwa | Non-executive Directors: Mr P Chiyangwa, Mr. M. Jonga, Eng. B. Rafemoyo, Mr. G G Mpofu, Mr.B.Sibanda

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation and presentation

The Group's financial statements for the year ended 31 December 2023 have been prepared in accordance with the requirements of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The group's financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwean Dollars (ZWL). The principal accounting policies applied in the preparation of the group financial statements are in terms of IFRS except for the non-compliance with IAS 21 (The Effects of Change in Foreign Exchange Rates), and its consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflationary Economies) and have been applied consistently in all material respects with those of the previous annual financial statements. In the current year, the group has adopted the requirements of IAS 29.

3 Significant accounting policies

3.1 Functional and presentation currency

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

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

3.2 Hyperinflation

On 11 October 2019, the Public Accountants and Auditors Board ("PAAB") issued a pronouncement on the application of IAS 29. The pronouncement requires the entities operating in Zimbabwe with financial periods ending on or after 1 July 2019, prepare and present financial statements in-line with the requirements of IAS 29. Appropriate adjustments and reclassifications, including statements for changes and general purchasing power of the Zimbabwe dollar 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.

"The conversion factors have been adopted from the Consumer Price Index (CPI) data prepared by the Zimbabwe National Statistics Agency (ZIMSTAT) for the period to January 2023. From February 2023, the government of Zimbabwe through Statutory instrument 27 of 2023, legislated the publication of blended CPI rates which took into account general price changes in both the US$ and the ZW$.
In terms of the requirements of IAS 29 para 17 "A general price index may not be available for the periods for which the restatement of property, plant and equipment is required by this Standard. In these circumstances, it may be necessary to use an estimate based, for example, on the movements in the exchange rate between the functional currency and a relatively stable foreign currency". The group considered the movement in the RBZ auction market foreign exchange rate for the alternative computation of CPI indices for the period from February 2023 to December 2023, in line with the provisions of IAS 29.

Below are the indices and adjustment factors used up to December 2023.

Year end	INDICIES	FACTOR
CPI as at 31 December 2021	3,977.46	26.63
CPI as at 31 December 2022	13,672.91	7.75
CPI as at 31 December 2023	105,917.11	1.00

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

i All items in income statements are restated by applying relevant monthly adjusting factors;
ii The net effect of the inflation adjustments on the net monetary position of the group is included in the income statement as a monetary loss or gain;
iii Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date.

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under historical cost convention. The policies affected are;

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

Inventories are carried at the lower of indexed cost and net realisable value. All items of cash flow statement are expressed in terms of measuring unit current at the reporting date.

3.3 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The group will conduct regular valuations going forward given the volatility in the economic environment to ensure that carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting date.

Any revaluation increase arising on the revaluation of such property plant and equipment is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such property plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

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

3.4 Financial Instruments

Recognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement 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.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

3.4.1 Financial assets

Financial assets are recognised initially at fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss, and subsequently as set out below.

Trade and other receivables

Trade receivables are measured at fair value and are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The allowance for credit losses is established and recognised in profit or loss 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 the 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 comprise cash on hand, demand deposits, restricted cash and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are subsequently measured at amortised cost. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of cash and short term investments.

Derecognition 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 derecognised when:

The rights to receive cash flows from the asset have expired or - when the Group has transferred the financial asset and substantially all the risks and rewards of ownership of the asset to another party, or the Group has neither transferred nor retained substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.4.2 Financial liabilities

Financial liabilities include trade and other accounts payables and interest bearing borrowings, and these are recognised initially 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 effective interest rate method 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.

Borrowings

Interest-bearing borrowings are initially measured at a fair value and are subsequently measured at amortised cost using the effective-interest rate method. Any difference between the proceeds (net of the transaction cost) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy of borrowing cost.

De-recognition of financial liabilities

A financial liability is de-recognised when, and only when, the Group's obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.5 Fair value measurement

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

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

3.6 Income tax

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

Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the 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 and Company's asset and liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Current tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

Value added taxed (VAT)

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

Outstanding net amounts of VAT recoverable from, or payable to, the taxation authority are included as part of receivables or payables in the statement of financial position. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

3.7 Inventories

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

3.8 Prepayments and deposits

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

3.9 Cash and cash equivalents

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

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

3.10 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3.11 Leases

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

Company as a lessor

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

3.12 Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

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

3,13 Termination benefits

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

3.14 Revenue recognition

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

Sale of goods

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

Interest income

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

Rental income

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

3.15 Cost of sales

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

3.16 Borrowings

a Unsecured

The Group did not obtain any new borrowings during the year under review.

b Borrowing powers

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

3.17 Financial risk management

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

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

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

(a) Foreign currency risk management

The group is mainly exposed to the United States Dollar and Rand.

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

(b) Credit risk management

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

(c) Liquidity risk management

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

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

	0 - 12 months ZWL	1 - 5 years ZWL	>5 years ZWL	Total ZWL
INFLATION ADJUSTED 2023				
As at 31 December 2023				
Trade payables	-	577,501,227	-	577,501,227
Other payables	-	118,209,311	-	118,209,311
	-	**695,710,538**	**-**	**695,710,538**
INFLATION ADJUSTED 2022				
As at 31 December 2022				
Trade payables	-	478,060,393	-	478,060,393
Other payables	-	121,446,019	-	121,446,019
	-	**599,506,412**	**-**	**599,506,412**

3.18 Capital management

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

Gearing ratio	INFLATION ADJUSTED		HISTORICAL	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Debt	695,710,538	534,291,983	102,258,723	81,381,871
Equity	26,943,676,679	29,955,951,628	928,240,879	976,934,844
Net debt to equity ratio	3%	2%	11%	8%

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

4 Critical accounting estimates and judgments

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

4.1 Useful lives and residual values of property, plant and equipment

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

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

4.2 Provision for impairment of receivables

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

4.3 Functional Currency

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

4.4 Exchange Rate

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

Registered Office:
Stand 7753, Corner Canberra Road / Greenock Road,
Workington, Harare, Zimbabwe

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

		INFLATION ADJUSTED		HISTORICAL	
		2023 ZWL$	2022 ZWL$	2023 ZWL$	2022 ZWL$
5	**Revenue**				
	Sales	790,802,387	644,400,077	322,102,423	45,938,341
	Total revenue	**790,802,387**	**644,400,077**	**322,102,423**	**45,938,341**
6	**Cost of sales**				
	Direct materials	271,857,636	711,541,946	191,986,289	50,724,787
	Total cost of sales	**271,857,636**	**711,541,946**	**191,986,289**	**50,724,787**
7	**Other income**				
	Rent received	377,542,682	41,283,762	240,011,326	2,943,059
	Sundry income	-	919,398	-	65,543
	Interest Received - Bank	-	2,703,192	-	192,707
	Scrap sales	-	19,961,838	-	1,423,050
	Total other income	**377,542,682**	**64,868,190**	**240,011,326**	**4,624,358**
8	**Administration costs**				
	Audit fees	97,764,100	28,055,000	31,473,850	2,000,000
	Employee costs	482,518,765	354,319,359	182,247,364	25,258,910
	Administration expenses	1,165,139,894	713,447,888	225,430,862	50,860,659
	Total administration costs	**1,745,422,760**	**1,095,822,247**	**439,152,076**	**78,119,569**
9	**Deferred tax liability**				
	Deferred tax	26,400,875	204,606,781	26,400,875	26,400,875
	Total deferred tax liability	**26,400,875**	**204,606,781**	**26,400,875**	**26,400,875**
10	**Inventory**				
	Raw materials-contents	9,569,367	9,569,367	1,234,757	1,234,757
	Work in progress	41,674,966	41,674,966	5,377,415	5,377,415
	Finished goods	87,720,903	1,472,151	78,512,194	189,956
	Total inventory	**138,965,236**	**52,716,484**	**85,124,366**	**6,802,128**
11	**Trade and other receivables**				
	Trade	-	14,257,815	-	1,839,718
	Other	66,133	21,258	66,133	2,743
	Discontinued operations	-	(30,574)	-	(3,945)
	Total trade and other receivables	**66,133**	**14,248,499**	**66,133**	**1,838,516**

12 Related Party balances

The Group's related parties include companies under common control, key management and others as described below:

	INFLATION ADJUSTED 2023 ZWL$	2022 ZWL$	HISTORICAL 2023 ZWL$	2022 ZWL$
Related party payables				
Non-current liabilities due to:				
Pinnacle Holdings	75,857,848	356,500	75,857,848	46,000
Total	**75,857,848**	**356,500**	**75,857,848**	**46,000**
Discontinued operations				
Non-current liabilities due to:				
Pinnacle Properties (Private) Limited	1,306,105	10,122,314	1,306,105	1,306,105
Zimplastics (Private) Limited	5,000	38,750	5,000	5,000
Crittal Hope (Private) Limited	2,683	20,793	2,683	2,683
Total	**1,313,788**	**10,181,857**	**1,313,788**	**1,313,788**

		INFLATION ADJUSTED 2023 ZWL$	2022 ZWL$	HISTORICAL 2023 ZWL$	2022 ZWL$
13	**Other financial assets**				
	Other financial assets	44,377	44,377	5,726	5,726
	Total other financial assets	**44,377**	**44,377**	**5,726**	**5,726**

		INFLATION ADJUSTED		HISTORICAL	
		2023 ZWL$	2022 ZWL$	2023 ZWL$	2022 ZWL$
14	**Cash and cash equivalents**				
	Cash at bank	-	1,431,293	-	184,683
	Total cash and cash equivalents	**-**	**1,431,293**	**-**	**184,683**
15	**Trade and other payables**				
	Trade	577,501,227	478,060,393	577,501,227	61,685,212
	Bank overdraft	14,289,897	-	14,289,897	-
	Other	103,919,413	121,446,019	103,919,413	15,670,454
	Continued operations	695,710,538	599,506,412	695,710,538	77,355,666
	Discontinued operations	-	(65,214,429)	-	(8,414,765)
	Total trade and other payables	**695,710,538**	**534,291,983**	**695,710,538**	**68,940,901**
16	**Reconciliation of income tax expense**				
	Loss before tax	(848,935,328)	(1,098,095,927)	(69,024,617)	(78,281,657)
	Notational tax expense at a rate of 25.75%	218,600,847	282,759,701	17,773,839	20,157,527
	Allowable deductions				
	Interest received	-	2,703,192	-	192,707
	Income tax due (receivable)	**218,600,847**	**285,462,893**	**17,773,839**	**(13,558,506)**

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

17 Share capital

Authorised

600 000 000 ordinary shares at USD nil par value

Issued and fully paid

463 337 661 ordinary shares at USD nil par value

		INFLATION ADJUSTED 2023 ZWL$	2022 ZWL$	HISTORICAL 2023 ZWL$	2022 ZWL$
18	**Deferred taxation**				
	Deferred tax liabilities				
	At 01 January	630,353,000	417,479,891	81,335,871	53,868,373
	Charge to profit or loss	(170,847,838)	212,873,110	(54,934,996)	27,467,498
	At 31 December	**459,505,163**	**630,353,000**	**26,400,875**	**81,335,871**
	Deferred tax asset				
	At 01 January	797,560	797,560	29,916	29,916
	At 31 December	**797,560**	**797,560**	**29,916**	**29,916**

19 Discontinued operations

Zimplastics (Private) Limited and Delward T/A ZECO (Private) Limited

The subsidiaries' operations were discontinued as it had been negatively affected by changing market dynamics and competition from cheap imports mainly from the East. The businesses had become unsustainable with no prospects of recovery.

	INFLATION ADJUSTED		HISTORICAL	
	2023 ZWL$	2022 ZWL$	2023 ZWL$	2022 ZWL$
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit/(loss)	**-**	-	**-**	**-**
Administration expenses	-	(15,500,000)	-	(2,000,000)
Operating loss before tax	**-**	**(15,500,000)**	**-**	**(2,000,000)**
Taxation	-	-	-	-
Profit/(loss) for the year from discontinued operations	**-**	**(15,500,000)**	**-**	**(2,000,000)**
Assets				
Property, plant and equipment	533,066,600	-	533,066,600	-
Inventories	183,197	-	183,197	-
Trade receivables	6,953,721	54,572,485	6,953,721	7,041,611
Cash and bank	5,295	-	5,295	-
Assets classified as held for sale	**540,208,813**	**54,572,485**	**540,208,813**	**7,041,611**
Liabilities				
Deferred tax liability	49,062,045	387,980,849	49,062,045	50,062,045
Pinnacle Holdings (Private) Limited	1,306,105	10,122,314	1,306,105	1,306,105
T & S Marketing (Private) Limited	5,000	38,750	5,000	5,000
Trade and other payables	8,414,765	60,195,467	8,414,765	7,767,157
Shareholders loan	57,024	441,936	57,024	57,024
Related party payables	2,683	20,793	2,683	2,683
Bank overdraft	28,597	221,627	28,597	28,597
Jetmaster	2,233	17,306	2,233	2,233
Liabilities associated with assets classified as held for sale	**58,878,452**	**459,039,041**	**58,878,452**	**59,230,844**
Net assets associated with discontinued operations	481,330,361	(404,466,556)	481,330,361	(52,189,233)

20 Loss per share (cents)

	INFLATION ADJUSTED		HISTORICAL	
	2023 ZWL$	2022 ZWL$	2023 ZWL$	2022 ZWL$
Basic loss per share				
Loss for the year from continuing operations	(848,935,328)	(1,098,095,927)	(69,024,617)	52,821,380
Loss for the year from discontinued operations	-	(15,500,000)	-	(300,000)
Loss for the year	**(848,935,328)**	**(1,113,595,927)**	**(69,024,617)**	**52,521,380**
Weighted average number of shares in issue	463,337,661	463,337,661	463,337,661	463,337,661
continuing operations	(1.83)	(2.37)	(0.15)	0.11
discontinued operations	-	(2.37)	-	(0.00)
Basic loss per share (cents)	**(1.8)**	**(2.40)**	**(0.15)**	**0.11**

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

Diluted loss per share (cents)

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

	INFLATION ADJUSTED 2023 ZWL$	2022 ZWL$	HISTORICAL 2023 ZWL$	2022 ZWL$
Net loss used to determine diluted loss per share:				
Loss for the year from continuing operations	(848,935,328)	(1,098,095,927)	(69,024,617)	52,821,380
• Loss for the year from discontinued operations	-	(15,500,000)	-	(300,000)
• **Loss for the year**	**(848,935,328)**	**(1,113,595,927)**	**(69,024,617)**	**52,521,380**

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

	INFLATION ADJUSTED 2023 ZWL$	2022 ZWL$	HISTORICAL 2023 ZWL$	2022 ZWL$
Weighted average number of ordinary shares in issue	463,337,661	463,337,661	463,337,661	463,337,661
Diluted loss per share from continuing operations	(1.83)	(2.37)	(0.15)	0.11
Diluted loss per share from discontinued operations	-	(0.03)	-	(0.00)
Diluted loss per share (cents)	**(1.83)**	**(2.40)**	**(0.15)**	**0.11**

21 Retirement benefit obligations

National Social Security Authority (NSSA) Scheme

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

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

	INFLATION ADJUSTED		HISTORICAL	
	2023 ZWL$	2022 ZWL$	2023 ZWL$	2022 ZWL$
National Social Security Authority	3,213,894	4,711,582	1,033,406	335,882
Total contributions	**3,213,894**	**4,711,582**	**1,033,406**	**335,882**

22 Going concern

The Directors have not satisfied themselves with the Group's ability to continue operating as a going concern. The going concern reporting basis has been maintained with the view of anticipated improved operational prospects for the entity.

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

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

- Additional revenue is now being generated from Crittal hope renting out space
- Major construction work is underway at Dingani Investments and upon completion management will explore new revenue stream from the project
- The group also hires workers according to the number of ongoing projects so as to minimise on their staff costs.
- The group is actively applying for new tenders so as to increase revenue generation.

23 Events after the reporting date

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.

HISTORICAL

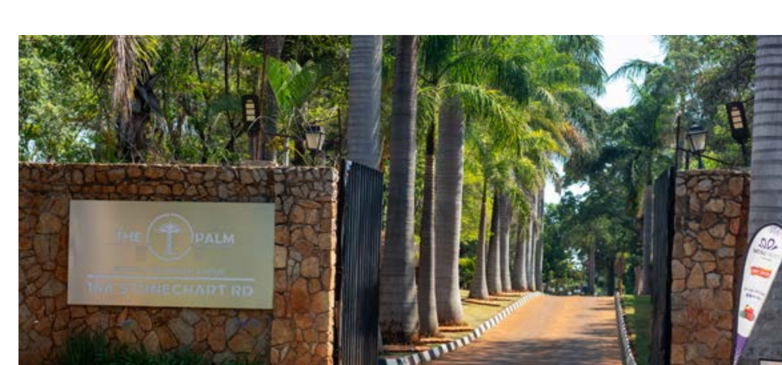
24 Property, plant and equipment

	Land ZWL$	Buildings ZWL$	Plant and machinery ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	Computer equipment ZWL$	Total ZWL$
Year end December 31, 2023							
Opening net book value	20,648,966	647,576,873	13,138,289	34,777	93,793	78,182	**681,570,880**
Additions	-	-	1,553,128	-	-	-	**1,553,128**
Depreciation	-	(13,215,855)	769,145	(8,694)	(10,421)	(19,545)	**(12,485,370)**
Closing net book value	**20,648,966**	**634,361,018**	**15,460,562**	**26,083**	**83,372**	**58,637**	**670,638,638**
At December 31, 2023							
Cost/Valuation	20,648,966	660,792,728	15,382,906	43,471	104,214	97,727	**697,070,012**
Accumulated depreciation	-	(26,431,710)	77,656	(17,388)	(20,842)	(39,090)	**(26,431,374)**
Net book value	**20,648,966**	**634,361,018**	**15,460,562**	**26,083**	**83,372**	**58,637**	**670,638,638**
Year end December 31, 2022							
Opening net book value	20,648,966	660,792,728	13,829,778	43,471	104,214	97,727	**695,516,884**
Depreciation	-	(13,215,855)	(691,489)	(8,694)	(10,421)	(19,545)	**(13,946,004)**
Closing net book value	**20,648,966**	**647,576,873**	**13,138,289**	**34,777**	**93,793**	**78,182**	**681,570,880**
At December 31, 2022							
Cost/Valuation	20,648,966	647,576,873	13,138,289	34,777	93,793	78,182	**681,570,880**
Net book value	**20,648,966**	**647,576,873**	**13,138,289**	**34,777**	**93,793**	**78,182**	**681,570,880**

INFLATION ADJUSTED

24 Property, plant and equipment

	Land ZWL$	Buildings ZWL$	Plant and machinery ZWL$	Motor vehicles ZWL$	Office equipment ZWL$	Computer equipment ZWL$	Total ZWL$
Year end December 31, 2023							
Opening net book value	1,958,826,481	22,784,841,637	2,890,808,296	11,470,946	5,699,730	14,668,115	**27,666,315,203**
Addition	-	-	4,830,228	-	-	-	**4,830,228**
Depreciation	-	(455,696,833)	(145,025,408)	(2,318,580)	(584,592)	(2,988,457)	**(606,613,870)**
Closing net book value	**1,958,826,481**	**22,329,144,804**	**2,750,613,116**	**9,152,366**	**5,115,138**	**11,679,658**	**27,064,531,561**
At December 31, 2023							
Cost/Valuation	1,958,826,481	22,329,144,804	2,750,613,116	9,152,366	5,115,138	11,679,658	**27,064,531,561**
Net book value	**1,958,826,481**	**22,329,144,804**	**2,750,613,116**	**9,152,366**	**5,115,138**	**11,679,658**	**27,064,531,561**
Year end December 31, 2022							
Opening net book value	1,958,826,481	22,970,227,038	2,900,508,157	11,592,900	5,845,918	14,942,287	**27,861,942,780**
Depreciation	-	(185,385,402)	(9,699,861)	(121,954)	(146,188)	(274,172)	**(195,627,577)**
Closing net book value	**1,958,826,481**	**22,784,841,637**	**2,890,808,296**	**11,470,946**	**5,699,730**	**14,668,115**	**27,666,315,203**
At December 31, 2022							
Cost/Valuation	1,958,826,481	22,784,841,637	2,890,808,296	11,470,946	5,699,730	14,668,115	**27,666,315,203**
Net book value	**1,958,826,481**	**22,784,841,637**	**2,890,808,296**	**11,470,946**	**5,699,730**	**14,668,115**	**27,666,315,203**



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Independent auditor's report

To the members of ZECO Holdings Limited

Report on the audit of the financial statements

We have audited the financial statements of **ZECO Holdings Limited** set out on pages **10 to 30** which comprise the statement of financial position as at **December 31, 2023**, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

Adverse Opinion
In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the company's financial statements do not present fairly the financial position of the company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion
Non-compliance with International Financial Reporting Standard 13 - Fair Valuation Measurement and IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors.

Valuation of investment properties, freehold land and buildings
In the prior years up to financial year ended 31 December 2021, the Group valued Investment property and freehold land and buildings using USD denominated inputs and converting these to ZWL at the closing auction rate. We believed that applying conversion rate to a USD valuation to calculate ZWL property values did not accurately reflect market dynamics, as risks associated with currency trading do not reflect the risks associated with the properties and therefore did not meet IFRS 13 requirements.

Management has not restated the prior year amounts in line with the requirements of IAS 8, consequently, corresponding amounts, that is, the revaluation gain, other assets, other income and tax expense on the inflation adjusted consolidated statement of profit or loss and other comprehensive income remain misstated. Our audit report on the current period's inflation adjusted consolidated financial statements is therefore modified because of the possible effect of this matter on the comparability of the current period's figures. Our audit report on the current period's inflation adjusted consolidated financial statements is therefore modified because of the possible effect of this matter on the comparability of the current period's figures.

Non-compliance with International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates
During the year, the foreign currency denominated transactions and balances of the Group were translated into ZWL using foreign currency auction rates. The use of foreign currency rates was not in compliance with IAS 21. In terms of IAS 21, where several exchange rates are available the rate used is that at which the future cash flows represented by the transaction could have been settled if those cash flows had occurred at the measurement date.

We were unable to quantify the impact of using foreign currency auction rates on the translation of the foreign currency transactions to ZWL in the financial statements.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially different. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material to the financial statements.

Independent auditor's report

To the members of ZECO Holdings Limited

Report on the audit of the financial statements

Consequential impact on IAS29 - Financial Reporting in Hyperinflationary Economies
Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial statements which were not in compliance with IFRS 9, and IAS 8 as described above. Had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, monetary loss of ZWL2 183 670 272 (2022: ZWL17 850 583 401) is impacted as a result of misstatements above.

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

Material uncertainty related to going concern
The company incurred a historical loss of **ZWL$69,024,617** in the current year (2022, loss of **ZWL$80,281,657)** which resulted in positive retained earnings of **ZWL$916,273,371** as at December 31, 2023, **(2022: positive ZWL $964,967,336**. We draw your attention to **note 22** where further details on going concern have been disclosed. As stated in **note 22**, these events or conditions, along with other matters as set forth in note 20, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

- We have considered the adequacy of going concern disclosures as set out in note 22.

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

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter(s) described in the Basis for Adverse Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matters in the Basis for Adverse Opinion section, we have determined that there were no key audit matters.

Other information
Management are responsible for the other information. The other information comprises the Management's

of this report. The other information does not include the inflation adjusted financial statements and our auditor's report thereon. Our opinion on the inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items included therein and affected by the failure to comply with the referred standard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, (IFRSs), and for such internal control as the members determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

- Conclude on the appropriateness of management's use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

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

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

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit. We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

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

MGI

MGI (Mazhandu) Chartered Accountants
Registered Public Auditors

Harare
29 April 2024

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